



## **Professional Staff Organisations comment on Performance Review Body Advice on the revision of performance targets for RP3**

In the “Remarks from the chair”, Mrs. Regula Dettling-Ott admits, that „ ...the SES Basic Regulation assumed a growing aviation industry where users would be able to pay for the services provided by Air Navigation Service Providers (ANSPs) (user pay principle) with a steady stream of revenue from an (ever) increasing number of passengers ....” perfectly describing the conceptual mistake of the Performance Scheme, being a “sunshine regulation” and not made for times when traffic numbers are going down, no matter how big or small the downturn is. It now is clear that it is not very wise to base advice on these false assumptions that are embraced in every EC document.

The PRB proposals to the Commission are not based on evidence and vague suggestions about removing the allowance for cost of capital and reducing overtime budgets etc. demonstrate a lack of understanding of how ANSPs actually work. These somewhat prescriptive but vague comments are not helpful and cause more uncertainty in a very uncertain time. There is always a time lag to recovery after cuts are made, we saw it in RP1 moving to RP2 and we are going to repeat the exact same mistake if the targets remain as they are. Given these proposals ANSPs will naturally seek to cut costs, and as the majority of their cost base is people, headcount reductions will result, leaving little resource left to support the recovery. Additionally, ANSPs will severely curtail their investment programs, and planned improvements in technology and airspace will not materialise. Thus, a perfect storm of reduced capacity, without adequate technological support, will be arrived, just as air traffic will start to recover – leading to the capacity problems of pre-Covid periods all over again.

While the PRB praises the accuracy of the scenarios for the evolution of traffic reality shows every assumption so far was way too optimistic. This leaves the PRB advice being too optimistic as well.

The basic questions raised by the PSOs in the PRB WS of 4 February 2021 are not reflected, nor addressed, nor answered.

- ➔ How did the Performance Scheme work in the COVID-19 crisis?
- ➔ Why trying to stick to the reference period logic when traffic forecasts are hugely varying every month?
- ➔ How does the PRB expect the Performance Scheme to work in a future crisis?
- ➔ Where did competition bring any benefit at operational level in ATM?
- ➔ Where is resilience captured in the EC/PRB proposals?
- ➔ How does the PRB tackle the aspect of ATM being a critical infrastructure (human and machine)?
- ➔ Before the return of traffic to pre-COVID-19 levels the Charging Regime needs to be replaced by a system that matches reality. How?

### **Safety**

The PSOs support the conclusion on Safety, pointing out, that for the ANSPs and their employees, safety always remains the highest priority, both during a pandemic and beyond. Achieving this remarkable level of safety in Europe is not a given but is the result of continuous hard work and comes at a cost. The workshop on interdependencies of last year showed this clearly.

It is doubtful however, that the EC has the same high standards for Safety as the PSOs have, considering Chapter ATS.OR.210 Safety Criteria c (2) (ii) of the EU Regulation 2017/373 laying down that an Air Traffic Service Provider can justify a change in its functional system when “(ii) any permanent reduction in safety has other beneficial consequences “.

Such a rule must be removed from any Regulation regarding Safety.

## **Environment**

The PRB correctly identified that with low traffic ANSPs, not the Member States, were able to offer more efficient routes. The conclusion of the PRB however ignores reality. When a Horizontal Flight Efficiency (HFE) of only 97.5% was reached at a time with low traffic numbers and ATC offering direct routings to almost every flight, how can this be improved when traffic numbers are growing again? An obvious and basic consequence of more aircraft is more conflicts, in which aircraft have to route around each other – thereby decreasing the efficiency of their route. It is therefore difficult to understand the PRB’s logic in strengthening environmental targets to a level only just achieved with very little traffic. Airspace users cannot be forced by ATM to use the shortest routings possible without jeopardizing Safety factors considered by the airspace users for the chosen routing, e.g. weather.

Furthermore, the advantages of Free Route Airspace (FRA) nowadays can only be maintained or even enhanced with investments in new technology (better Medium-Term Conflict Alerts, Long-Term Conflict Alerts) when traffic numbers rise above pre-COVID 19 levels, because the present planning tools at the ATCOs disposal will not be sufficient anymore. Such further investments will not be possible, given the recommendation of the PRB regarding cost reductions.

