



CONFERENCE ON THE ECONOMICS OF AIRPORTS AND NAVIGATION SERVICES

Montréal, 15 to 20 September 2008

Agenda Item 2: Specific issues related to airport economics and management 2.1: Governance, ownership and control

HANDLING LIBERALIZATION AND REGULATION

(Presented by Italy)

SUMMARY

This document illustrates the certification process of ground handling service providers adopted by the Italian Administration (National Authority for Civil Aviation – hereinafter referred to as ‘ENAC’) through a “Regulation” and the attending Circular, having regard to the EC Directive 96/67 (hereinafter referred to as the ‘Directive’), ten years after its entry into force.

The aim of ENAC, within the new framework of market liberalization of ground handling services, is that of tracing the responsibility of service providers to the strict performance of the service itself according to regularity, safety and quality standards, over and above economic efficiency and compliance with social legislation in force.

Ground handling operators are charged with the performance of the following obligations:

- The organization has to be so conceived as to guarantee an efficient operational structure liable to perform services regularly and safely and the supervision of the various operative sectors.
- Drawing up an Operations Manual containing, *inter alia*, a training methodology consistent with the delicate tasks to be performed, human and instrumental resources available, ordinary and emergency procedures and compliance with the standards of the airports in which they operate.
- Drafting a Plan of Activities intended to give evidence of the planning schedule and the economic reliability of the service provider, which is the baseline for end-of-period verifications.

ENAC issues certificates covering a three-year period and monitors certification compliance by means of a planned supervisory system and the levying of sanctions.

This document intends to set out the Italian experience as well as to propose to insert into the ICAO agenda the study of a common and shared procedure for the certification of ground handling service providers. That might lead to an international system of certificate recognition on a reciprocity basis and eventually to economically efficient operations.

Action by the Conference is in paragraph 4.

1. INTRODUCTION

1.1 The Directive, within the framework of air transport liberalization initiated by the 1992 package and according to the principle that liberalization is not synonymous with deregulation, introduced free market and free competition rules in the ground handling services sector, providing a set of indications which every member State, by virtue of its legislative prerogatives, would later on incorporate within its national legislation.

1.2 The Italian State has implemented the Directive by Decree Law no. 18 of 13 January 1999 (hereinafter referred to as the “Decree”).

1.3 Gradually, over the course of time, fifteen Italian airports have proved qualified for inaugurating ground handling services (Fiumicino, Malpensa, Linate, Venice, Catania, Naples, Palermo, Bergamo, Turin, Bologna, Verona, Ciampino, Cagliari, Pisa and Bari).

1.4 After the first stages of regulations enforcement and in light of the experience acquired over the years, ENAC, in its capacity as technical regulatory, certification and supervisory authority in the field of civil aviation, which by means of its central and peripheral structures monitors also the presence and the enforcement of aeronautical quality systems compliant with EC regulations, has started an overhaul and updating process of sectoral regulations.

2. DISCUSSION

2.1 Regulation and Circular

2.1.1 After consultation and exchange of views with airport operators and with all interested parties, ENAC adopted a Regulation and an explanatory Circular valid for all operators. It has also issued an internal operating procedure for its own staff.

2.1.2 The reference is represented by technical requirements under article 14 of the Directive, implemented by article 13 of the Decree (“The criteria for such approval must relate to a sound financial situation and sufficient insurance cover, to the security and safety of installations, of aircraft, of equipment and of persons, as well as to environmental protection and compliance with the relevant social legislation.”).

2.1.3 By means of the Regulation, ENAC has extended the principle of enterprise certification to the ground handling services sector.

2.1.4 The handling undertaking has to be so organized as to provide an effective operating structure for the management and supervision of all the operative sectors, a staff training system equal to the delicate tasks to be performed, adopt an Operations Manual containing, *inter alia*, the human and

instrumental resources available, with attending proof of their congruity as well as procedures to be put in place for both ordinary and emergency situations. It has, furthermore, to prove that the structure put in place and the operating procedures developed are apt to guarantee safety, regularity and quality in performing the intended services, particularly regarding airside handling operations.

2.1.5 The corporate Plan of Activities must contain programs, analysis and assessments relating to the next three-year period and therefore the description of planned activities, the foreseen turnover, and proof of the economic soundness of the applicant. The analysis of such economic soundness is carried out by auditing prior and subsequent balance sheets.

2.1.6 In order to qualify for certifications, undertakings must meet the following requirements:

- Being financially sound;
- Drawing up at least preliminary ground handling services contracts with user carriers, which should make known well in advance their operational schedule.
- It is desirable to acquire the qualification that the carrier releases to the operator and an abstract of the carrier's Ground Operations Manual containing the operational modalities of the activities entrusted to the handler operating alongside aircraft.
- A deep knowledge of the field, giving evidence at least of the expertise of the staff in charge as well as of an organization apt to ensure standards not lower than those reached by the airport concerned.
- An organization able to guarantee safe and regular operations relating to handling services by setting up an efficient operating structure for the management and the supervision of the following areas:
 1. Airside procedures;
 2. Staff training and qualification, duly updated;
 3. Safety and accident prevention;
 4. Security;
 5. Internal procedures for quality control.

