



**Revision of the
SES Performance Scheme
for the 2nd Reference Period**

ETF Position

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The European Transport Workers' Federation (ETF) is the pan-European trade union organization which embraces transport trade unions from the European Union, the European Economic Area and Central and Eastern European countries, representing more than 2,5 million workers from 40 European countries, 250,000 in Civil Aviation and 30,000 in Air Traffic Management.

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ETF bibliography on SES 2

- 02 Aug 2007: ETF response to HLG (27 pages)
- 06 Feb 2008: ETF-USF-EPSU Press Release after a meeting with Commissioner Barrot
- 28 Feb 2008: Joint ETF-CANSO statement for the second SES package
- 13 May 2008: ETF position paper on SES 2 (11 pages)
- 25 Jun 2008: ETF Press Release "*ATC workers react to Commission proposal*"
- 04 Sep 2008: ETF amendments to SES 2 (9 pages)
- 02 Oct 2008: ETF Press Release for the ETF Paris Conference "*What future for European Air Traffic Control?*"
- 03 Dec 2008: ETF voting list (for MEPs)
- 14 Jan 2009: ETF-USF-EPSU letter to Commissioner Tajani on SES 2
- 11 Feb 2009: ETF Press Release "*ETF says no to liberalization. The European Economic and Social Committee agrees!*"
- 23 Feb 2009: letter on EASA competence on ATCO Licencing Directive
- 02 Mar 2009: letter to suggest annexed declaration to SES2 legislation
- 09 Mar 2009: letter to suggest last amendment to Reg. 550 Art.18a
- 30 Mar 2009: ETF Press Release "*Air Traffic Management Personnel prepared for change in their industry*"



- 05 May 2009: ETF analysis of SES 2
- 11 Dec 2009: ETF position paper on Performance Scheme
- 15 Feb 2010: ETF Comments on the IR for the Performance Scheme
- 21 Mar 2010: ATM Social Partners Position on the Implementing Rules of the Performance Scheme
- 02 Sep 2010: ETF response to PRC consultation on EU-wide performance targets
- 14 Oct 2010: ETF opinion on FAB IR
- 19 Oct 2010: ETF Press Release "*ATM performance targets put EU Safety and stability at risk*"
- 30 Nov 2010: Letter to EC on SES Expert Group
- 24 Jun 2011: ETF-ATCEUC position on Safety KPI
- 13 Dec 2011: ETF Position Paper on ATCO Mobility
- 01 Feb 2012: Letter to EC on Infringement of SES Regulation about Consultation



Introduction

Performance is one of the 4 SES pillars. The performance scheme is considered as one of the most important element of the 2nd SES package to enhance ATM efficiency in Europe. Since the beginning of the process, the ETF has closely monitored the developments of this new “performance based approach” as it could have important consequences on the future of the industry and on the life of our members, the ATM workers.

ETF aim is to promote a balanced and coherent approach to be sure that the decisions taken in the definition of the performance scheme and in the adoption of the targets will not put a risk in the system or go against the interests of all the ATM workers. Indeed our members are responsible of the running of the ATM system as operational staff and front line users, so it is ETF responsibility to be sure that the performance scheme will not put them in difficulties through an unbalanced approach mainly driven by cost reductions or unrealistic targets adopted at EU and national/FAB level.

Therefore the ETF stress the importance and the need for consultation (as foreseen by the law) of staff representatives at all levels and at all steps of the target setting process. In this respect, infringements and errors made during RP1 have to be taken into account and corrected.

The ETF considers that the Safety KPA has to be treated as the priority and to be developed with the highest level of ambition for RP2. The 3 others KPA (Environment, Capacity, Cost) must be considered in a global



approach: the interdependencies and the trade-off between them have to be correctly assessed.

The 5th pillar of the SES, the human factor pillar, is a paramount dimension of the SES development that has to be fully integrated in the 4 other pillars: Safety, Performance, Technology and Airport. According to the ETF, in the scope of the performance scheme, the 5th pillar dimension should rely on consultation, safety but also on the possible social consequences of the SES.

Lessons learnt from RP1

The first reference period is often presented as a learning period towards the establishment of the performance scheme. ETF shares this view as a lot of new concepts were put on the table for the first time (scope of the performance scheme, decision making processes, definition of targets etc.) and there is a need to assess if those concept are relevant or not and which changes need to be introduced in the regulation.

One of the major issues raised in RP1 was the lack of consultation of staff representatives at national/FAB level for the establishment of national/FAB performance plans in June 2011 and the revision of these plans in December 2011. In too many countries our national members were not consulted at all or just informed on the content of the national/FAB plans. For those who were consulted, they clearly had the feeling to be



consulted afterwards and when decision between NSA, ANSP and users was already taken. The ETF officially complained to the EC about this fact on January 2012, as it was clearly an infringement of the EU regulation No 1070/2009 that states “*the Member States, acting with their national legislation, shall establish consultation mechanisms for the appropriate involvement of stakeholders, including professional staff representative bodies*”. Beyond the respect of the law, the ETF wants to stress the fact that States and employers cannot expect to have staff buy-in to any national/FAB target if they ignore consultation process; in that case they should be ready to face reactions at national level.

