



 W A N S E	ICAO's Policies on Charges (Doc 9082)
	<ul style="list-style-type: none">• Users to bear full and fair share of the costs [§29]• Airports to maintain accounts for cost recovery purposes [§29]• Aggregation of costs may be beneficial in certain circumstances [§30iv]• Users not to be burdened with costs not allocable to them [§30vi]• Differential charges to be transparent and fair [§31v]

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 W A N S E	Airport Economics Manual (Doc 9562)
	<ul style="list-style-type: none">• Chapter 3: Airport financial management• Chapter 4: Determining the cost basis for charging purposes• Chapter 5: Charges on air traffic and their collection• Chapter 6: Non-aeronautical activities• Chapter 7: Financing airport infrastructure

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Financial Situation

- Improvement noted in recent ICAO surveys
- Most sampled airports recover their costs/make a profit (83% of the 343 reporting airports)



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Performance Management

- Define performance objectives related to Key Performance Areas (KPAs)
- Set and report performance indicator and target
 - Input
 - Output
 - Outcome



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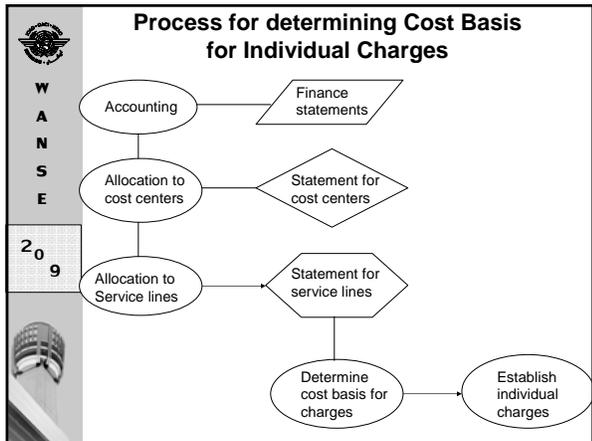


Financial Management

- Business plan and budget
- Budget control
- Financing and cash management

Accounting System

- Financial statements
- Cost centers statements
- Service lines statements



Determining Cost Basis for Charges

- Allocate to cost centers/service lines
- Attribution of non-aeronautical revenues to the cost basis
 - Single till
 - Dual till
 - Hybrid system



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Determining Cost Basis for Charges (cont.)

- Traditional method
 - Allocation of costs into cost bases for individual charges
- Flexibility added by CEANS
 - Aggregation of cost bases



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Setting Airport Charges

- Application of economic principles
 - Differential charges
 - Modulated charges
- Principles
 - Non-discrimination
 - Transparent
 - No-cross subsidization
 - Time limitation



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Setting Airport Charges (cont.)

- Landing
- Lighting
- Approach/aerodrome control
- Parking
- Aerobridge
- Hangar
- Passenger services
- Cargo
- Security
- Noise & emissions



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Non-Aeronautical Activities

- Types (see Doc 9562, Table 6-1)
- Setting concession fees and charges
 - Determining market value
 - Tenders
- Contractual aspect
 - Leases for premises, land
 - Management contracts
 - Free zones



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Airport Financing

- Traffic forecasts
- Cost-benefit analysis
- Financing plan
- Sources of financing



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Exercises

- Principles
- Non-aeronautical activities Economic situation
- Performance management
- Single/dual till
- Differential charges

EXERCISES ON AGENDA ITEM 4

INDIVIDUAL

- Q1.** According to ICAO's policies on airport charges, one of the following is **not appropriate**:
- (a) Increases in charges should be introduced on a gradual basis.
 - (b) Differential charges to attract new air services should be offered on a temporary basis.
 - (c) Charges should be determined on the basis of sound accounting and other economic principles.
 - (d) There should be as many individual charges as possible.
- Q2.** The Council encourages full development of non-aeronautical revenues **except for**:
- (a) Free zones.
 - (b) All types of concessions.
 - (c) Concessions directly associated with the operation of air transport services.
 - (d) Rentals.

OPEN/GROUP

- Q3.** When airport revenues have been negatively affected by external factors beyond their control (such as a general economic slowdown), should the airport simply increase its charges and rates to compensate for the shortfall in revenue and so continue to provide a reasonable return on investment?
- Q4.** Working in groups and suggest three areas for performance objectives (in addition to the minimum reporting requirements) and one indicator for each, bearing in mind that:
- a) why the indicators are useful/important;
 - b) whether or not such indicators are commonly used at your airports;
 - c) potential difficulties when trying to apply each indicator (how they can be overcome or precautions to be taken).
- Q5.** Are your airports applying the single till, or the dual till, or an hybrid system?
- Q6.** Are your airports applying differential/modulated charges? If so, under which conditions?