



Portuguese Performance Plan for Air Navigation Services

Reference Period One: 2012 - 2014

“Cost-Efficiency”



Lisbon, 30 May 2011

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 - INAC I.P. (NSA)



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LEGAL FRAMEWORK



- **COMMISSION REGULATION (EU) No 691/2010**
- **COMMISSION REGULATION (EU) No 1191/2010**
- **COMMISSION DECISION 2011/121/EU**



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EU Wide Performance Targets – Cost Efficiency



Determined Costs, Service Units and Cost-Efficiency Targets (RP1):

	2011	2012	2013	2014
Determined Costs expressed in Real Terms, EUR 2009 (000€)	--	6.296.000	6.234.000	6.179.000
Service Units (000)	--	108.776	111.605	114.610
Cost-Efficiency target expressed in Real Terms, EUR 2009 (€)	59,97	57,88	55,87	53,92
% n/n-1		-3,5%	-3,5%	-3,5%

Source: Comission Decision 2011/121/EU

Alert Mechanisms:

“Together with the adoption of the European Union-wide performance targets, the Commission shall define for each key performance indicator alert thresholds beyond which the alert mechanisms (...) may be activated.

Alert thresholds for the cost-efficiency key performance indicator shall cover both traffic and costs evolution.”

Source: COMMISSION REGULATION (EU) No 691/2010, n.3 Art. 9

Alert Mechanism:

Circumstances:

- Unforeseeable
- Insurmountable
- Outside the control of the M.S.

Alert thresholds
are reached at
European Union
level

Comission reviews the
situation providing
proposals for appropriate
actions (Revision of EU
Wide Performance Targets
and National or functional
airspace block performance
targets)

The alert threshold beyond which the alert mechanism may be activated shall be a deviation over a calendar year by:

$$-10\% \geq \text{ACTUAL TRAFFIC} - \text{TRAFFIC FORECASTS} \geq +10\%$$

$$-10\% \geq \text{ACTUAL COSTS} - \text{REFERENCE DETERMINED COSTS} \geq +10\%$$



