

The need for a new and more sustainable ATM financing scheme in Europe

Input by Alex Bristol, CEO Skyguide

An outdated business model

- Our European ATM charging scheme no longer fits the intended purpose and does not recognise today's situation (complexity, traffic mix).
- There is no link between the revenue earner (weight of aircraft and kilometres flown) and the cost driver (required amount of ATM intervention) and there is thus no connection between the value an ANSP adds and the money it earns.
- ANSPs' «dual soul» (part of an international network; local mandates and national requirements) is not well balanced in today's set-up.
- The war reinforces the Covid learning that ATM is part of a country's critical civil-military infrastructure. States are users and beneficiaries of this critical national infrastructure (a specific application of the «user pays principle») and it is not logical to have commercial airlines fully financing it (even when they don't use it).

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«Core Services of General Interest» for more sustainability

- The proposed concept of «Core Services of General Interest» (CSGI) distinguishes between the minimal ATM infrastructure that a state requires (the state as the user) and the additional ATM service delivered to the airlines (airlines as users).
- This distinction between infrastructure and service is well known and applied in other (network) industries.
- CSGI is a sustainable way forward that prevents ATM from lurching from crisis to crisis.
- Technology improvement will play a complementing part in making European ATM more sustainable.

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Strengthen the network

- Incentivise to put network performance above local considerations
- Introduce KPIs on capacity and network performance
- Measure delivery of promised/contracted capacity
- Have users pay for the provision of capacity (rather than per tonne per kilometre); the user being the entity placing the order (e.g. an airline, a State, or a UTM operator)

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Annexe

Part of an international network

- ANSPs provide capacity for and add value to the network.
- From an overall European aviation system perspective, an ANSP's contribution to the network is more important than local/national performance.
- However, national performance is the key metric in the current European Performance Scheme while contributions to the network are not incentivised.



Local mandates and national requirements

- National and local priorities drive decisions on the number and location of ACCs, radars or data centres in a country and thus drive corresponding costs.
- Choices of systems are often influenced by the interests of national/local manufacturing industries which further adds to the costs in the overall European aviation system (because these systems are not based on open architecture).





Shift from investment in assets to buying/sharing services to support new operating models

- The current performance scheme focuses on the WACC and is therefore a break to reducing infrastructure
- Move from CAPEX to TOTEX



Incentivise only transformational investments supporting the ATM Masterplan

- The current notion of restructuring costs is too restrictive
- Introduce the new term of «transformation measures»



Incentivise a user-centric CNS infrastructure

- The amount of ground-based ATM equipment in Europe far exceeds the requirement leading to additional cost and technological challenges
- Introduce order/pay-principle and an infrastructure manager

Further information can be found in the policy paper «RP4 ahead – the Skyguide RP4 strawman»