



Agenda Item 4 Financial Management of Airports





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Overview

- ICAO policies on charges Doc 9082
- Airport Economics Manual Doc 9562
 - 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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ICAO's Policies on Charges (Doc 9082)

- 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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Best practices of good corporate governance

- Objectives and responsibilities
- Shareholders' rights and treatment
- Responsibilities of the board
- Power and accountability of the management
- Relationship with interested parties
- Disclosure of information



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Management tools

- Accounting system and financial control
- Business plan
- Budget
- Financing and cash management



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Accounting

- Financial statements required
 - Income statement
 - Balance sheet
 - Cash-flow statement
- Capital
- Cash flow
- Cost centres & service lines



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Performance management

- Key Performance Areas (KPAs)
- Minimum reporting requirements
- Additional key performance areas, objectives and indicators
- Units/data sources/methods



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Determining the cost basis for charges on air traffic

- Transfer of costs
- Adjustments
- Deductions
- Allocations



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Cost basis for individual charges on air traffic

- Landing & parking charges
- Passenger service charges
- Security charges
- Environmental charges
- Pre-funding charges
- Etc.



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Attribution of non-aeronautical revenues to the cost basis

- Single till
- Dual till
- Hybrid system

(Interpretation of paragraphs 30 i) and 30 viii of Doc 9082: Table 4-15 in Doc 9562)



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Setting airport charges

- Application of economic principles
- Differential charges
- Modulated charges



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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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Collection of charges

- Charges levied on aircraft operators
- Passenger service charges
- Collection problems



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Non-aeronautical activities

- Basic factors
- Types of activities
- Managerial aspects
- Setting concession fees and charges



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Setting fees and rates

- Determining market value
- Setting rental charges
- Tenders



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Contractual aspects

- Concessionary type contracts
- Leases for premises, land
- Management contracts
- Free zones



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Airport financing

- Traffic forecasts
- Economic and financial analyses
- Financing plan
- Sources of financing



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Discussion

- Any problems with establishing the cost basis? Or allocating the costs?
- Are your airports applying the single till, or the dual till, or an hybrid system?
- Are your airports applying differential/modulated charges? If so, under which conditions?





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Discussion (cont.)

- Are your airports experiencing collection problems?
- Any problem in setting fees and rates for non-aeronautical activities?
- What sources of financing do you use?



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Group activity

- Suggest three areas for performance measuring (in addition to the minimum reporting requirements) and one indicator for each.