**National Performance Targets -
Cost Efficiency**

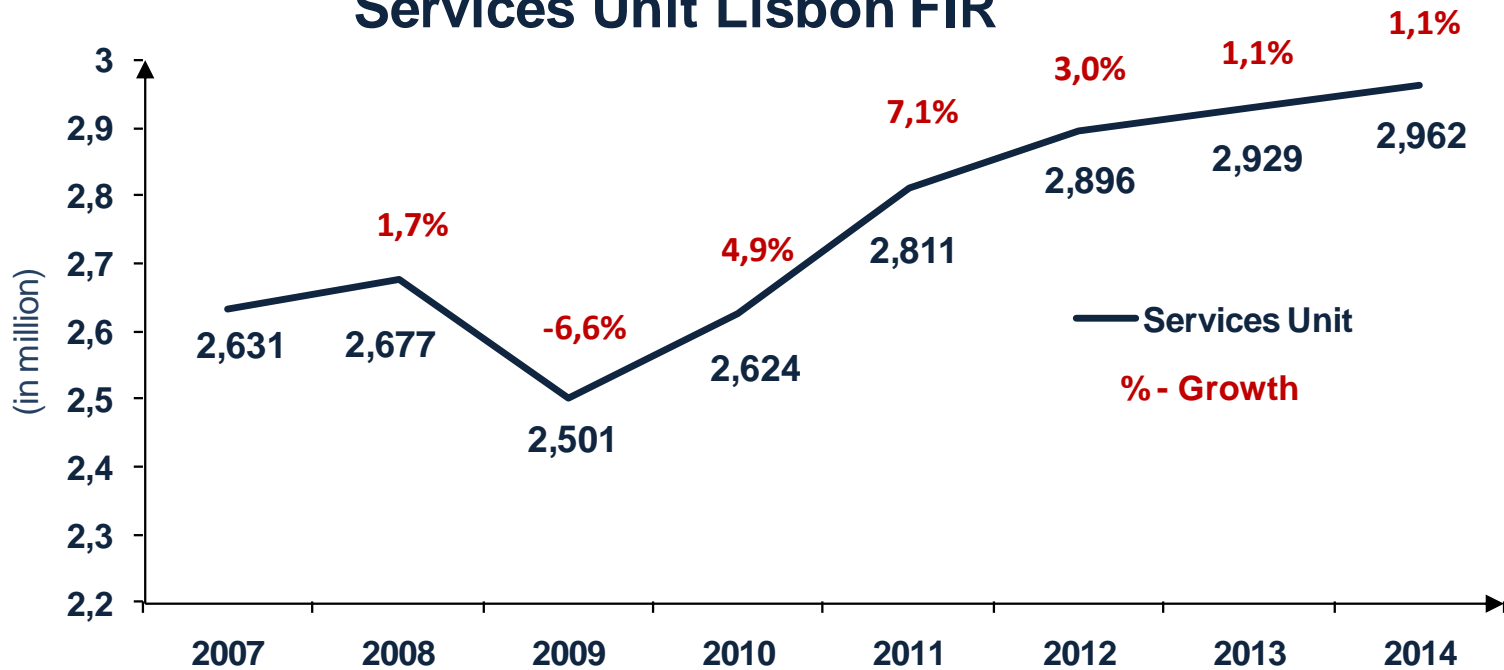


Economic Assumptions:

	2009	2010	2011	2012	2013	2014
GDP growth (%)	-2,47%	1,40%	-1,51%	-0,48%	0,90%	1,00%
Inflation rate	0,8%	1,4%	1,9%	1,4%	1,4%	1,4%

Source: IMF, April 2011

Services Unit Lisbon FIR



NATIONAL PERFORMANCE TARGETS - COST EFFICIENCY

Total Determined costs in nominal and real terms (in 2009 €)

Millions of Euros

ANS en route cost by nature	2009 A	2010 A	2011 F	2012 F	2013 F	2014 F
Staff	89,3	79,1	90,3	89,8	91,2	92,9
<i>%n/n-1</i>	--	-11,5%	14,3%	-0,6%	1,6%	1,8%
Other operating costs	23,7	21,8	21,7	22,6	22,0	22,2
<i>%n/n-1</i>	--	-8,1%	-0,2%	4,1%	-2,7%	1,1%
Depreciation	7,9	6,4	7,9	9,0	10,1	10,3
<i>%n/n-1</i>	--	-20%	25%	13%	12%	2%
Cost of capital	2,3	3,1	3,7	3,9	4,0	3,8
<i>%n/n-1</i>	--	37,5%	19,2%	5,1%	0,3%	-4,2%
Exceptional items	0	0,0	0,0	0,0	0,0	0,0
<i>%n/n-1</i>	--	--	--	--	--	--
Total ANS en-route cost in nominal terms	123,2	110,3	123,7	125,3	127,3	129,2
<i>%n/n-1</i>	--	-10,5%	12,1%	1,3%	1,6%	1,5%
Inflation %	-0,80%	1,4%	1,90%	1,4%	1,4%	1,4%
Inflation index (100 in 2009)	100,0	101,4	103,3	104,8	106,3	107,8
Total determined costs in real 2009 terms	123,2	108,8	119,8	119,6	119,7	119,8

Determined costs by entity in nominal terms

Millions of Euros

ANS en route cost by entity	2009 A	2010 A	2011 F	2012 F	2013 F	2014 F
ANSP	108,3	95,1	110,1	110,7	113,5	115,3
<i>%n/n-1</i>	--	-12,2%	15,8%	0,6%	2,5%	1,6%
MET	5,3	5,3	5,2	5,1	5,1	5,0
<i>%n/n-1</i>	--	0,6%	-3,0%	-0,8%	-0,9%	-0,9%
CAA/NSA*	9,6	10,0	8,5	9,5	8,7	8,8
<i>%n/n-1</i>	--	3%	-14%	11%	-8%	1%
Total ANS en-route cost in nominal terms	123,2	110,3	123,7	125,3	127,3	129,2
<i>%n/n-1</i>	--	-10,5%	12,1%	1,3%	1,6%	1,5%

