

CONFERENCE ON THE ECONOMICS OF AIRPORTS AND AIR NAVIGATION SERVICES

(Montreal, 19 - 28 June 2000)

Agenda Item 2: Organizational issues

ATM PERFORMANCE REVIEW IN EUROPE

(Presented by the European Organisation for the Safety of Air Navigation EUROCONTROL)

INFORMATION PAPER

SUMMARY

This information paper describes the Performance Review System and its achievements to date.

The Conference is invited to note the information paper.

1. Introduction

1.1 Since 1985, there has been sustained growth in European air traffic of between 5% and 12% per annum, and this level of growth is expected to continue in the coming years. In 1999, some 8 million flights were performed in the airspace of EUROCONTROL States, for which airlines were billed ~~1~~ 4 180 million.

1.2 Although the EUROCONTROL Revised Convention requires available air traffic control capacity to be developed to meet demand, this has yet to be achieved. In 1999, air traffic flow management (ATFM)¹ delays in the airspace of the ECAC² States totalled 43.2 million minutes for approximately 8.1 million flights, i.e. an average of 5.3 minutes' delay per flight. Over 12 % of flights exceeded 15 minutes. Most of these delays were caused by insufficient air traffic management capacity. According to IATA, the

¹ ATFM delays are principal type of delays, among others.

² ECAC (The European Civil Aviation Conference) comprises 38 European States.

direct operating cost arising from ATFM delays is 22 per minute. This figure does not include inconvenience to passengers and knock-on effects.

2. Performance Review Commission

2.1 The Performance Review Commission (PRC) was established in 1998, as recommended by the ECAC Institutional Strategy for ATM in Europe, in order to develop a strong, transparent and independent performance review and target-setting system. This system addresses all aspects of ATM including policy and planning, safety management at and around airports and in the airspace, as well as financial and economic aspects of services rendered. The PRC's Terms of Reference are attached at Annex.

2.2 The PRC is composed of 12 independent Commissioners nominated by Member States and appointed by the EUROCONTROL governing bodies, i.e. the Provisional Council in this instance. The Commissioners are chosen on the basis of their experience and expertise. Each Commissioner acts independently of his or her nominating State. This safeguard is necessary to ensure that the PRC is free of any political or interest group control. The PRC is supported in its work by the Performance Review Unit (PRU).

2.3 The PRC is an advisory body to the Provisional Council. It is independent both of the Provisional Council and of the EUROCONTROL Agency. It reports to the Provisional Council at the level of Directors General of Civil Aviation.

3. Results achieved to date

3.1 The PRC has defined, in consultation with interested parties, Key Performance Areas (KPA's) and related Key Performance Indicators (KPI's) to measure the performance of ATM in Europe.

3.2 Three KPA's (Safety, Delay, Cost-effectiveness) formed the basis for the PRC's first Performance Review Report, which covered the calendar year 1998. A special report on Delays in the first nine months of 1999 was produced in Autumn 1999. The next Performance Review Report, for the full year 1999, will cover Safety, Delay, Cost-effectiveness. It will also consider the impact of military use of airspace on ATM performance.

3.3 On the basis of these reports, the PRC has made a number of recommendations to the Provisional Council. Both short-term and medium-term actions have been proposed, along with the need to develop a more efficient airspace policy framework. The Provisional Council has accepted these recommendations with some modifications, and the PRC is monitoring developments.

3.4 More detailed information can be found on the PRC's website at <http://www.eurocontrol.be/dgs/prc>.

4. Next Steps

Economic information disclosure

4.1 Effective and fair performance assessment can be implemented only if appropriate information is made available by the States/air traffic service providers. Accordingly, the PRC has developed guidelines on economic information disclosure to provide more detailed and transparent information about the quantity, quality and cost of air traffic services. This will enable all interested parties and the PRC to monitor the key ATM performance indicators.

4.2 Data collection and performance analysis across different States/air traffic service providers could be made more effective if all States/air traffic service providers used a common set of air traffic services definitions and principles. In this respect, the guidelines contained in the ICAO Manual on Air Navigation Service Economics (Doc. 9161/3) could be expanded in order to ensure more effective and fair performance and assessment.

5. Target-setting

5.1. The PRC will use its experience gained, in consultation with interested parties, to propose to the Provisional Council targets to be met by States and air traffic service providers, in order to ensure that appropriate air traffic services are provided at the lowest possible price, over the long-term, whilst maintaining the highest safety and environmental standards.

6. Guidelines for economic regulation

6.1 Some European countries are contemplating the introduction of a more commercially-driven air traffic services provision. In order to restrain the quasi-monopolistic power of air traffic service providers, appropriate economic regulation is needed. Thus, the PRC is developing guidelines for economic regulation, in consultation with interested parties. Responsibility for the economic regulation of the air traffic service providers will remain, however, with the individual States.

7. Key Performance Areas

7.1 When defining Key Performance Areas (KPA's), the PRC defined a total of 10 KPA's, of which 3 (Safety, Delay, Cost-effectiveness) were used for the PRC's First Performance Review Report, paragraphs 6 and 7 (above) refer. The other seven KPA's were: Predictability, Access, Flexibility, Flight-efficiency, Availability, Environment, Equity. The PRC will continue to develop these KPA's in its work.

