



Ministry of

# Traffic, Transport & Urban Planning

Curaçao Civil Aviation Authority (CCAA)



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# Industry Consultation

*in relation to the introduction of a  
Passenger Safety Oversight Charge  
(PSOC) as per January 1, 2024.*

29 September 2023



## Present from the Ministry of VVRP:

- Mr. Peter Steinmetz, Director General CCAA
- Mr. Leslie Laplace, Director Safety and Security Inspectorate CCAA
- Mrs. Marisella Ricardo, Legal Advisor CCAA



# What is the scope of the PSOC?

- A charge on departing passengers travelling on commercial flights from Curaçao, benefitting the Curaçao Civil Aviation Authority (CCAA).
- Not a tax; the resources thus collected are exclusively earmarked to enable CCAA to fund the costs related to its enhanced safety oversight responsibilities.
- Not an airline but a passenger charge.
- Exempted from the charge are:
  - transit and transfer passengers (within 24 hours);
  - infants up to an age of 2 years;
  - passengers on local flights;
  - FOL staff and family and FOL contractor staff;
  - members of the Royal Family and entourage, the Governor, family and entourage, foreign heads of state, their family and entourage;
  - holders of diplomatic passports.



# The legal fundament

*text to be found on website: ccaa.cw (re: News)*

- The Parliament of Curaçao approved, by unanimous vote, in February 2022 the National Ordinance with regard to the introduction of a passenger safety oversight charge (*Landsverordening luchtvaartveiligheidsheffing*), which was published in the governmental *Publicatieblad* 2022, no.14.
- By National Degree (*Landsbesluit houdende inwerkingtreding van de landsverordening veiligheidsheffing*) of June 19, 2023, published in the *Publicatieblad* 2023, no.69, the ordinance was declare effective as per June 23, 2023.
- By National Degree containing general measures (*Landsbesluit uitvoering luchtvaartveiligheidsheffing*) of June 21, 2023, implementing regulations were published (*Publicatieblad* 2023, no. 70), governing procedures and processes applicable to the levy.



# Why a PSOC?

- Curaçao, as a Member State to the Chicago Convention, has to comply with the ICAO *Standards and Recommended Practices* in the 19 Annexes;
- Audits performed by FAA (2011) and ICAO (2019) have indicated flaws in the safety oversight exercised by CCAA, to a substantial degree attributable to a structural shortage of funding;
- As a small island state, the Government budget was, and is, incapable of augmenting the required financial resources to the level required;
- Total funding of CCAA will in future be composed of an allocated government budget (within the Ministry of VVRP) plus the revenues from the PSOC collected;
- As the passenger is directly benefitting from an improved safety oversight, it is fair to include the charge in the price of transport.
- Meeting the ICAO requirements for adequate safety oversight an implicit goal.



# Meeting ICAO principles

- A charge as introduced here is aligning with ICAO's policy of dedicated levies;
- In levying charges for dedicated services benefitting the aviation industry, ICAO stresses principles as: safety, quality of service, cost-effectiveness, transparency, non-discrimination, a proper legal framework and financial accountability (Chicago Conv. art 15; ICAO Doc 9587/9082). All these are complied with;
- The way a CAA will be funded, determines its ability to carry out its mandate independently. Funding should be determined in such a way as to prevent undue influence on decision making (ICAO-NACC/OECD; Febr.2022)
- The charge is directly related to optimizing aviation safety and in the interest of passengers and the aviation industry.
- IATA and the airlines to be consulted formally on the introduction of the levy and the 2024 rate before November 1.



# Which costs will be funded by a PSOC?

- Costs of CCAA, partially and exclusively;
- The annual government budget allocation to CCAA will cover basic costs, such as salaries and social expenses, housing, office equipment and supplies, etc.;
- The revenues of PSOC will be applied to the costs of maintaining the required international standards thru training and education of CCAA staff, related travel, dedicated software and the acquisition of expertise, etc. As ICAO issues numerous *State Letters* annually containing a.o. updates. CCAA's regulation and experts have to stay current and/or extend their expertise as these costs are of a recurring nature;
- However, as the PSOC is intended to fund the shortfall of funding through the government budget, annual variations in the amount of the charge can occur;
- It is not the intention to create a fund increasing over the years, rather its intention is on a cost recovery base. There is no profit motive. Surpluses or deficits to be corrected in the following calendar year.





