

## **CONFERENCE ON THE ECONOMICS OF AIRPORTS AND AIR NAVIGATION SERVICES**

(Montreal, 19 - 28 June 2000)

**Agenda Item 5: ICAO policy**

**Agenda Item 5.2.2: Air navigation services charging principles**

### **RECOVERY OF COSTS OF APPROACH AND AERODROME CONTROL SERVICES**

(Presented by the Secretariat)

#### **SUMMARY**

This paper focuses on the recovery of costs from approach and aerodrome control services. It summarizes States practices in this area; discusses further developments; and refers to applicable ICAO guidance. Suggested action by the Conference is at paragraph 5.1.

#### **1. Background**

1.1 One consequence of the growth in the number of autonomous bodies operating airports is that approach and aerodrome control services are to an increasing extent being provided by entities other than the airport. This is because States normally prefer all air traffic control functions to be provided and administered by the same body, to ensure common standards and practices affecting safety and efficiency. Also important, particularly where airport and/or airspace congestion is being experienced, is a requirement for central coordination of the flow of traffic within the State, including traffic to and from individual airports.

1.2 As the volume of traffic has increased, the number of entities providing air traffic control that have become or have the potential of becoming financially viable has also increased. Having seen the success of establishing financially autonomous bodies to operate their major airports, a growing number of States have assigned air traffic control functions previously performed, for example, by a directorate of civil aviation to a financially autonomous body. Unlike international airports which derive a large share of their revenues, sometimes more than half, from non-aeronautical sources, providers of air navigation services derive virtually all of their revenues from charges on air traffic.

1.3 The policy guidance in the *Statements by the Council to Contracting States on Charges for Airports and Air Navigation Services* (Doc 9082/5)\* groups approach and aerodrome control charges together with route air navigation services charges under charges for air navigation services. This is because approach and aerodrome control like air traffic services (ATS) provided for traffic en route is an air navigation service even if the service that approach and aerodrome control provides is utilized at the airport level. Recognizing this duality the Council Statements in Doc 9082/5 recommends under “The cost basis for airport charges” in paragraph 14 vi) as follows:

“Costs related to the provision of approach and aerodrome control should be separately identified. (Principles applicable to the recovery of such costs are addressed more fully in the Statement on Charges for Air Navigation Services.)”

and then under the “Cost basis for air navigation services charges” in paragraph 34 iii) as follows:

“The costs of air navigation services provided during the approach and aerodrome phase of aircraft operations should be identified separately.”

The approach to levying approach and aerodrome control charges is addressed in Doc 9082/5 in paragraph 39 as follows:

“Where charges for approach and aerodrome control are levied, whether as part of the landing charge or separately, the charge should, so far as possible, be a single element of the landing charge or a single charge per flight and could take aircraft weight into account but less than in direct proportion.”

1.4 Supplementary guidance is provided in the *Airport Economics Manual* (Doc 9562) and the *Manual on Air Navigation Services Economics* (Doc 9161/3) both of which provide advice on such aspects as determining the cost basis for approach and aerodrome control charges and setting and collecting such charges. Moreover, the *Manual of Airport and Air Navigation Facility Tariffs* (Doc 7100), which is updated and published annually in hard cover and on CD-ROM, includes lists by State of approach and aerodrome control charges levied.

## 2. States’ practices

2.1 Presently 57 States are known to be levying specific charges for approach and aerodrome control. Of these, just over half (28 States) are located in Europe. In a majority (47 States) the approach and aerodrome control charge is based on aircraft weight; only 10 States apply a flat charge per flight.

2.2 Information about organizational aspects of airports and air navigation services was requested in the pre-Conference questionnaire (circulated under State letter SR 167/1-99/80, dated 6 August 1999) and summarized in ANSCConf-WP/18 – Organizational aspects of airports and air navigation services provision. The information received from States shows that approach and aerodrome control services are provided by the organization providing en route air traffic services (ATS en route) in 50 States and that in about one third of the States these services were provided by the airport administrations.

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\*Proposed by the Secretariat in ANSCConf-WP/4 to be retitled *ICAO Policies on Charges for Airports and Air Navigation Services*.

2.3 In the large majority of the instances where airports are organized as autonomous entities approach and aerodrome control services are performed by the organization providing ATS en route. Where the airports are not operated as autonomous entities approach and aerodrome control services are provided by the airport administration itself in almost half of the instances.

2.4 There is insufficient data available to assess with an acceptable degree of accuracy the financial significance of approach and aerodrome charges. However based on financial data for air navigation services providers in 23 States that also levied separately approach and aerodrome control charges these charges on average accounted for approximately 25 percent of the total revenues of the air navigation services provider.

### 3. Further developments

3.1 With the continuing growth in financially autonomous bodies operating airports and/or air navigation services it can be assumed that the application of separate approach and aerodrome control charges is likely to become even more widespread and these charges will remain a permanent feature on the charges scene. Although this adds to the types and number of charges levied, incorporating the cost basis and charges for approach and aerodrome control into the en route charges structure, as has been suggested, would while simplifying cost recovery procedures lead to inequity. This is because traffic flying through the airspace concerned without landing (or taking-off) would in effect be charged for the costs of approach and aerodrome control services they do not use. This could become a particularly noticeable inequity where a substantial share of the traffic is overflying since approach and aerodrome control charges may constitute a significant share of the total revenues of providers of air navigation services, as noted in paragraph 2.4 above.

3.2 For this reason it remains important that costs attributable to the provision of approach and aerodrome control services be separately identified. This becomes even more relevant when approach and aerodrome control services are provided by the same entity that provides ATS en route because of the equity issue involved.

### 4. ICAO guidance

4.1 With regard to assistance from ICAO in this area the Conference may wish to agree that the policy guidance addressing approach and aerodrome control charges in the Council Statements in Doc 9082/5, paragraphs 14 vi), 34 iii) and 39 is sufficient and should be reaffirmed. The Secretariat will review and update the guidance relevant to cost recovery for approach and aerodrome control services presently contained in the *Airport Economics Manual* (Doc 9562) and the *Manual on Air Navigation Services Economics* (Doc 9161/3) in the light of the developments that are taking place in the provision and cost recovery of these services.

### 5. Action by the Conference

5.1 The Conference is invited to note this paper and agree to recommend to the Council that it reaffirm the principles contained in the Council Statements in Doc 9082/5, paragraphs 14 vi), 34 iii) and 39.