* Including Eurocontrol Costs

EU Wide Targets and National Performance Targets

(in real terms at 2009 prices)

Cost-efficiency target	2009 A	2010 A	2011 F	2012 F	2013 F	2014 F	% average annual
EU-WIDE			59,97	57,88	55,87	53,92	-3,5%
<i>%n/n-1</i>			--	-3,5%	-3,5%	-3,5%	
Lisbon RIV	49,27	41,47	42,60	41,29	40,88	40,44	-3,6%
<i>%n/n-1</i>	--	-15,8%	2,7%	-3,1%	-1,0%	-1,1%	

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Traffic Risk Sharing and Cost Risk Sharing



Accountable Entities:

- NAV, E.P.E. (ANSP)
- I.M, I.P. (MET)
- INAC, I.P. (NSA)



**NAV E.P.E
(ANSP)**

NAV, E.P.E (ANSP) Costs by Nature (Nominal Terms)

Millions of Euros

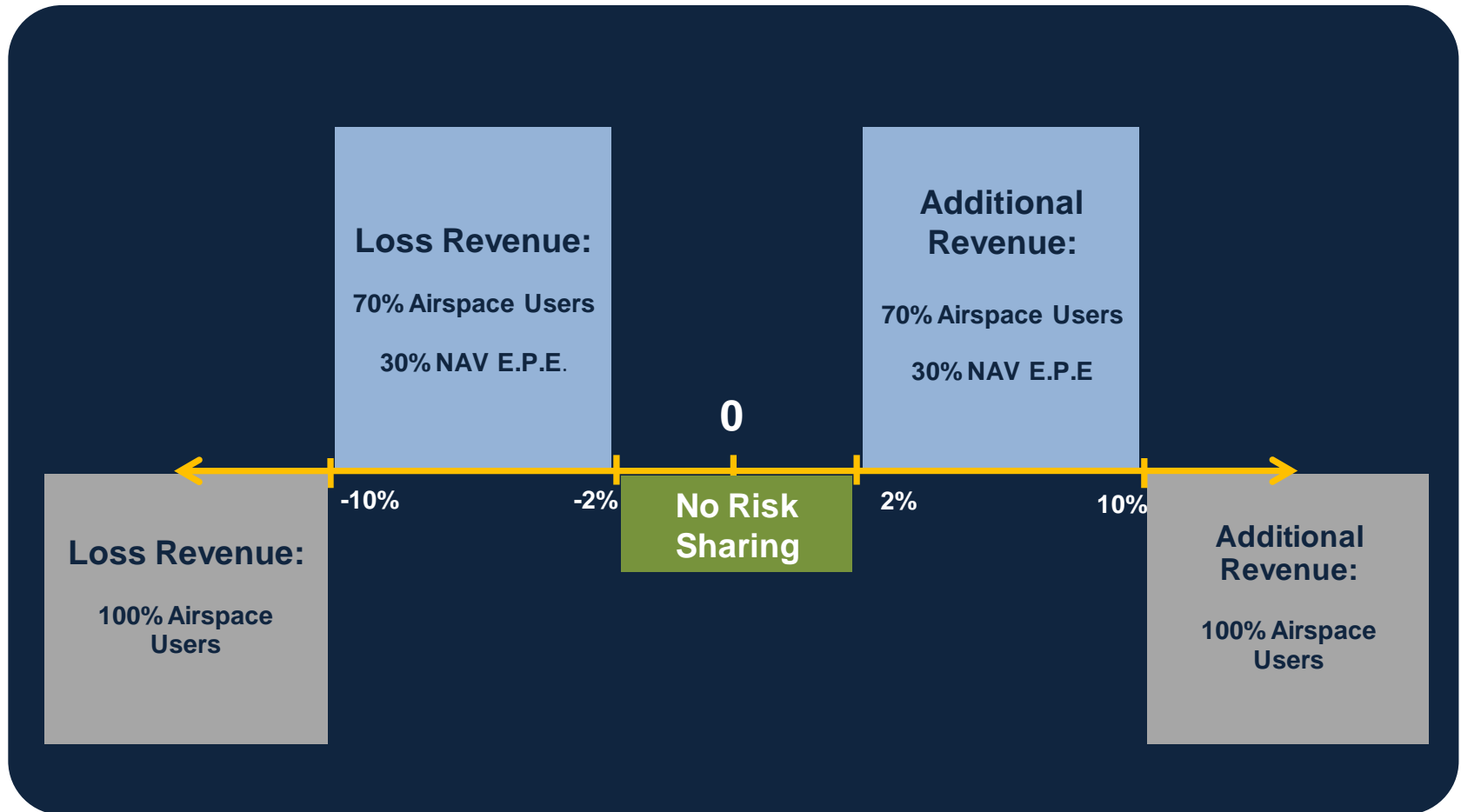
ANSP en route cost by nature	2009 A	2010 A	2011 F	2012 F	2013 F	2014 F
Staff	86,0	75,9	87,1	86,6	88,0	89,7
<i>%n/n-1</i>	--	-11,7%	14,7%	-0,6%	1,7%	1,9%
Other operating costs	12,6	10,1	12,0	11,9	12,1	12,3
<i>%n/n-1</i>	--	-19,6%	18,5%	-0,4%	1,5%	1,5%
Depreciation	7,5	6,0	7,3	8,3	9,5	9,6
<i>%n/n-1</i>	--	-21%	23%	14%	13%	2%
Cost of capital	2,2	3,1	3,7	3,9	3,9	3,7
<i>%n/n-1</i>	--	37,7%	19,3%	5,3%	0,1%	-4,4%
Exceptional items	0	0,0	0,0	0,0	0,0	0,0
<i>%n/n-1</i>	--	--	--	--	--	--
Total ANSP en-route cost in nominal terms	108,3	95,1	110,1	110,7	113,5	115,3
<i>%n/n-1</i>	--	-12,2%	15,8%	0,6%	2,5%	1,6%

