

# C/AFT Air Traffic Service Performance Focus Group Report

## **All Airline Meeting**

*Melbourne, Australia*

*March 7, 2000*

# Phase 3 Mission Statement

- **To encourage a high level structure of common costing principles and measures for all ATS providers worldwide. These will include definitions of products, services and consumers. The value of the activity is through participation and not necessarily a report at the end of the period.**
- **To encourage coordinated data collection for performance measures and adequate cost requirements to support future ATS performance analyses and decisions (investment, best practices, etc.).**
- **To encourage a structure which identifies major ATS cost drivers, to the extent possible.**

# Current Phase 3 Membership

- **Air Canada**
- **American**
- **Ansett Australia**
- **British Airways**
- **Canadian**
- **Comair**
- **Northwest**
- **Qantas**
- **Southwest**
- **United**

# Phase 3 Organization

**ATSP Focus Group Leader:**

**Russell Chew - American**

**Phase 3 Project Manager:**

**Phil Roberts - R2A**

**Technical Working Group (TWG)**

**Airlines:**

**Russ Chew, TWG Leader, American**

**Cal Peterson - American**

**Bob Kneisley - Southwest**

**Gary Gutzler - Southwest (LEGC)**

**Don Porth - United**

**FAA:**

**Penny Mefford - Chief Planner**

**Randall Fiertz - Acting Dir. Perform. Mgmt.**

**Support:**

**Monica Alcabin - Boeing**

**Phil Roberts - R2A**

**Vince Mellone - R2A**



ATSP Focus Group

# Phase 3 Meetings

## **Technical Working Group (TWG)**

- **January 13th**
  - First meeting
- **February 24th**
- **March 24th**
- **April 27th**
- **May 25th**
- **June 14th and 15th**
  - Combined with ATS Provider Workshop

