

Position Paper

05 November 2007

AEA POSITION PAPER ON SESAR JOINT UNDERTAKING GOVERNANCE (5/11/2007)

Background

The SESAR project is the European air traffic control infrastructure modernisation programme. SESAR defines the new generation air traffic management system capable of ensuring the safety and fluidity of air transport worldwide over the next 30 years.

The SESAR programme consists of three phases:

1. Definition Phase (2004-2008). It will deliver an ATM master plan defining the content, the development and deployment plans of the next generation of ATM systems.
2. Development phase (2008-2013): it will develop the required new generation of technological systems and components as defined in the definition phase. For this phase the EU has created a Joint Undertaking (ref Council Regulation 219/2007 of 27th February 2007) which will federate public and private funds (Community, Eurocontrol, industry and third countries) and guarantee a single management structure for the project, as well as a governance model associating all actors involved (public and private).
3. Deployment phase (2014-2020): it will establish & implement the new infrastructure at a wide scale both in Europe and in partner countries. This will be carried out under the responsibility of the air transport industry without further public funding.

This paper presents the initial AEA views for the governance of the SESAR Joint Undertaking (S-JU).

Key issues for the AEA:

- It must be recognised that SESAR improvement steps, will only be deployed successfully if they are of sufficient quality and provide added value to airspace users. The work programme must be user driven, and the governance arrangements must allow regularly consultation on both general policy direction and the specific application of that policy. Users must be able to influence both.
- The governance of the S-JU should facilitate the development of products based on the SESAR Master Plan which prepare for a successful implementation of SESAR so as to meet its performance objectives (*a 10-fold increase in safety, accommodate a forecasted 73% increase in traffic from the 2005 baseline, halve the total direct European gate-to-gate ATM costs to €400/flight in 2020 and enable a 10% reduction in the effects flights have on the environment due to ATM*).
- Membership agreements with monopoly providers (ANSPs and Eurocontrol) should include binding requirements that all their investments (both in-kind and financial) will come from existing resources and budget and will not lead to increased route charges.

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- The ANSP member contributions (in-kind) shall be balanced between ANSPs in order to avoid any one becoming too dominant.
- In-kind contribution shall be limited in favour of financial member contributions in order to allow the Admin Board to select / contract the desired R&D institutes for specific tasks / work packages.
- A formal consultation mechanism with, and involvement of, all categories of the airspace users with regard to updating the ATM Master Plan and the ATM Target Concept (including the ConOps) should be established so as to assist the Administrative Board in carrying out its responsibilities. This will require some kind of funding taking into account the airspace users limited resources and the fact that airspace users will not directly invest into the S-JU.
- The governance of the S-JU should include a function to ensure full coordination with other similar worldwide initiatives such as in particular the US NextGen programme.
- The governance of the S-JU should include a function for a Chief Economist responsible for the updating of Cost/Benefit Analyses for the various components of SESAR.
- The S-JU must ensure proper involvement of certification authorities. Therefore, the governance of the S-JU should include a function for a Safety Coordinator who would be responsible to ensure the involvement of the safety Authorities (EASA) to ensure that new products can be certified for operational use and at an acceptable cost.
- The governance of the S-JU should monitor and coordinate with other initiatives (all SES related initiatives, such as, but not limited to FAB) also taking into account regional and local planning for implementation of certain procedures and technologies. Great care should be taken to avoid double counting in terms of costs, benefits, performances, with other initiatives such as FABs, local improvements, etc.
- SESAR should lead to implementation. This will require public funding in particular to assist with the huge transition costs. Financing mechanism should cater for funding of airborne implementation programs.
- The S-JU must ensure that benefits (including safety enhancement, capacity increases or environmental improvements) occur in an acceptable timeframe after the investment (e.g. by users in avionics equipment) was made. Otherwise, Implementation Packages may never be implemented due to lack of a positive business case.
- The governance should include a system integrator function to integrate all SESAR components. This function should be independent from particular interest groups such as supply industries and ANSPs.
- The Development Phase must be performance driven and not technology driven.
- The S-JU must avoid short term solutions that are not in line with the longer term targets, as they may have the potential of creating huge costs for early implementation without “real” benefits.
- The S-JU work shall be traceable to the agreed SESAR ATM Target Concept. The preferred work breakdown structure shall be based on relevant Lines of Change identifiable in the SESAR Target Concept. Lines of Change (LoC) are identifiable and well defined operational areas of the ATM environment, including all its aspects (procedures, practices, processes, systems, institutions, etc), that will need to undergo change in order to meet declared performance objectives and arrive at the SESAR Target Concept end-state. The LoC approach, as opposed to the ICAO ATM Component one, allows for higher visibility in tracing the R&D activities to SESAR Target Concept.

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Detailed AEA proposal:

SESAR Joint Undertaking Staffing and Internal Structure:

The AEA would suggest the following key functions

Technical Director

The Technical Director of the S-JU, reporting to the Executive Director will need to have exceptional technical and project management skills. He/she will have the challenging task to ensure that all the S-JU work-streams remain focussed on the SESAR performance objectives (both those done by the members of the S-JU through in-kind investments as well as those that will be outsourced through calls for tender).

