

CONFERENCE ON THE ECONOMICS OF AIRPORTS AND AIR NAVIGATION SERVICES

(Montreal, 19 - 28 June 2000)

Agenda Item 6: Guidance and assistance by ICAO

TRAFFIC AND FINANCIAL DATA REQUIREMENTS

(Presented by the Secretariat)

SUMMARY

This paper addresses the increasing importance of traffic and, particularly, financial data to the operations of airports and air navigation services, and the associated need to review the guidance material provided by ICAO on financial control and accounting in conjunction with the related requirements of the ICAO Statistics Programme. Suggested action by the Conference is at paragraph 4.1

1. Background

1.1 Over the last decades requirements have been rapidly increasing for accounting systems that provide accurate financial data pertaining to airports and air navigation services. These requirements have become more pronounced in the light of the increase in financially autonomous bodies to which governments have transferred the operation of their airports and/or air navigation services, coupled with the monopolistic character of these infrastructure components. Those two factors are increasing the need for government involvement in the economic regulation of airports and air navigation services and, in particular, the upholding of the basic international cost recovery principle the charges should be based on the costs of facility and service provision. That in turn requires accurate financial data.

1.2 Another consideration is that for airports or air navigation services providers to operate efficiently there are needs to measure their performance. The primary purpose of such measures is the assessment of performance over time within the airport or air navigation services provider organization¹. This in turn requires the existence of an accounting system capable of providing various costs and revenue data required.

¹ As a rule comparisons between different airports or air navigation services providers are not recommended because of operational, structural and organizational differences which can contribute to misleading comparisons.

2. The ICAO Statistics Programme

2.1 The need for complete and reliable aviation statistics was foreseen at the Chicago Conference in 1944, and several provisions concerning statistics were included in the Chicago Convention, the significant ones being Articles 54, 55 and 67. The Statistics Programme is established and administered by the Council whose authority is required for any modifications to its structure or content. On matters of great importance, the Council seeks direction from the Assembly. Normally, modifications are considered by the Council on the recommendation of the Air Transport Committee which in turn seeks the advice of the Statistics Division and/or the Statistics Panel. Though initially the statistics programme was limited to air carrier data, it was later expanded to cover *inter alia* traffic and financial data for airports and en-route facilities.

2.2 Since 1960 ICAO has been collecting monthly traffic data for major international airports within each Contracting State. In 1976 this programme was expanded to include annual data collections on airport finances and on en-route facility traffic and finances. The reporting of financial data by Contracting States has had mixed results. Hence from time to time, and in particular in advance of a Conference such as the present one, the data collected through the Statistics Programme have had to be supplemented with data collected through *ad hoc* questionnaires (for example the pre Conference questionnaire circulated under cover of State Letter SR 167/1-99/80 of 6 August 1999). The scope and value of the data concerned at the regional and global level are illustrated by the analysis on the financial situation of providers and users presented in ANSCConf-WP/3 under Agenda Item 1.

2.3 The Ninth Session of the Statistics Division (September 1997, Report in ICAO Doc 6703) recognized that with regard to en-route facility financial data part of the reporting problem might have been the complex nature of the reporting form. Simplified reporting forms will be issued this year with application for financial data covering the year 2000. With regard to the collection of airport financial data, early opposition by ACI to the collection of such data on a standardized basis had a negative impact on the number of airports participating. However since 1995 ACI has withdrawn its formal opposition; although ACI still disagrees that airport financial data could be readily collected in a standardized format, ACI now leaves to the discretion of individual airports whether or not to provide financial data for ICAO (although States have an obligation to provide these data for their airports). There are encouraging signs at present that more airports may participate in this data collection.

2.4 The *Manual on the ICAO Statistics Programme* (Doc 9060) provides guidance on collection and reporting of data, which is of value to States in meeting their individual requirements as well as those of the ICAO Statistics Programme. Following final decisions by the Council in 1999 regarding implementation of the recommendations of the Ninth Session of the Statistics Division, the Manual is currently in the process of revision.

3. Guidance material on the economics of airports and air navigation services

3.1 ICAO has issued guidance material on the economics of airports and air navigation services in the form of the *Airport Economics Manual* (Doc 9562) and the *Manual on Air Navigation Services Economics* (Doc 9161). Each of these Manuals currently includes guidance material on accounting practices and cost allocation procedures to determine charges, as well as a section on means of measuring performance and productivity.

3.2 This ICAO guidance material on the economics of airports and air navigation services concerning accounting practices and performance will be reviewed following the present Conference. It is

suggested that, in conjunction with that part of the review dealing with accounting practices and performance, a review be undertaken of the relevant statistical reporting forms for airport financial data (ICAO Air Transport Reporting Form J) and en-route facility financial data (Form K). If data on airport and air navigation services collected through the ICAO Statistics Programme are to remain relevant and assist governments in their economic oversight role while not overburdening reporting entities, these should be aligned with the data elements recommended in the guidance material on financial control and accounting. Refinement in the two data sets may also encourage more States to participate in the ICAO Statistics Programme. On the basis of this evaluation, which could be undertaken with the assistance of experts from Contracting States (both in the fields of airport/air navigation economics and in the field of aviation statistics), changes to the Air Transport Reporting Forms could be submitted to the Statistics Panel for consideration.

4. Action by the Conference

4.1 The Conference is invited to recommend:

- a) to Council that the traffic and financial data for airports and air navigation services collected through the ICAO Statistics Programme be developed in alignment with the guidance provided by ICAO on financial control and accounting for these infrastructure components; and
- b) that States make every effort to complete and submit the relevant Air Transport Reporting Forms (J and K for finances, I and L for traffic) to ICAO in a timely manner.

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