

Agenda Item 7



Financial Management of
Air Navigation Services
and Charges on air traffic

Overview



⌘ ICAO's Policies

⌘ Manual on Air Navigation Services
Economics (Doc 9161/3)

☑ Chapter 4 - Financial control

☑ Chapter 6 - Determining the cost basis

☑ Chapter 7 - ANS charges and their
collection

ICAO's Policies in Doc 9082/7

- ⌘ international civil aviation should not be asked to meet costs which are not properly allocable to it [§36]
- ⌘ that States maintain accounts in a manner which ensures that charges levied on international civil aviation are properly cost-based [§ 36]; and
- ⌘ internationally accepted accounting standards be applied [§ 37]



Basic characteristics of air navigation services



- ⌘ normally provided by more than one entity
- ⌘ all the costs may not be fully accounted for (e.g. depreciation or amortization and costs for MET services)

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Manual on
Air Navigation
Services
Economics—
Chapter 4



Revenues from *Air Traffic Operations*

Route charges

.....

Approach and aerodrome control charges

.....

Payments from airports for ANS provided

.....

Revenues from airport charges allocated to ANS

.....

Total air traffic operations without deductions

Less portion collected for other providers of ANS

.....

Net revenue from air traffic operations

.....

Revenues - *Summary*



Net revenue from air traffic operations

.....

Revenues from ancillary activities

.....

Bank and cash management revenues

.....

Grants and subsidies

.....

Other revenues

Total revenues

Expenses



- ⌘ Accounting by category of expense
- ⌘ Accounting by activity and/or location

Reporting financial performance



⌘ Revenue and expense statement

⌘ Balance sheet

⌘ Cash flow statement

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Chapter 6



Inventory of facilities and services



Provided for and implemented under
ICAO Regional Air Navigation Plans

Chap. 4 - Part A

Determining the cost basis

1. Full costs for ATS provider
2. Transfer costs from/to others (+/-)
3. Depreciation/interest (+/-)
4. Non-aeronautical utilization (-)
5. Exempted flights (-)
6. Adjusted costs = basis for charges

Allocation of costs



- ⌘ Non-aeronautical utilization
- ⌘ En-route and aerodrome/approach control
- ⌘ Airports
- ⌘ FIRs
- ⌘ Categories of users

MET services (Appendix 4 of Doc 9161/4)



- ⌘ Establish an inventory of facilities and services
- ⌘ Identify cost for each facility and service
- ⌘ Allocate costs

Search and rescue

- ⌘ Any permanent civil establishment of equipment and personnel [Doc 9082/7, Appendix 2]



GNSS Costs Allocation



- Allocation of costs attributable to civil aviation among user States
- Allocation at the State level of GNSS costs attributable to civil aviation

(see Doc 9660)

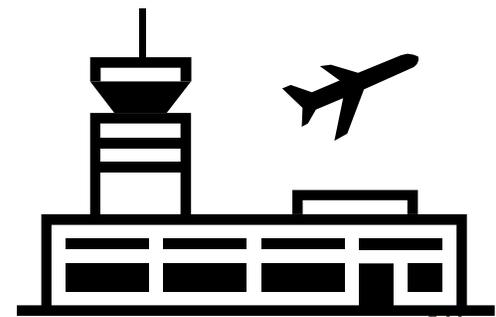
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Chapter 7



Setting individual charges

- ⌘ Cost basis for the next financial year
- ⌘ Traffic forecast
 - ☑ Number of aircraft movements
- ⌘ Unit costs



Collection of charges



- ⌘ Charges levied directly on users
- ⌘ No segmentation of FIRs
- ⌘ Cooperation encouraged
- ⌘ Collection problems

Discussion



- ⌘ Any problem with MET cost recovery?
- ⌘ Any problem with the collection of overflight charges?