

Response to the RP4 Issues Paper

The Staff Panel thanks the IAA for the opportunity to comment. We believe that the current Unit Charge of ANI, which is amongst the lowest in Europe, is strongly correlated with the current high levels of staff attrition, both in ATCO and support staff grades.

The PRB rightly recognises that ANSPs must invest in delivery of capacity. This can only be achieved by recruiting, training and retaining staff. Throughout RP2, and it would seem into RP3, ANSPs have prioritised cost effectiveness to the detriment of delivery of Capex projects and delivery of capacity.

Put simply, almost all ANSPs in Europe are now understaffed. This is a direct result of years of cost pressures which has incentivised short term measures such as deferral of recruitment. When every ANSP seems to be in the same situation then it must be recognised what common factor is creating that situation, i.e. the economic regulatory environment in which they operate.

It is therefore disappointing to see that the PRB is still insisting that the union wide costs should decrease year on year while insisting that capacity increases significantly. The two positions are mutually exclusive. The PRB also assumes that ANSPs can resolve their recruitment and training issues to deliver planned investment, which is again difficult to see happening given the shortages that exist and the cost pressures the PRB proposes putting on ANSPs.

We live in a drastically different world we live in compared to 2020. The eastern side of Europe has significantly different traffic levels and flows due to the war in Ukraine. The higher than forecast traffic levels in Ireland and the effect of Brexit also have had a significant impact. A “one size fits all” approach across member states will not work for RP4. We believe that the IAA, while having regard the PRB targets

Given that the Unit cost for ANI is roughly over half that of the union wide Unit Cost (€25.58 for 2022 as opposed to the union wide cost in the PRB report of €55.61) it is vital to recognise that ANI must invest seriously in staff to reverse the trend of under delivery of Capex projects, high staff attrition and increasing delay. Therefore the PRB proposals for year on year decreases in unit costs should be ignored.

Equally we welcome the concept of maintaining additional resilience in ANI for RP4.

Finally we are concerned that, both in the Steer impact assessment of December 2023 and also in the PRB report that the interdependency between safety and capacity and also safety and cost effectiveness is not considered. To assume that downward cost pressures on an ANSP will have no effect on safety is in our view a “blind spot” in the proposed analyses. One only has to look at the rising numbers of serious incidents in US airspace to see the effect of systemic under-resourcing.

We address the questions from the IAA in turn.

Should the IAA consider any changes to the en-route and terminal charging zones?

The Staff Panel believes that the current en-route and terminal charging zones work effectively.

How should we consider interdependencies, and ensure that the draft Performance Plan is internally consistent?

We note with concern that whilst the IAA acknowledges the interdependencies of safety, cost efficiency, environment and capacity it would seem that when discussing an environment KEA and, further in the document, other KPIs such as cost effectiveness, the interdependency with safety is not acknowledged. The Staff Panel is concerned that the primary foci of the IAA during RP4 will be capacity and cost effectiveness, without fully acknowledging the costs associated with ensuring safety remains the primary priority.

With regard to consistency we believe that ANI's en-route and terminal charges are significantly lower than the rest of Europe as a direct result of underinvestment in staff. That situation has not improved from RP2 into RP3. Applying the PRB targets without deviation would be inappropriate as the unit costs of ANI are significantly lower than the European average.

Do you agree with the prioritisation of the Environment KPA, and relatedly, the Capacity KPA?

Given the urgency of the climate crisis the Staff Panel agrees that the Environment KPA should become more of a priority during RP4. However, we have concerns. Firstly we believe that this could simply be "greenwashing". Secondly the methodology used to determine environmental performance, i.e. the great circle track, has been shown to be flawed.

Given that ANI has been operating "free route airspace" for many years, the metric of horizontal flight efficiency does not provide any useful incentive for change. Aircraft in ANI's en-route airspace already receive direct routings.

The best route is often not the shortest one but the one that offers the greatest wind advantage to the aircraft. ANI should be incentivised to find these routings and proactively share them with the airspace users to enable those users to realise the cost benefits of flying those routes.