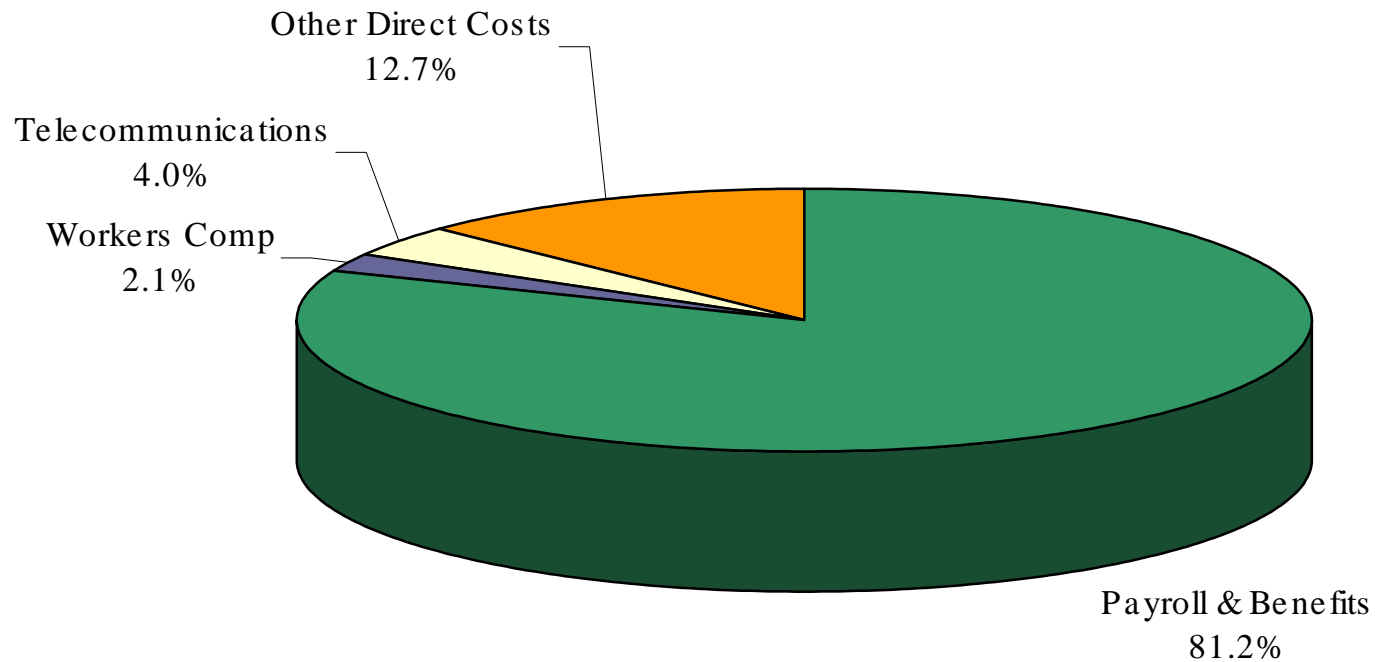
## **ATSP Focus Group**

- **January 19th, Seattle**
- **June 27th, Dallas**

# Highlights of FAA Cost Accounting Project

- **The initial Enroute/Oceanic cost accounting system will be completed in March**
- **Terminal CAS development to commence in May with conceptual planning already underway**
- **Terminal has 465 Service Delivery Points (SDP), Enroute 21, Oceanic 4 and FSS 61**
- **FAA does not have labor distribution information**
- **Interested in both internal and external benchmarking**

# Labor Represents 83% of Combined Air Traffic & Airway Facilities Costs



# Phase 3 ATS Provider FAA Workshops

- **February 3th, Ottawa**
  - Nav Canada
- **February 9th, Offenbach**
  - German DFS
- **February 10th, Brussels**
  - Eurocontrol PRU
- **March 8th, Melbourne**
  - Airservices Australia
  - Airways Corp. of New Zealand
- **April 6th, Washington, D.C.**
  - Nav Canada
- **May 11th, Washington, D.C.**
  - Eurocontrol and UK Nats
- **June 14th and 15th, Washington D.C.**
  - Airservices Australia
  - Airways Corp. of New Zealand
  - Eurocontrol PRU
  - German DFS
  - Nav Canada
  - UK Nats

# Highlights of Nav Canada Workshop

- **Met with senior staff including VP and CFO**
- **Received annual report and Business Plan to 2002**
- **As a non-profit company, compensation is linked to managerial performance**
- **For benchmarking opportunities, common definitions essential**
- **More effort to identify costs by site rather than nationally**

# Highlights of German DFS Workshop

- **Met with Controller and staff**
- **1,200 coded activities too many**
- **Consolidating into three ACCs and will combine Approach and Enroute**
- **Provides financial incentives to all non-union employees**
- **ATC managers being trained in financial management**
- **Use STANLEY operational data collection**

# Highlights of Eurocontrol PRU Workshop

- **Users need confidence that charges are related to costs and costs are minimized**
- **Pilot Project for 12 of 33 ATS providers to ensure separation of ATM and non-ATM accounts, identification of ATC cost functions, forward looking business plans and accounting standards**
- **No investment link between capacity and demand**
- **Overflights probably generate less workload than domestic or international flights**
- **Need better definitions and clarifications**