8. Further information

8.1. Participants are welcome to contact the PRU for further information (pru@eurocontrol.be).

9. **Recommendation**

- 9.1. The Conference is invited to note the contents of this information paper.

APPENDIX A

<p>Terms of Reference of the Performance Review Commission (PRC)</p>
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1. The Performance Review Commission (PRC) is a Commission established by the Permanent Commission to provide advice in order to ensure the effective management of the European air traffic management system through a strong, transparent and independent performance review and target setting system.
2. The PRC will advise on the development of the performance review and target setting system, which will be implemented and enforced by the Member States.
3. The PRC will advise the Permanent Commission through the Provisional Council on all matters related to performance review and target setting, including recommendations for the improvement of these functions.

Organisation

4. The PRC will be composed of twelve members, to be appointed by the Provisional Council, according to a selection process to be included in the PRC Rules of Procedure, for a period of two calendar years, renewable once-only, among candidates nominated by Member States. These candidates may include representatives of airspace user organisations or airport organisations and independent experts. The Chairman and the Vice-Chairman of the PRC will be appointed by the Provisional Council for the same period of two calendar years as the other PRC Members.
5. The PRC will maintain a close and permanent consultation with Air Traffic Management (ATM) service providers, representative organisations of airspace users and airport authorities, representatives of ECAC government regulatory bodies and or other bodies or international organisations which can contribute to the work of the Performance Review Commission.
6. The PRC will report through the Provisional Council to the Permanent Commission which will approve and may amend its functions.
7. The PRC will determine its own rules of procedure, subject to approval by the Permanent Commission.
8. The budget for performance review will be submitted by the Agency through the PRC and the Provisional Council to the Permanent Commission.
9. The PRC will be supported by the Performance Review Unit (PRU) operating under the EUROCONTROL Agency with the appropriate level of independence.

Functions

10. In the exercise of its advisory functions, the PRC shall:
- a) propose overall objectives for improvement of the ATM system performance for approval by the Permanent Commission through the Provisional Council;
 - b) approve performance indicators for monitoring and analysis for adoption by the Permanent Commission through the Provisional Council;
 - c) approve the format, structure and frequency of performance review reports and the extent of dissemination and ensure these reports are made available for adoption by the Permanent Commission through the Provisional Council;
 - d) approve targets to be set for ATM system improvements for adoption by the Permanent Commission through the Provisional Council;
 - e) approve guidelines for economic regulation of ATM service providers for adoption by the Permanent Commission through the Provisional Council;
 - f) address the proper functioning of the PRU, its work programme and the quantity and quality of its output and adopt the budget of the PRU for approval by the Permanent Commission through the Provisional Council;
 - g) ensure widespread circulation of the remedial recommendations for ATM system improvements, after their approval by the Permanent Commission through the Provisional Council;
 - h) review, and as appropriate, make recommendations to the Permanent Commission through the Provisional Council on ATM performance issues submitted to it by authorised parties: ATM service providers, Airports, Airspace users (civil, military), EUROCONTROL Agency, Government regulatory bodies and other Agencies and International Organisations which can contribute to the work of the PRC;
 - i) undertake such other functions within the sphere of performance review as the Permanent Commission may specify.

APPENDIX B

<p>Terms of Reference of the Performance Review Unit (PRU)</p>
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1. The Performance Review Unit (PRU) is responsible for monitoring and reviewing the performance of the European ATM System. As part of the EUROCONTROL Agency with the appropriate level of independence, the PRU will support the PRC. It will report, for administrative purposes only, to the EUROCONTROL Director General who will be accountable to the Permanent Commission for the Unit.

2. The PRU shall:

- a) evaluate, monitor and report on ATM System including the Agency, from a gate-to-gate perspective for airspace mentioned in Annex 2 of the revised Convention in regard to agreed and defined parameters which could include productivity (e.g. traffic handled); standards of safety performance; efficiency (e.g. cost per flight); operational performance (e.g. delays, additional route mileage, costs); relevant military requirements; system enhancement (e.g. implementation projects and programmes); and other related factors; a balanced approach is essential;
- b) propose, monitor and report on ATM related performance parameters which could include compliance with ATM procedures, airlines slot wastage (e.g. multiple flight planning); airlines ATM delay inducement (e.g. near simultaneous flight scheduling for same route(s)); airports (e.g. inadequacy of airside facilities); and other related factors;
- c) work with ATM service providers, the Agency, airports, individual users, and representative organisations of airspace users and airports in cases of ATM related activities, in setting targets for achievement in areas under (a), (b) and (c);
- d) develop guidelines for economic regulation of ATM service providers by national administrations, and monitor their application;
- e) make recommendations to the PRC, on the basis of its analyses, for performance improvements of the European ATM System relating to and supporting ATM service provision, the EUROCONTROL Agency and representative organisations of airspace users and airports, or individual users and airports where appropriate.

3. In order to carry out these functions the PRU will develop and maintain working arrangements with service providers, representative organisations of airspace users and airports, and industry, and other appropriate bodies. These arrangements will be submitted through the PRC and the Provisional Council to the Permanent Commission.

