



 W A N S E	<h3>Reference Material</h3> <ul style="list-style-type: none">• ICAO's Policies on Charges (Doc 9082)• Manual on Air Navigation Services Economics (Doc 9161)<ul style="list-style-type: none">– Chapter 4: Financial management– Chapter 6: Determining the cost basis– Chapter 7: Air navigation services charges and their collection
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 W A N S E	<h3>Financial Situation</h3> <ul style="list-style-type: none">• Improvement noted in recent ICAO surveys• Overall profitability, although marginal• In part due to increased autonomy of operating entities, also to better governance
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Performance Management

- ANSPs should establish performance objectives in, at least, four KPAs:
 - 1.Safety
 - 2.Quality of service
 - 3.Productivity
 - 4.Cost-effectiveness
- States may choose additional KPAs



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Performance Indicators (Doc 9161 – Table 4.3)

- Select at least one performance indicator for each KPAs
- Examples:
 - Safety: separation minima violations per million flights
 - Quality of service: percentage of flights delayed
 - Productivity: average number of aircraft handled per centre
 - Cost-effectiveness: average cost per aircraft handled



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Financial Management

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

(same as for airports)



Revenues for ANSPs

- Air traffic operations
- Ancillary activities
- Bank and cash management revenues
- Grants and subsidies

2009





Expenses of ANSPs

- Accounting by category of expense (salaries, supplies, etc.)
- Accounting by activity (en-route services, approach/aerodrome control services, etc.) and/or location (area control centre, approach control office and individual airports)

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Reporting Financial Performance

- Financial statements
 - Revenue and expense statement
 - Balance sheet
 - Cash flow statement
- Financial records for locations
- Financial records for activities

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Process for Determining Cost Basis for Individual Charges

Three steps

- Inventorying facilities and services
- Determining costs
- Allocating costs



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Inventorying Facilities and Services

- Five components: ATM, CNS, MET, AIS (AIM), SAR
- Provided for and implemented under ICAO Regional Air Navigation Plans
- Guidance on facilities and services to take into account when determining air navigation services costs: Appendix 2 of Doc 9082



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Determining Costs

- Accounting records
- Transfer costs from/to others (+/-)
- Depreciation/interest (+/-)
- Non-aeronautical utilization (-)
- Exempted flights (-)
- Adjusted costs = basis for charges



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Allocating Costs

Principles

- Equitable to all categories of users
- No users paying for others
- Relevant data necessary for appropriate allocation



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Allocating Costs (cont.)

- Allocation of costs among service categories
 - Traditional (En-route and aerodrome/ approach control)
 - Alternative (based on the portions of airspace and on the phase of a flight)
- Allocation of costs among categories of users



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GNSS Cost Allocation

Provisional policy:

- Basic GNSS services free of charge
- Incremental costs for more advanced services to be allocated to all users at a regional level
- Transparent negotiations between GNSS service provider and all users
- Civil aviation to pay its fair share only
- Allocation among States and on phases of flight according to ICAO's policies on charges



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Charging Systems

- Charging system to be simple, equitable and suitable for general application
- Do not discourage use of facilities and services necessary for safety
- Charges to be determined on basis of sound accounting principles
- May reflect other economic principles

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Charging Systems (cont.)

- System must be non-discriminatory
- Differential charges must be transparent
- System should take into account cost of providing services and effectiveness of services rendered

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Charging Systems (cont.)

- No facility or service to be charged for twice with respect to the same utilization
- Charges for general aviation, including business aviation, to be reasonable
- No segmentation of Flight Information Regions solely for generating revenue

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Setting Individual Charges

- Recommended parameters
 - distance flown
 - aircraft weight
- The issue of weight factor in charging formulae discussed at CEANS
 - more flexibility in the use of weight and distance factors



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Setting Individual Charges (cont.)

- Traditional
 - en-route charges
 - approach/aerodrome control charges
- Alternative
 - diversify their charging structures (for example, zone charges or differential charges)



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Collection of Charges

- Establishment of collection policy
- Cooperation encouraged (multilateral systems)
- Collection problems



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Exercises

- Inventorying of facilities and services
- Determining costs
- Charges collection

EXERCISES ON AGENDA ITEM 6

INDIVIDUAL

- Q1.** With respect to search and rescue, “State X” Air Force provides two aircraft and the Navy three patrol boats, as occasion requires. The co-ordination of all search and rescue activities is carried out by a civil flight controller in the “State X” Area Control Centre. The costs of the aircraft, patrol boats and the controller have been included in the costs which are to be recovered from aircraft operators through charges. Is this in conformity with the ICAO’s policies on charges?
- Q2.** “State X” did not go through the specific exercise of identifying the particular facilities and services to be included in estimating the costs to be recovered through the new en route charge, but decided instead to include all the costs of the civil aviation administration that could not be recouped through other means. “State X” believes this conforms to ICAO’s recommendations as the en route charge will in fact be based on costs. Do you agree?
- Q3.** Which of the following methods is **not relevant** when having problems collecting charges on air traffic?
- (a) Request advance deposits.
 - (b) Sign a contract with a collection agency.
 - (c) Seize aircraft.
 - (d) Bring the issue before an international court.
- Q4.** “State X” is responsible for providing control within FIR Alfa, which reaches beyond the territorial limits of “State X” and over international waters. “State X” has recently encountered difficulties in collecting charges from flights performed by aircraft of “Y Airlines”. “Y Airlines” flights in passing through FIR Alfa do so outside “State X”’s territorial limits and neither land in nor overfly its territory. Such flights do however always contact Alfa Area Control Centre. Is the imposition of charges in these circumstances consistent with ICAO’s policies on charges and, if so, what can “State X” do about collecting them from “Y Airlines”?

OPEN/GROUP

- Q5.** Have you experienced any collection problems at your ANSPs (and airports)?