# Airline Cost Accounts

## **Flying Operations**

**Flight personnel**

**Fuel & oil**

**Aircraft ownership**

**Other Flying Operations**

## **Maintenance**

**Passenger Service**

**Marketing & Sales**

**Reservations**

**Aircraft & Traffic Servicing**

**Aircraft Servicing**

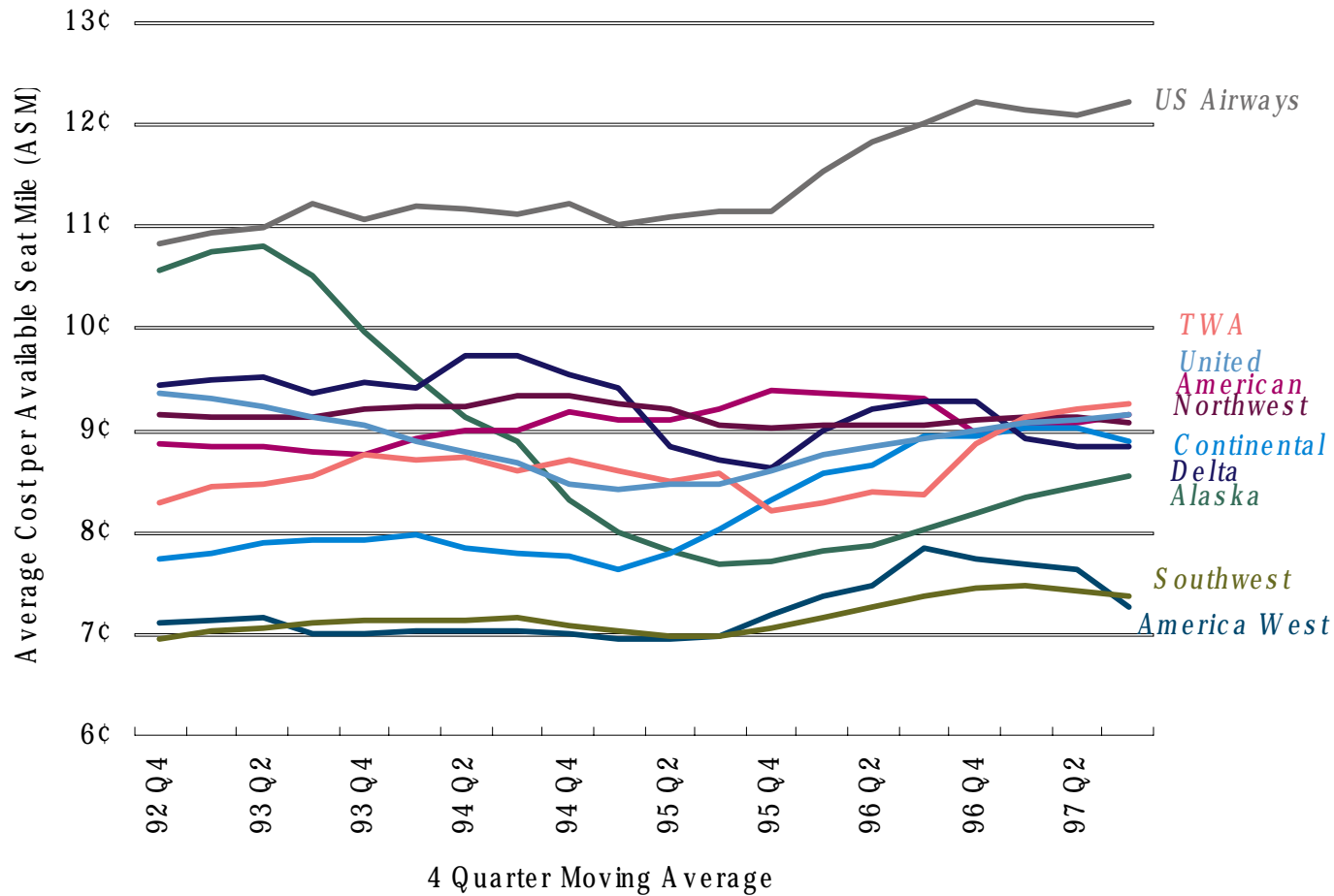