2.1.7 The management has to appoint staff in charge of each of the above areas, who will also guarantee the updating of the Operations Manual, of procedures and of compliance with the Airport Regulations of the airport concerned.

2.1.8 The issuance of the professional certificates to handling operators, covering three years, testifies the compliance by the enterprise organization with safety and quality requirements. The document has been broken down into two parts, namely the Certificate and the Specifications, the latter of which indicates the airports and the categories for which the handler is qualified, besides the organized structure set up for the specific service with reference to the Operations Manual registered with the Airport Head Office. The certificate is renewable at the operator's request, conditional on the positive outcome of technical audits carried out by ENAC.

2.1.9 By adopting the Regulation, ENAC has established an interim period within which the undertakings already possessing due qualifications should have put in place an emergency plan apt to overcome potential critical situations, on pain of facing disqualification.

2.1.10 The operator shall commence activities within six months of the certificate issuance, on pain of forfeiting its qualification.

2.1.11 Sanctions are intended to safeguard the compliance with procedures and operational standards provided for in the Airport Regulations and in the Service Charter of the airport concerned and moreover to maintain qualification requirements.

2.1.12 Subsequent to the issuance, ENAC carries out periodical audits according to a pre-established plan or, further to signals of critical situations, availing itself of its own peripheral structures and in debate with the undertaking, according to audit techniques.

2.1.13 In the event of a certified handler intending to farm out services to third parties, an authorization by ENAC is necessary further to ascertaining the professional qualifications of the latter.

2.1.14 Regulations establish a qualification system for the operating third party only within a certification framework of qualified handlers, who assume responsibility for professional qualification on the part of the former. To this end, a close correspondence of the operating and safety standards, countersigned by both operators, is necessary with the aim to ensure joint and several competences and responsibilities.

2.1.15 In order not to thwart the process of enterprise certification, ENAC has provided that farming out to third parties cannot involve all the activities of the certified handler, nor the majority of them.

2.1.16 A simplified procedure has been introduced for the issuance of certificates to certain categories of operators who are thought to need a specific, yet not highly professional training. ENAC, in its capacity as regulator of the sector, saw fit to select them with regard to their lesser complexity, no allowance being made for the enterprise organization, which has to be all the same efficient in terms of management and supervision of the various operative sectors according to the requested qualification and professional standards.

2.2 **Organizational aspects**

2.2.1 It should by now be clear that a system so conceived, which implies substantial innovations, poses a challenge to long-held structures and habits. It has therefore been necessary to constantly lavish energies in order to monitor the situation and raise the operators' awareness, so as to attain a full application of the Regulation. It has likewise proved necessary to set up auditing activities in the ENAC local offices based at the airports.

2.2.2 With the aim to carry out this project, ENAC has trained its own teaching staff in handling matters, appointed a focal point and trained forty-five sectoral inspectors. Other training and updating activities are slated, together with meetings with operators in the field.

2.2.3 Check lists have been drawn up in order to harmonize at the national level the verification of professional qualifications as well as subsequent controls.

2.2.4 Verification teams are composed of handling inspectors, assisted, depending on the required skills, by other ENAC staff.

2.2.5 ENAC has, moreover, set up a task force attended by its own handling experts, who meet on a regular basis in order to examine in depth any problem arising from the certification process. They also act as contact points between the ENAC peripheral network and ENAC Headquarters for dealing with and solving the problems themselves.

2.2.6 ENAC Directorate General is in charge of the standardization of the certification process.

2.2.7 In the event of critical situations, peripheral structures (airport head offices) fix a deadline for the undertakings within which they have to recover from the crisis according to a classification of remarks (levels 1 and 2) and comments, and only in case problems cannot be solved at the local level and they pertain to the grounds for professional qualification do peripheral structures submit a proposal of solution to the Directorate General for the adoption of adequate measures.

2.2.8 The Regulation and the Circular have been published on the ENAC web site (www.enac-italia.it).

3. CONCLUSIONS

3.1 In light of the Italian experience as outlined above, it is our view that the principle of enterprise certification of airport ground handling service providers could be the subject of an in-depth analysis by ICAO, with a view to setting up an international safeguards system for the sector and eventually to reaching a mutually recognized certification regime on an international basis, thereby contributing to increasing economic efficiency.

4. ACTION BY THE CONFERENCE

4.1 The Conference is invited to recommend to the ICAO Council the setting up of a Panel of Experts in economics and law whose task, with reference to market liberalization of handling services, is to study an international certification system apt to guarantee quality and safety of handling services within a competitive framework.

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