The PSOs recognise the importance of environment performance, but the revised environment targets are unrealistic and even counter-productive.

## **Capacity**

While capacity targets for 2021 and maybe 2022 seem realistic, the PRB ignores the interdependencies between the KPAs and thus lessons learned from RP2.

The capacity crises of 2018 and 2019 were a direct result from the pressure to reduce costs. Clear recognition is needed that Cost Efficiency is not the same as Cost Reduction.

If the EC implements the PRB’s recommendation - to reduce costs without considering the interdependencies - it will have a negative impact on capacity from 2023 onwards.

## **Cost Reductions (aka Cost-efficiency)**

The PRB advice shows a blind eye about the differences of the financial needs of the short-term business model of airlines and an essential infrastructure ANSPs are providing which based on ICAO as critical infrastructure is a State responsibility after all.

In its recommendation for the cost base for the period 2020/2021, the PRB ignores that nearly 2/3 of the period 2020/2021 has already passed and the costs incurred during this time are indeed costs incurred. It will prove impossible for the ANSPs to reach the suggested cost base in the remaining time of 2021.

The proposal further ignores the Draft performance plans for 2020 that ANSPs started to implement until the pandemic hit in March 2020. It is inappropriate to compare cost reductions of 2020 to the actuals of 2019. They must be compared to the draft performance plans of 2020.

It remains a secret of the PRB how ANSPs shall invest in all this new technology it foresees, pay back charges to the airspace users, shoulder the additional burdens of the Cost of Capital because of interest rates for additional credits taken and reduce charges all at the same time.

Some ANSPs have reduced costs, as the PRB is pleased to state. They are stopping training and are laying off employees, cutting salaries of its employees, sometimes in clear violation of collective agreements. From an ATSEP – engineering perspective, the loss of all these skilful and experienced professionals will definitely be a huge burden for the implementation of all new technological solutions, which are urgently needed to implement the SES.

Yet, the PRB is applauding those measures.

These very ANSPs will have to resort to overtime as soon as traffic numbers are growing to cover the missing human resources to handle the increase of traffic and already understaffed sectors will remain understaffed for a long time.

PSOs consider the reasons given by PRB to conclude that ANSPs can reduce their costs without any problem, lower cost of capital and no overtime in the future, are deeply flawed.

Mirroring our remarks made under **Safety** PSOs are pointing out that every employee of the ANSPs will continue to work hard for every flight being safe, now and in the future. The advice of the PRB will lead to **Capacity** Problems when traffic numbers increase again and to a failure to meet **Environmental** Performance.

## Conclusion

The advice of the PRB lacks a sense of reality by continuing on old paths that already did not function before COVID-19.

The advice of the PRB does not take into consideration the interdependencies between the 4 KPAs.

The advice of the PRB does not take into consideration input from all stakeholders, the critical questions of the PSOs brought forward in the PRB Stakeholders consultation WS still stand unanswered.

PSOs urge the EC to take into account the following:

- ➔ Why trying to stick to the reference period logic when traffic forecasts are hugely varying every month?
- ➔ How did the Performance Scheme work in the COVID-19 crisis?
- ➔ How does the EC expect the Performance Scheme to work in a future crisis?
- ➔ Where did competition bring any benefit at operational level in ATM?
- ➔ Where is resilience captured in the EC/PRB proposals?
- ➔ How does the EC tackle the aspect of ATM being a critical infrastructure (human and machine)?
- ➔ How can the Charging Regime be replaced by a system that matches reality before the return to Pre-Covid traffic levels?
- ➔ What are the lessons learned from this crisis for the financial resilience of the ANSPs?

Professional staff have been supportive of the Single European Sky idea from the very beginning and are committed to continue to do so provided that the aviation stakeholders, including rule makers and States, move in a sensible direction that allows operational harmonisation in a realistic way.

12<sup>th</sup> Mar 2021