ANI also has no control over the routes that an airline will choose to fly, or active military operating areas, and could therefore be penalised for something over which they have no control. Finally, from a network management perspective we are advised to leave aircraft on filed routes in order to manage traffic flows throughout the European Network.

The PRBs assessment that environment KPIs are achievable if sufficient capacity is available, based on data from 2021, is simplistic. The reality is that it is not available en-route capacity that enabled this but the significantly lower number of aircraft in the sky meant that direct routings did not cause overloads in the busy ATC sectors feeding airports. The physical space required to sequence aircraft in those sectors cannot be increased. Significant increase in capacity will not improve this situation, as those sectors will still have to be metered to ensure safe aircraft spacing, requiring re-routing of

aircraft or creating space by leaving aircraft on filed routes. Ultimately all traffic becomes concentrated around the destination aerodromes.

Even if we were to use 2021 as a justification for environmental targets it should also be noted that there was probably around 100% extra capacity in the system in 2021. Providing that much extra capacity to improve environmental performance is not realistic.

If so, how should we take account of this in the Performance Plan?

The environment KPI should remain unchanged for RP4. ANI should be funded to develop a methodology of assessing the best routes on any given day based on prevailing wind conditions and in turn sharing this information with the airspace users. No financial incentive should apply.

Are there any existing issues highlighted by RP3 outturn performance to date?

The staff panel believes that the most significant issue is staff attrition.

What other lessons learned from outturn performance can be taken forward in RP4?

Given the rapid return traffic of levels in 2021 and 2022 and the high traffic levels in 2023 it is difficult to see if the outturn performance data can be used as a basis for RP4 as the situation was changing drastically year on year.

Our initial thinking is that we should again rely on STATFOR for the RP4 Performance Plan traffic forecasts. Should a different traffic forecast be considered/developed as part of the RP4 Performance Plan, and if so, why, and based on what methodology?

The Staff Panel believes that the STATFOR forecast should be used, but, given the actual traffic values in both RP2 and RP3 were significantly higher than forecast, the IAA should use the “high” scenario.

Is the IAA’s approach for RP3 still appropriate for RP4?

Comparators should be limited to other ANSPs only. In addition to LFV, Naviair, Fintraffic and Avinor, we suggest the IAA use NATs, MUAC and Skyguide as they are the ANSPs that staff are departing to work for, along with the Gulf States.

Are there any other specific issues that the IAA should be mindful of in the cost allocation for RP4?

No comment.

Should the IAA consider a different approach to cost allocation than its proposed approaches? If so, which approach(es) should it consider and why?

We do not believe that the “building blocks” approach is consistent with other NSAs and that the IAA should be consistent with NSAs throughout Europe.

Should a more granular methodology be developed for splitting Terminal costs between the three airports (Dublin, Cork, Shannon) in the Terminal charging zone?

No. The current system works effectively.

If so, what should the methodology be?

N/A.

How should the IAA address the cost allocation for approach services between the En Route and Terminal charging zones?

No change to current methodology.

Should the IAA consider an alternative approach to forecasting staff costs for RP4?

The Staff Panel believes that the forecasting model used for RP3 ignored very real concerns highlighted by ANI in their first RP3 submission. Capacity was delivered in RP2 by deferral of annual leave, reliance on overtime, and postponing Capex projects.

The same situation in RP2 has arisen during RP3. A significant portion of current capacity is delivered by ANI being unable to deliver on contractual obligations to staff. This situation is not sustainable. This has not been accounted for by the IAA, nor did it consider the high levels of overtime in RP2 to be abnormal.

The higher than expected attrition rates experienced by ANI are a direct result of the working conditions created by high reliance on overtime and lack of availability to leave, coupled with a general shortage of ATCOs in the international market. ANI is currently in a negative feedback loop, and needs to make significant investments in its staff to arrest the staff attrition.

Additionally, the model did not take into account regulatory changes, such as ATCO fatigue rules, which are having the effect of reducing the hours an ATCO can work in ops and increasing minimum rest periods. When the ATCO can work, and more importantly, how that relates to when the traffic is scheduled along with the traffic volumes, are critical in determining how much operational staff is needed.