For RP2, the ETF strongly recommends and expects a strengthening of the National/FAB consultation process of staff representative by Member States and NSA.

ETF also believes that the existing consultation tools at EU level were not used as appropriate before the adoption of the EU wide targets. There is a need for a more formal consultation of the European social Partners to ensure the consistency of the EU targets from a social perspective and to facilitate the consultation processes at national/FAB level.

The ETF recommends the formal consultation of the SES expert group before the adoption of RP2 targets.

The second point that can be taken from the experience of RP1 is the need to have a balanced and realistic approach for the target setting process.



Safety must be treated as a paramount objective with the highest degree of priority; anyway there is a clear trade-off between Capacity, Environment and Costs. The difficulties encountered for the adoption of the EU targets for the years 2012-2014 were significant of the fact that a lot of important stakeholders considered as unrealistic the initial proposal made by the EC in February 2011. This proposal were too much driven by cost reductions with, at the same time, a high level of expectation regarding the quality of service on delays and flight efficiency. Those last two points have clearly an economic dimension that should be taken into account to give to the ATM community the relevant elements for good decision making.

The ETF strongly recommends adoption of realistic targets for RP2 that should be focused more on quality of service (Capacity and Environment) rather than direct cost reduction. Furthermore, the ETF will support the development of any methodology to assess the economic value of Capacity and Environment KPAs.



Periodicity

According to the legislation, the duration of the reference periods should be 5 years after RP1. Nevertheless, this could be changed through the on-going revision of the legislation and as several stakeholders raised this issue.

One of the corner stone of the performance scheme relies on the traffic forecast for the reference period. It has a direct influence on the target setting for the cost-efficiency KPIs, through economic regulation, and is also essential to decide which level of capacity is needed. The experience shows that reality can be quite different from the forecast; the longer the reference period will be, the higher is the risk that the targets adopted are not relevant anymore. It appears to be more pragmatic to keep a maximum of a 3 years reference period instead of a 5 years one.

The ETF recommends adopting a 3 years periodicity for the duration of the Reference Periods.



FAB influence on performance plan

Some countries have produced part of their national performance plans for RP1 partially or totally through their FAB project. The ETF recognizes that the implementation of a FAB performance plan can be perceived by some stakeholders as a positive sign for cooperation inside a FAB project. However, it is not necessary to modify the current legislation which already permits both national and FAB approach. ETF favors a bottom-up approach for the setting up of FABs, which is also valuable for the decision to have a national or FAB performance plans.

To set the full performance plan at FAB level, can add difficulties for some stakeholder's consultation especially on costs as, for example, user's interests could be contradictory within a FAB. Furthermore staff consultation has to be correctly addressed to foresee any social consequences at national level.

The ETF doesn't recognize the need for change in the regulation to promote or force the setting up of FAB performance plans. Both approaches, at national and FAB level, must be permitted.



Four Key Performance Areas

1. Safety

As said above, RP1 was presented as a learning period before full implementation of the performance scheme for the RP2. This statement is particularly true for the Safety KPA. According to the ETF, the safety domain is the weakest, without clear and metric targets which creates an unbalanced situation with the other performance areas. Even if there is a general consensus among stakeholders to maintain or even enhance the Safety level, with the actual performance framework the ATM community is not able to monitor the impact of the other KPA on Safety. It has to be changed. There is a need to use the basis provided by the qualitative indicators/targets introduced by RP1 (EoSM, Just Culture, Application of RAT Methodology) to go further and to introduce quantitative indicators.

ETF supports the development of metrics and quantitative safety indicators for the next RP.

The priority has to be given to development of independent indicators collected at EU level, to monitor the trend of the safety indicators and guarantee that the safety level are not jeopardized by the other 3 areas of performance.

For this, the use of T-CAS dataflow and Runway incursion dataflow, as suggested by the PRB, is supported by the ETF.



The ultimate goal remains the possibility to introduce EU wide metrics safety target. Nevertheless due to lack of harmonization in the way Safety is treated among different Members States, it's not realistic for the time being to define well accepted and relevant metric safety targets at EU level.

Regarding Just Culture, ETF expressed during RP1 its opposition to the self evaluation concept that put in the hands of the ANSPs, NSAs and Member States the responsibility to measure their own Just culture level. **An external and independent body should conduct assessments**, in order to ensure transparency and consistency. Therefore the use for automated equipment, as suggested also by the PRB, to measure the gap between detected and manually reported occurrences could be used to assess the real level of Just Culture into a particular State.