**General & Administrative**

**Ground Amortization & Depreciation**

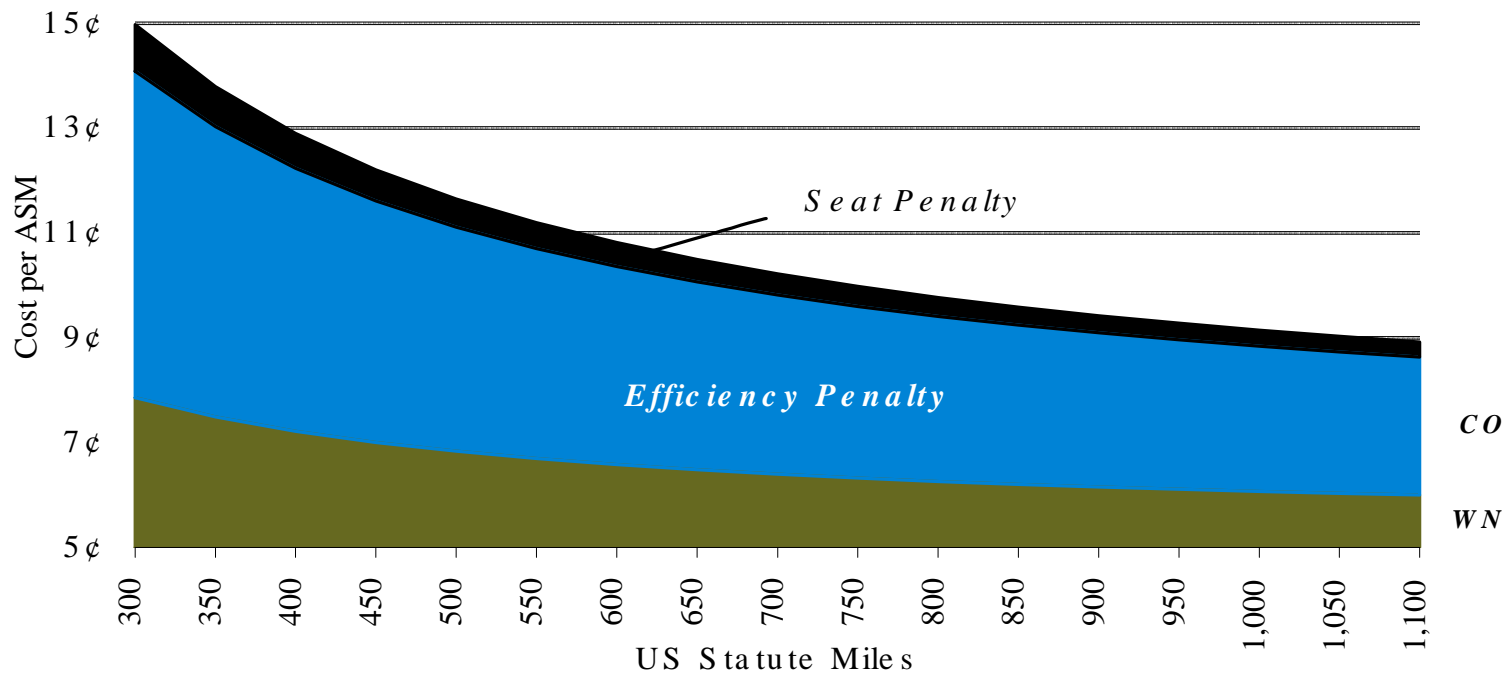
# Airline Operational Data

**Miles flown**  
**Aircraft departures**  
**Block hours**  
**Enplaned passengers**  
**Passenger miles flown**  
**Seat miles flown**  
**Passenger load factor**  
**Enplaned cargo tons**  
**Revenue ton miles**  
**Available ton miles**  
**Aircraft utilization**  
**Number of employees**