# How is the level of the PSOC calculated?

- Steps (for year N+1):
    1. Total forecast costs of CCAA;
    2. Deduct: annual government budget allocation for primary functions of the CCAA;
    3. Initial Deficit; add or decrease shortfall or surplus in Year N
    4. Final Deficit; divide by # of estimated departing passengers
    5. Result: charge per departing passenger
  - Passenger forecast numbers to be collected through Curaçao Airport Partners (CAP) from airlines;
  - This calculation to be repeated annually;
  - Rate published annually on November 1 thru a Ministerial Decree containing general measures (*Ministeriële Regeling met algemene werking*).
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- Note 1: the PSOC is not intended to decrease the allocated amount of the government budget
  - Note 2: tickets sold before Nov. 1 will be levied the 'old' rate (for Year 1: 0)



# Which parties are involved in the process?

- The passenger, who has to pay the charge when acquiring the transport;
- The airline, who has to
  - provide a passenger forecast for the subsequent year,
  - charge the passenger when selling the transport and
  - submit the collected funds with Curaçao Airport Partners (CAP) (by analogy with e.g. the PFC and APIS charge);
- CAP, who has to
  - provide a comprehensive passenger forecast for the subsequent year,
  - collect the funds from the airlines and to transfer the moneys received to an account benefitting the CCAA;
  - provide periodic financial reports on the number of eligible passengers and amount of collected PSOC, including an auditor's yearend report;
  - a contract with CAP will be in place to that extent.
- CCAA, who has to
  - annually report before July 1 on the preceding year;
  - propose a rate on the subsequent year, hold consultations and propose that rate for the Minister for decision making and publication.



# The rate for 2024

Calculation Passenger Safety Oversight Charge 2024	
<b>FTE</b>	<b>29</b>
<b>Costs related to safety oversight in accordance with international standards</b>	<b>NAF</b>
Training/Education Inspectors incl cost of travel	856,840
Costs related to tasks inspectors (oversight function)	327,210
External expertise in relation to oversight tasks	250,000
IT costs	649,657
Investment in office equipment staff increase	66,400
Investment in software upgrading Personnel Licensing Office	100,000
Collection costs Curacao Airport Partners	45,500
Administration Safety Oversight Fund	45,500
Auditor's reporting	15,000
Misc. 5%	117,805
<b>Total Costs CBA related to normative oversight</b>	<b>2,473,912</b>
Departing passengers (#)	792,000
<b>Charge level 2024 (NAF)</b>	<b>3.12</b>

- The number of forecast departing passengers for 2024 is (source: CAP)
  - 792.000;
- The resulting charge for 2024 is:
  - $\text{ANG } 2.473.912 / 792.000 = \text{ANG } 3.12$ , equaling US \$ 1.73.



# Where do the retained charges go?

- CAP will transfer the collected moneys periodically to the CCAA when the latter has obtained independent status;
- In the interim, moneys retained will be transferred by CAP to a dedicated fund, available for oversight expenses of the CCAA.



# Checks and Balances

- Annual consultation of stakeholders with regard to level changes;
- Substantial level changes year-on-year (i.e. an increase of more than 30%) will need approval by the Parliament;
- Annual financial reporting;
- The Minister of VVRP will have the system evaluated after 4 years and every 3 years thereafter;
- As the Minister of VVRP will retain his/her ministerial responsibility, even when the CCAA has obtained a more independent status, Parliament can monitor the system and its efficiency;
- The governmental accounting office (*Algemene Rekenkamer*) will have the possibility to conduct at any given moment an investigation into the conduct and efficiency of the system;



## Next Steps

- Consultation September 29;
- Deadline (written) submissions: October 27 on [civilair@gobiernu.cw](mailto:civilair@gobiernu.cw);
- Rate published on November 1 thru a Ministerial Decree containing general measures (*Ministeriële Regeling met algemene werking*).
- IATA Issuance of ticket tax code (applied for);
- Legislation is available on the CCAA website: [ccaa.cw](http://ccaa.cw),  
Visit: *News*



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*Questions, comments?*