NAV, E.P.E (ANSP) Costs by Services (Nominal Terms)

Millions of Euros

ANSP en route cost by services	2009 A	2010 A	2011 F	2012 F	2013 F	2014 F
Air traffic management	74,3	60,5	74,2	74,6	76,4	77,5
<i>%n/n-1</i>	--	-18,5%	22,7%	0,5%	2,4%	1,4%
Communication	8,9	8,8	10,3	10,6	11,2	11,5
<i>%n/n-1</i>	--	-1,3%	18,0%	2,3%	5,7%	2,4%
Navigation	7,4	7,0	7,4	7,3	7,6	7,5
<i>%n/n-1</i>	--	-5%	5%	-1%	4%	-1%
Surveillance	7,5	8,6	6,8	6,8	6,6	7,0
<i>%n/n-1</i>	--	15,0%	-21,0%	-0,4%	-2,1%	6,4%
Search and Rescue	3,658	3,8	3,9	4,0	4,1	4,2
<i>%n/n-1</i>	--	2,9%	2,3%	2,9%	2,3%	2,3%
Aeronautical Information	5,9	5,7	6,3	6,3	6,4	6,5
<i>%n/n-1</i>	--	-4,2%	10,5%	0,6%	1,6%	1,6%
Meteorological services	0,7	0,7	1,2	1,2	1,2	1,1
<i>%n/n-1</i>	--	12%	59%	2%	-2%	-1%
Supervision costs	0,0	0,0	0,0	0,0	0,0	0,0
<i>%n/n-1</i>	--	--	--	--	--	--
Other State costs	0,0	0,0	0,0	0,0	0,0	0,0
<i>%n/n-1</i>	-- --	--	--	--	--	--
Total ANSP en-route cost in nominal terms	108,3	95,1	110,1	110,7	113,5	115,3
<i>%n/n-1</i>	--	-12,2%	15,8%	0,6%	2,5%	1,6%

Traffic Risk Sharing:



Cost Risk Sharing (as in nº 8 art. 11 Reg. 1191/2010):

Actual Costs < Determined Costs =>>

Difference retained by ANSP (NAV E.P.E.)

Actual Costs > Determined Costs =>>

Difference Borne by ANSP (NAV E.P.E.)