Finally when data is available we believe IAA should try to avoid using assumptions to arrive at decisions. For example when making assumptions for its scenarios for the base year 2020 - 2021 the IAA used assumptions on staff savings that could not be realised given an extant collective agreement was in place and costs that had already been incurred in 2020.

Staff costs are based on extant collective agreements which determine remuneration and pension entitlements. These are fixed data.

What factors or changes are relevant for RP4 which should be taken into account?

In determining staff costs the IAA should take more account of ANI's ANSP comparators to assess if the staff costs are reasonable in the international context. Staff are leaving to work in other ANSPs throughout the EU, as well as the middle east.

In determining ATCO hours in ops the IAA should significantly discount overtime from ATCO hours in Ops calculations. The current level of overtime cannot be sustained indefinitely. One only has to look at the severe uptick in serious incidents in the U.S., which has relied on overtime to deliver capacity for many years, to see that overtime and safety are inversely correlated.

Do you have any comments on the inclusion of additional resilience in the headcount forecasts for RP4 based on the experiences of RP3?

Additional resilience is vital given that traffic forecasts have been significantly ahead of forecast and ANI has correspondingly underdelivered in Capex projects to provide capacity. A sustainable service is one with appropriate staffing levels to deliver on all obligations.

Is the methodology used for forecasting Opex in RP3 still appropriate?

The methodology used in RP3 sometimes used assumptions when data was available. We believe this should be avoided.

What, if anything, should be different with regard to the methodological approach to forecasting Opex for RP4?

When actual data is available, for example regarding maintenance scheduling and costs of equipment, assumptions should not be used. The IAA should compare ANI performance with the international ANSP comparators specified by the PRB, i.e. Norway, Finland, Sweden and Denmark.

Should we continue the current capex delivery reporting framework, adding a reporting requirement on CP1 functionality delivery against target dates?

No comment.

Do you agree with the proposed approach to assessing projects in ANI's capex plan for RP4?

No comment.

Should the IAA consider any alternative approach to assessing ANI's capex plan for RP4?

No comment.

How should the deliverability of the proposed investment programme and the planned timelines be assessed (staff requirements, availability of contractors, deliverability of multiple investments simultaneously, historic evidence of deliverability of investment programmes)?

For both RP2 and RP3 ANI has deferred project delivery to meet capacity requirements. The most significant variable in the ability of ANI to deliver on projects is staff requirements (and training times) and should be given greatest consideration.

Do you think the methodologies, data sources, and comparators used for RP3 remain appropriate for RP4?

As already indicated the appropriate comparators are LFV, Avinor, Fintraffic ANS, and Navair.

If not, what changes should we make, and why?

No comment.

Are there any broader issues which you think are relevant to estimating the WACC for ANI for RP4?

No comment.

Should the IAA consider altering the allocation of Other State costs?

No.

Does the IAA's proposed approach for the traffic risk sharing mechanism in RP4, which follows the approach taken for RP3, remain appropriate?

Yes.

Does the IAA's proposed approach for the En Route and Terminal capacity financial incentive schemes in RP4, which is to broadly follow the methodological approach taken for RP3, remain appropriate?

The Staff Panel believes that penalty only incentives should not be used without a corresponding financial incentive in line with section 3 (b) of Article 11 of EU 2019/317.

Strongly penalising ANI on capacity issues over RP4 will create a negative feedback loop as ANI needs time to train replacement staff to counter the current high attrition rate. Further cost constraints on our already low cost base will result in pressure on staff terms and conditions and more staff leaving for better employment opportunities.

Should a financial incentive scheme be introduced for the KEA for RP4, and why or why not?

ANI already has free route airspace implemented. Any factors affecting the KEA are generally outside of its control. Therefore a financial incentive scheme is not appropriate.

What factors should we take into account in relation to this decision?

N/A

Are there alternative environmental indicators relevant to ANI's environment (or capacity) performance which might be suitable for local target setting for RP4?

A system for assessing the best available route based on wind data should be developed during RP4 for implementation in RP5.

If so, which indicators, and on the basis of what methodology?

N/A

Should a financial incentive scheme be included in relation to any such targets?

ANI should be funded to develop such a system, which will result in best in class environmental performance by airspace users operating in our airspace, should they choose to use that information.