2. Capacity

Capacity KPA is supposed to be sufficiently mature for RP2 as there is a long tradition of benchmarking on capacity inside the Eurocontrol Members States. The commonly used target for RP1 is the average delay per flight.

However the ETF supports the need to use more relevant indicators like the number of flights delayed of more than 15 minutes

Capacity is presented as a domain where financial incentives can be introduced in RP2 due to the maturity of the domain.



The ETF outlines the fact that the introduction of incentives will produce counter-productive effects for the European network due to preservation of individual interests. Even if those incentives are applied only at FAB level, it will create such problems within two ANSPs that belong to different FAB projects.

The ETF opposes to the introduction of financial incentives in Capacity KPA.

The ETF supports the idea that exceptional and unpredictable events should be kept outside the capacity KPA.

A few ANSPs in Europe are directly ruled under a market model and have to pay money back to their shareholders. It is another constraint which applies to services which are and will remain by nature services in a monopoly situation.

Retribution of shareholders can create conflicts of interest with some KPA and for instance the capacity targets. In that case, ANSP has to give priority to the service delivery. **No retribution of shareholders should be accepted for a particular privatized or corporatized ANSP, which is not able to fulfill its capacity target agreed in its national/FAB performance plan.**



3. Environment

As written above, the economical impact of Environmental targets, especially for flight efficiency has to be clearly assessed by the regulation to be kept into account into the bargaining between the different KPAs.

For the ETF, the Environmental dimension should be more focused on horizontal and vertical flight efficiency and local air quality than on noise reduction plans. Those plans, when they are adopted, are often the result of political lobbying which are detrimental to the level of employment and that have a very limited added value in terms of environmental impact. Nevertheless their consequences have also to be taken into account and their impact on other performance areas, especially on capacity, has to be correctly assessed. Noise reduction plans are elements to be considered in the national/FAB performance plans as out of the control of the ANSPs.

4. Costs efficiency: Extension to terminal services

One of the major issues for RP2 is the proposal to extend the performance scheme on terminal areas, especially on cost efficiency.

ATM cost in terminal areas represents only 20% of the total ATM costs which is limited. However terminal areas are strategic in the ATM industry as a poor level of services in those areas can generate high level of delays and high negative environmental impacts in terms of noise reduction, flight



profile and air quality. Therefore it's very important that the extension of the performance scheme to terminal services will not put terminal services into risk or create a new kind of fragmentation with en-route services.

The ETF wants to outline the fact that most of the terminal services will not be able to recover their cost if a high economical pressure is put on their shoulders. As for the all ATM services, they deliver a service of general interest with public service obligations.

Therefore the ETF supports the idea to only apply the performance scheme on cost efficiency to the biggest airports with more than 150 000 commercial air movements a year.

The calculation of terminal charges differs from one Member State to another and there is no harmonization, which is not the case for en-route charges.

Taking into account all these elements, the ETF doesn't support the introduction of an EU wide Cost Efficiency target applied to terminal areas for RP2. The monitoring of the cost KPI is the only achievable and relevant step for the next reference period.

Some stakeholders advocate application of market competition principles to ATM terminal services and ancillary services in order to drive better cost efficiency.

ETF is totally opposed to this approach. Application to market principles to ATM will create new fragmentation between the services



opened to competition and other services which are natural monopoly. To create new fragmentation is totally against the SES targets.

Furthermore the economic added value of application of market principles is not demonstrated. In Europe, the economic performance of the ATM service providers that already have adopted a market oriented company model is not always the best.

Finally, introduction of market principles, forced by the legislation, will create social tensions and a strong opposition of the national unions that could lead to social conflicts and strikes.

ETF believes that forced introduction of market principles by the legislation is counter-productive and is totally opposed to this idea.



Conclusion

The ETF supports the idea of an efficient SES implementation, delivering a good level of service. It will only be achievable and acceptable from a social perspective if the views of the workers are correctly taken into account in the process.

A good and real consultation process is now necessary. Otherwise there is the risk to have reactions against the performance scheme at national and FAB level.

Priority has to be given to the development of safety KPA with a metric/quantitative dimension that was out of the scope of the performance scheme in RP1. If this situation has been acceptable for RP1, even not satisfying, due to the lack of maturity and the sensitivity of the subject, it will not be tolerated for RP2!

Finally, the ETF strongly advocates for a realistic approach regarding the definition and the setting of EU targets for Capacity, Environment and Cost Efficiency. There are clear interdependences between those three performance areas and they have to be correctly assessed. Furthermore the ETF believes that priorities have to be given to delivering of services rather than to direct cost reductions.

ETF continues to work to protect and enhance the interests of all ATM personnel.