Cost Risk Sharing may not apply due to:

- Unforeseen changes in national pension regulations and pension accounting regulations;
- Unforeseen changes in to national taxation law;
- Unforeseen and new cost items not covered in the national performance plan but required by law;
- Unforeseen changes in costs or revenues stemming from international agreements;
- Significant changes in interest rates on loans



**I.M. I.P.
(MET)**

IM, I.P. (MET)

Costs by Nature (Nominal Terms)

Millions of Euros

MET en route cost by nature	2009 A	2010 A	2011 F	2012 F	2013 F	2014 F
Staff	3,1	2,8	2,8	2,7	2,7	2,7
<i>%n/n-1</i>	--	-7,8%	-2,6%	-2,0%	-1,0%	-1,0%
Other operating costs	1,7	2,0	1,7	1,7	1,7	1,7
<i>%n/n-1</i>	--	16,2%	-15,2%	0,3%	-1,0%	-1,0%
Depreciation	0,4	0,4	0,6	0,6	0,6	0,6
<i>%n/n-1</i>	--	-4%	51%	2%	-1%	-2%
Cost of capital	0,0	0,1	0,1	0,1	0,1	0,1
<i>%n/n-1</i>	--	27,9%	13,9%	-3,2%	10,0%	10,0%
Exceptional items	0	0,0	0,0	0,0	0,0	0,0
<i>%n/n-1</i>	--	--	--	--	--	--
Total MET en-route cost in nominal terms	5,3	5,3	5,2	5,1	5,1	5,0
<i>%n/n-1</i>	--	0,6%	-3,0%	-0,8%	0,0%	-1,8%



TRAFFIC RISK SHARING AND COST RISK SHARING

IM, I.P. (MET)

Incentive Mechanisms:

Traffic Risk Sharing: I.M, costs are not subject to traffic risk sharing

Cost Risk Sharing: IM's cost risk sharing mechanisms (related to the cost efficiency target) - COMMISSION REGULATION (EU) No 1191/2010



**INAC I.P.
(NSA)**

INAC, I.P. (NSA) Costs by Nature (Nominal Terms)

Millions of Euros

NSA en route cost by nature(*)	2009 A	2010 A	2011 F	2012 F	2013 F	2014 F
Staff	0,2	0,3	0,5	0,5	0,5	0,5
<i>%n/n-1</i>	--	32,6%	56,1%	1,5%	1,5%	1,5%
Other operating costs	0,1	0,1	0,1	0,1	0,1	0,1
<i>%n/n-1</i>	--	-18,8%	-10,3%	1,4%	1,4%	1,4%
Depreciation	0,0	0,0	0,0	0,0	0,0	0,0
<i>%n/n-1</i>	--	-37%	-38%	2%	2%	2%
Cost of capital	0,0	0,0	0,0	0,0	0,0	0,0
<i>%n/n-1</i>	--	-50,3%	4,0%	6,8%	6,8%	6,8%
Exceptional items	0	0,0	0,0	0,0	0,0	0,0
<i>%n/n-1</i>	--	--	--	--	--	--
Total NSA en-route cost in nominal terms	0,3	0,4	0,6	0,6	0,6	0,6
<i>%n/n-1</i>	--	16,3%	41,7%	1,5%	1,5%	1,5%



TRAFFIC RISK SHARING AND COST RISK SHARING

INAC, I.P.

Incentive Mechanisms:

Traffic Risk Sharing: INAC, I.P., costs are not subject to traffic risk sharing

Cost Risk Sharing: INAC I.P., cost risk sharing mechanisms (related to the cost efficiency target) - COMMISSION REGULATION (EU) No 1191/2010



TRAFFIC RISK SHARING AND COST RISK SHARING

Monitoring:

“Further to the ongoing oversight system, the monitoring of the targets of this NPP is made every six months. INAC monitors, in particular, the actual external assumptions and external factors, the actual values of the uncontrollable costs and the reaching of the alert thresholds.”

Source: COMMISSION REGULATION (EU) No 691/2010, Art. 10, i)



**Thank You
for your attention**

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