# Airline Performance Measures

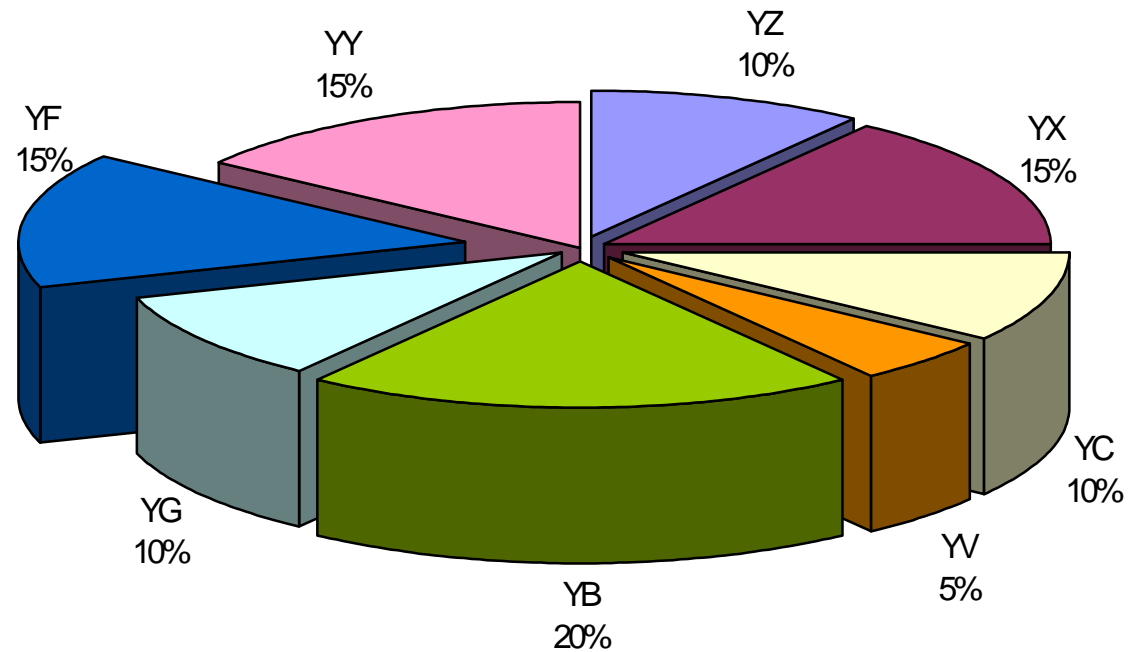


# Airline Performance Measures



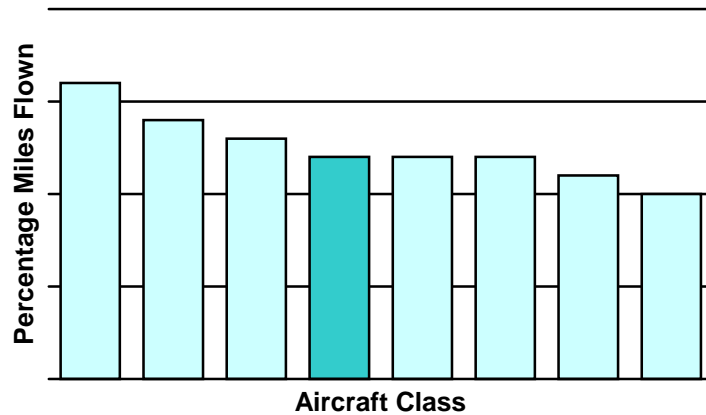
# Site Manager's Report

## XXX ARTCC Percent of Total Cost by Aircraft Classification

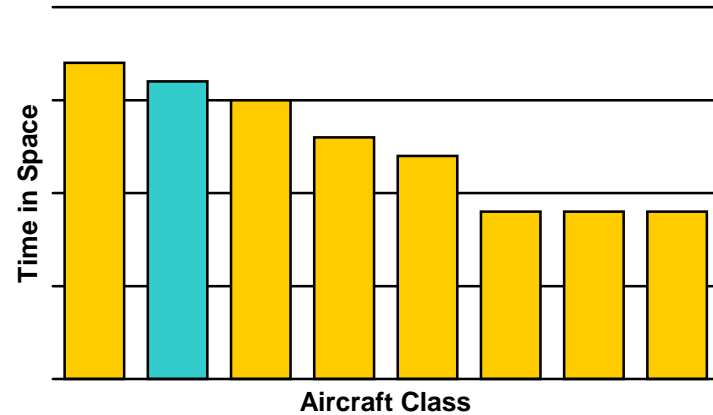


# XXX ARTCC Total Costs Distributed by:

**Miles Flown Unit**

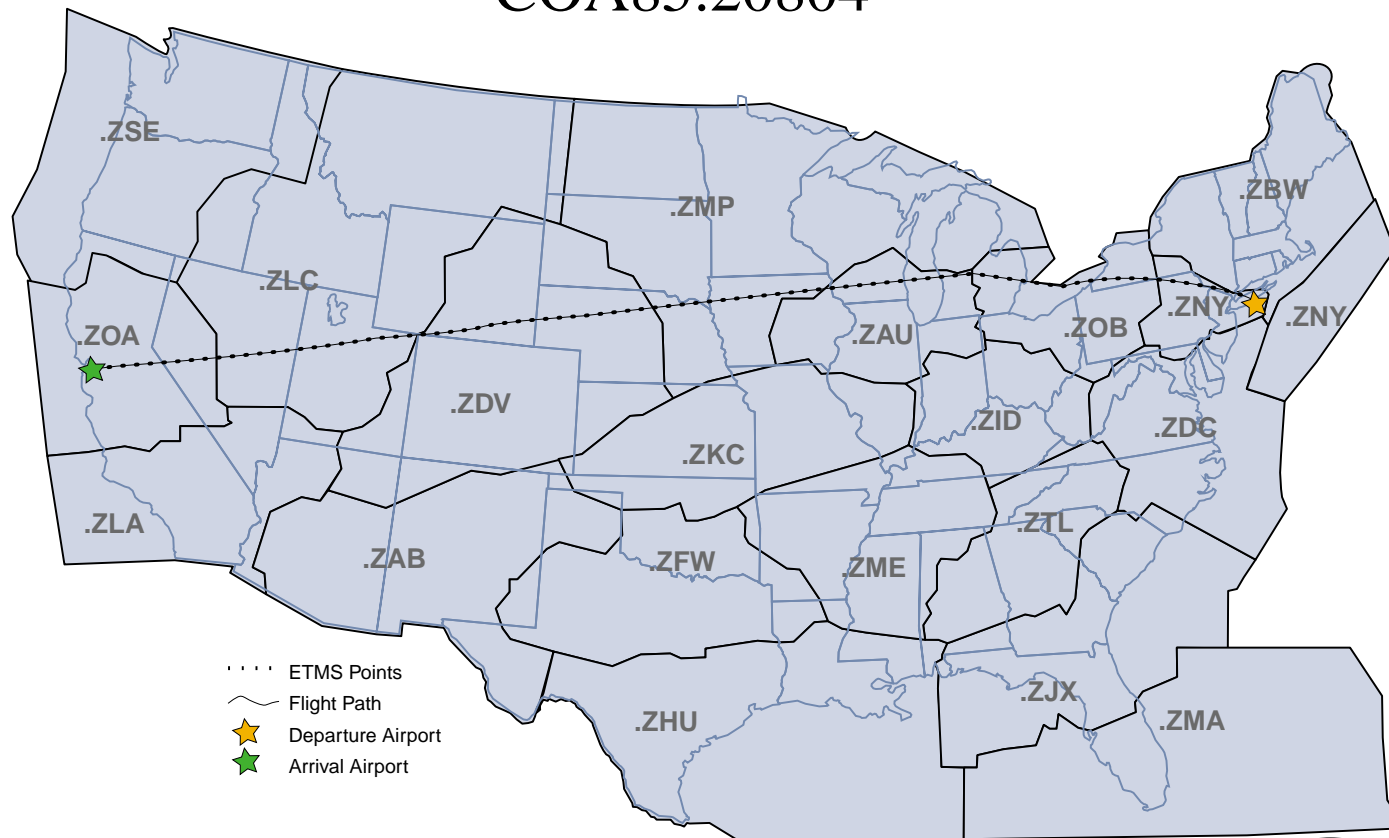


**Time in Space Unit**



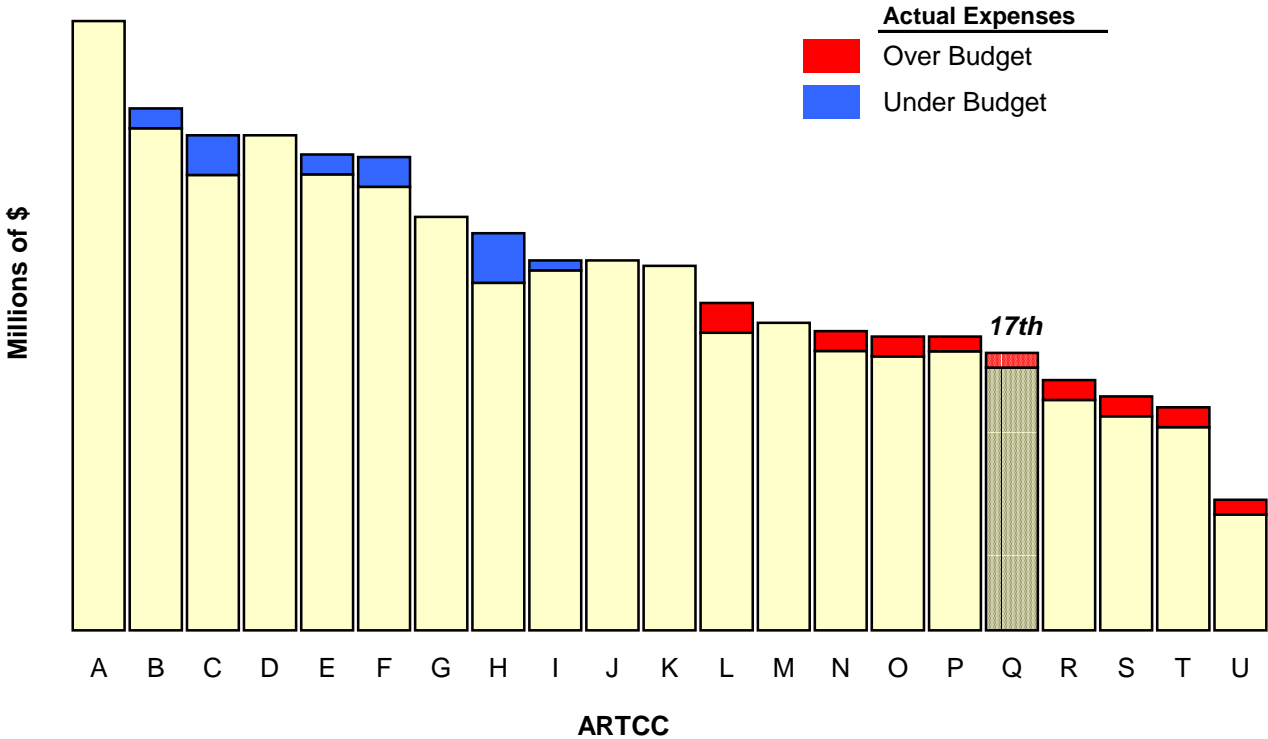
# Why Time in Space is Important

## Newark to San Francisco Flight COA85.20804



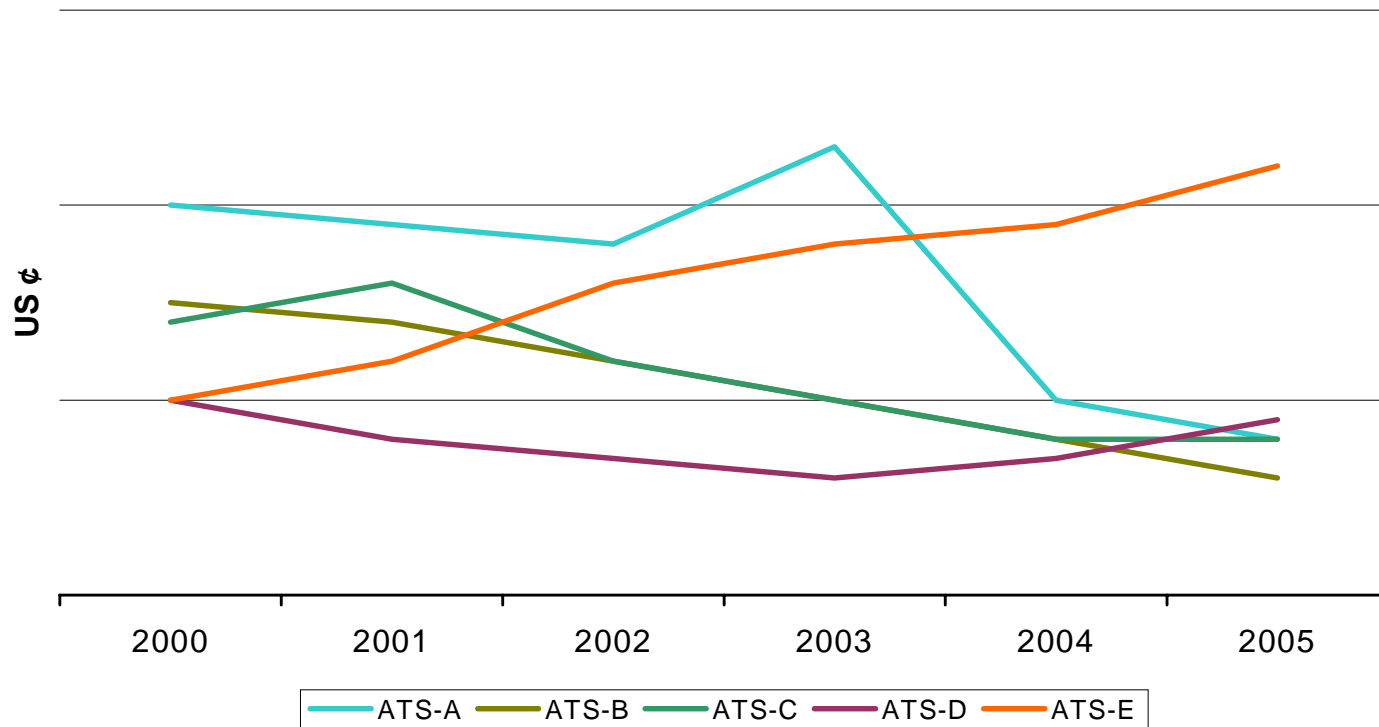
# ARTCC System Report

## Actual Versus Budget



# Comparison of Global ATS Providers Unit Costs

US Cents Per Minute



**We Need a Common Set of  
Definitions to Communicate  
Across Sites, Between ATS  
Providers, With Customers  
and Other Stakeholders**

# ATS Provider Cost Accounts

- **Cost pools For Enroute Centers**
- **Cost pools for Terminal Sites**
- **Cost pools for other Sites**
  - **Incremental**
  - **Fixed**