The Technical Director will need to have a thorough understanding of airborne and ground-based systems and their interactions to ensure their successful air/ground integration. He/she should therefore not be a person with only purely ANSP background/ experience.

The Technical Director will be assisted by a number of technical experts and work-package leaders.

International Coordinator

The International Coordinator, reporting to the Executive Director, should have the challenging task to ensure that the SESAR developments remain harmonized with other similar worldwide developments such as, in particular, the US Next Gen programme. This is a key function which should not be outsourced nor should it be given to a particular member of the S-JU.

In this context, serious consideration should be given to launch joint R&D actions between SESAR and other initiatives such as NextGen so as to achieve common specifications, common procedures and economies of scale.

Safety Coordinator:

The Safety Coordinator, reporting to the Technical Director, should have the task to ensure that R&D actions and SESAR developments are coordinated with the safety regulatory authorities (i.e. EASA). This should ensure that the SESAR products can be certified for operational use without diluting the business case due to additional safety restrictions. This is also a key function which should not be outsourced or given to a particular member of the S-JU

Security & Environment Coordinator

A Security & Environment Coordinator could be considered to ensure that the SESAR performance objectives for security and environment are met as well.

Chief Economist:

The Chief Economist, reporting to the Executive Director, will need to have a thorough knowledge of the User's business models. He/she should be responsible for updating the overall SESAR business case to ensure that products remain focussed on the SESAR performance objectives. This is also a key function which should not be outsourced or given to a particular member of the S-JU taking into account the vested interest of some of the stakeholders which might not be compatible with the overall SESAR goals. In this context, it is crucial to have a mechanism to closely involve and consult the airspace users, who take all commercial risks, on all updates to the overall business-case and financing model for SESAR. The Chief Economist could draw on further expertise which could be outsourced either to the members or through calls for tender.

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ATM Master Plan Manager & ATM Target Concept Manager

Since the SESAR definition phase can-not answer all questions regarding the envisaged implementation, the delivered planning baseline can be neither complete nor final. It needs to be further developed, refined and updated based on the results of the further R&D.

A formal consultation mechanism of the airspace users with regard to updating the ATM Master Plan should be established to assist the Administrative Board in carrying out its responsibilities. This will require some kind of funding taking into account the airspace users limited resources and the fact that airspace users will not directly invest into the Joint Undertaking.

Directly reporting to the Technical Director, two more key functions should therefore be created:

- ATM Target Concept Manager: responsible for the activity to maintain and update the ATM target concept and to arrange for the initial consultation with the airspace users. He/she should have a thorough understanding of airborne systems rather than having only a ground based ANSP background. He/she should also be fully independent from particular supply industry agendas.
- Master Plan Manager: he/she should be responsible for the maintenance and updating of the ATM Master Plan and to arrange for the initial consultation of the airspace users before the updated Master Plan is submitted to the Administrative Board.

System Integrator

It is understood that a System Integrator function to integrate all SESAR components will be foreseen and that the plan is to outsource this key function. From the AEA point of view this should not change the overall accountability and responsibility of the Executive Director for the overall SESAR project management. In addition, it is crucial that this function is independent from particular interest groups such as supply industries and ANSPs

Criteria for Membership Agreements between the SESAR-JU and Industry Investors

Membership agreements with monopoly providers (ANSPs and Eurocontrol) should include binding requirements that all their investments (both in-kind and financial) will come from existing resources and budget and will not lead to increased route charges. This would be in line with the Council Regulation establishing the SESAR Joint Undertaking and the fact that the aim of the S-JU is to concentrate existing resources for ATM R&D (not to increase the resources funded through route charges).

In-kind investments into the S-JU should have a value for the overall SESAR objectives and should be compatible with the SESAR Master Plan as it will be delivered after the definition phase (March 2008). In-kind investments which are not compatible with the Master Plan should be rejected. It is suggested to create a dedicated working-group, with full involvement of airspace user representatives, for the valuation of the in-kind investments after the delivery of the final Master Plan. Taking into account the airspace users limited resources some kind of funding should be foreseen to enable their participation in this important activity.

In-kind investments into the S-JU through manpower should ensure their full management control by the S-JU. In this context, a mechanism should be foreseen to remove underperforming individuals with financial penalties for their employer.

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Non EU industries, where they could contribute to the success of SESAR, should be allowed to become full members of the S-JU. This is essential to ensure interoperability with developments outside Europe, to ensure a successful implementation and to avoid that SESAR becomes a vehicle for a European supply industry monopoly.

The hand-over to the SESAR implementation phase & incentives for short-term improvements:

SESAR should lead to implementation. This will require public funding in particular to overcome the huge transition costs. It is unrealistic to expect a full implementation of SESAR without some sort of public funding. In addition, if it is legally acceptable, part of the S-JU funds should be used to finance incentives or grants for short-term improvements such as datalink based on VDL Mode 2 (ref SES Datalink Services Mandate).

The role of Eurocontrol

Eurocontrol will be a founding member of the Joint Undertaking.

The agreement between the S-JU and Eurocontrol should include a binding commitment to streamline Eurocontrol activities and to align them with SESAR. All R&D activities which are not compatible with SESAR should be stopped. . This should result in meaningful cost savings at the Eurocontrol Agency allowing for a reduction in the Eurocontrol budget as requested by the airspace users.

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