  - **Common**

# ATS Provider Operational Data

**Number of enroute handles**

**Number of overs**

**Number of communications by function**

**Airspace occupancy (time) by function**

**Number of weather briefings**

**Number of IFR flight plan filings**

**Number of VFR flight plan filings**

**Number of traffic advisories**

**Number of landings & takeoffs**

# ATS Provider Cost Performance

- **Comparison of Unit Costs in total and by function between FAA Sites**
- **Comparison of Unit Costs in total and by function between FAA Sites and Sites of Other ATS Providers**

# We Must Avoid Being Controlled by Legacy Systems

- Building Activity Based Cost Accounting Systems must not be limited by currently available data.
- By keeping a Vision clearly in mind, we will avoid the legacy system trap.

# Common Definitions

- **Users (Customers)**
- **Air Traffic Services**
  - *Products*
  - *Activities*

# Air Traffic Control Customers by Aircraft Weight

<u>Designation</u>	<u>Description</u>	<u>Examples</u>
W-1	Under 10,000 lbs	Cessna 152, Beech King Air
W-2	10,000 to 19,999 lbs	Cessna Citation, BAe Jetstream 31
W-3	20,000 to 49,999 lbs	SAAB 2000, Fokker F-27, CRJ-50
W-4	50,000 to 99,999 lbs	Fokker F-28, DC-9-10
W-5	100,000 to 249,999 lbs	DC-9-30, B727-200
W-6	250,000 to 374,999 lbs	B757, B767, A300, A310
W-7	375,000 to 599,999 lbs	B777, L1011, A330, DC-10-30
W-8	600,000 + lbs	B747, MD-11, Lockheed C-5B Galaxy

# Examples of an ATC Service, Product & Activity

- **Service:**           **Flight Departure**
- **Product:**         **Takeoff Clearance**
- **Activity:**         **Communications**

# FAA

## Cost of Enroute & Oceanic Services

*Fiscal Year 1998*  
*(in thousands of US Dollars)*

<b>Cost Element</b>	<b>Enroute</b>	<b>Oceanic</b>
Air Traffic Operations	\$963,586	\$19,258
Airway Facilities Operations	373,336	27,299
Overhead Allocations	271,646	5,676
Capital Investment	455,668	27,579
Other Costs	<u>327,419</u>	<u>1,574</u>
Total Cost	\$2,391,656	\$81,386

# Usage of R2A Statistical Model

- **Provides reliable cost estimates when data is incomplete**
- **Provides “reality check” for cost allocations**
- **Provides cost breakdown by site**

# Domestic Enroute Cost per Activity

- **FAA Cost Conference average cost per activity \$39.61**
- **R2A statistical model using FAA data shows cost per:**
  - Over of \$34.25
  - Departure or arrival of \$41.31
- **Does not include capital investment or other costs**

# Phase 3 Accomplishments Thus Far

- **Formed structure (TWG) to assure effective and ongoing communications with FAA and other ATS providers with regard to cost management**
- **Developed a cooperative dialogue with FAA**
- **Engaged five ATS providers in continuing discussions with ATSP FG and FAA**
- **Opportunity for involvement of more ATS providers in Europe, Asia and other regions**
- **Increased ATSP Focus Group to 10 members**

# C/AFT Air Traffic Service Performance Focus Group Report

## **All Airline Meeting**

*Melbourne, Australia*

*March 7, 2000*