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Statements by the Council to Contracting States on Charges for Airports and Air Navigation Services

Fifth Edition — 1997



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Statements by the Council
to Contracting States
on Charges for
Airports and Air Navigation Services

Fifth Edition — 1997



*Adopted by the Council on 22 June 1992,
at the 14th Meeting of its 136th Session,
and amended by it on 22 November 1996,
at the 8th Meeting of its 149th Session*

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STATEMENTS BY THE COUNCIL TO CONTRACTING STATES ON CHARGES FOR AIRPORTS AND AIR NAVIGATION SERVICES

INTRODUCTION

1. The two Statements which follow set forth the recommendations and conclusions of the Council which result from ICAO's continuing study of charges in relation to the economic situation of airports and air navigation services provided for international civil aviation. The Statements, which are intended for the guidance of Contracting States, take into account the recommendations made in this field by the Conference on Airport and Route Facility Management (CARFM), held in Montreal from 29 October to 9 November 1991 (Doc 9579 — CARFM [1991]), and thus supersede the preceding Statements which were prepared by the Council, and published as Doc 9082/2, following the 1981 Conference on Airport and Route Facility Economics (CARFE) and subsequently amended by the Council in 1986 as Doc 9082/3. The Statements also reflect two subsequent amendments proposed by the Air Navigation Services Economics Panel in 1995 and 1996. In the context of these Statements, the Council wishes to draw attention to the distinction between charges, on which the Organization's policy appears in the present document, and taxes, on which the Organization's policy appears in ICAO's Policies on Taxation in the Field of International Air Transport (Doc 8632). Charges are levies to defray the costs of providing facilities and services for civil aviation whereas taxes are levies to raise general national and local government revenues that are applied for non-aviation purposes. A glossary of terms used in these Statements is contained in Appendix 3.
 2. The present Statements were adopted by the Council on 22 June 1992, at the 14th Meeting of its 136th Session, and published as Doc 9082/4; they were subsequently amended by the Council on 22 November 1996, at the 8th Meeting of its 149th Session for publication as Doc 9082/5.
 3. The Council will endeavour to keep the subject of the economic situation of airports and air navigation services under review and make reports thereon to States at appropriate intervals and seeks the cooperation of States to provide the necessary information.
-

I. STATEMENT BY THE COUNCIL ON AIRPORT CHARGES

Introduction

4. Since the last review in **1981** of the Council's recommendations on charges for aeronautical facilities provided for international civil aviation, the financial position of the scheduled airlines as a whole has fluctuated, although it has remained positive for most of these years. Landing and associated airport charges expressed as a percentage of total airline operating expenses have remained fairly stable at just over **3.5** per cent.

5. The number of airports where revenues exceed expenses has continued to grow, principally where high traffic volumes and high levels of facility utilization are being experienced, and where strong emphasis has **been** placed on the development of airport revenues from non-aeronautical sources (mainly concessions and **rentals**). However, the large majority of international airports still operate at a loss, a prevalent reason being **under-utilization** of capacity.

6. Experience gained worldwide indicates that **where** airports (and air navigation services) have been operated by autonomous authorities, almost all of which have been established by governments, their over-all **financial** situation and managerial efficiency have generally tended to improve. Governments may therefore wish to explore the possibility of establishing autonomous authorities to operate their airports where this is in the best **interest** of providers and users.

7. Guidance on the organizational structures of *airports* is contained in the **ICAO Airport Economics Manual (Doc 9562)**, Chapter **2**. In **this** context, the Council also wishes to stress the importance of observing all relevant **ICAO** practices and principles, notably those specified in the Convention on International Civil Aviation, its **Annexes** and in these Council Statements.

8. The financial situation of airports is expected to continue to be affected by other developments. These include the liberalization of air services, airline concentration including mergers, changes in approaches to **financing** with airports being expected to assume increasing responsibility for financing investments in new airports and **airport** expansion projects, capacity management, airport and airspace congestion, and environmental concerns.

9. Under these circumstances many airport authorities may find it necessary to increase their charges and place greater emphasis on further developing revenues from non-aeronautical sources. However, recognizing that **users** face restrictions with regard to their choice of particular airports, the Council recommends that caution be **exercised** when attempting to compensate for shortfalls in revenue and that account be taken of the effects of increased **charges** on air carriers which may need to adjust their tariffs to deal with increases in cost arising from higher charges. The Council also considers that there should be a balance between the respective interests of airports and airlines in view of the importance of the air transport system to States and its influence in fostering economic, cultural and **social** interchanges between States. This applies particularly during periods of economic difficulty. The Council **therefore** recommends that States should encourage increased co-operation between airports and air carriers to ensure that economic difficulties facing both of them are shared in a reasonable manner.

10. The financial situation of most airports in less advanced economies remains particularly challenging. Although traffic is increasing, the majority of these airports are still greatly under-utilized and revenues **frequently**

fall short of covering even the cost of maintenance and operation. The provision of capital for development constitutes a further problem, and difficulties are also experienced in recruiting sufficient numbers of qualified personnel. The Council will therefore continue to take appropriate action for obtaining more assistance for the States facing these challenges in planning and financing airport facilities as well as with regard to the provision of adequate human resources.

11. The broader economic impact of **international** airports is a particular aspect of their operation which continues to deserve close attention. Airports by virtue of their function and location have effects **extending** beyond the users they directly **serve**, and the Council considers that, in contemplating the establishment and **development** of such facilities, States should carefully weigh their advantages and disadvantages from a cost-benefit **standpoint**: for example, adverse environmental effects such as airport noise may be considered a disadvantage **while**, on the other hand, industrial development, tourism, transportation and communication may be considered as **advantages**. Specific note should also be taken of the direct and indirect economic benefits to the public and the **community** arising from an airport. National policies in the matter of reducing or eliminating disadvantages will vary, but governments, when contemplating action in any particular situation, should however recognize that the responsibility for remedies does not necessarily fall solely on any one of the parties involved.

12. The Council also expresses concern over the proliferation of charges on air traffic and the retaliatory effects this could lead to and recommends that States should:

- i) Impose charges only for services and functions which are required for international civil aviation.
- ii) Refrain from imposing charges which discriminate against international civil aviation in **relation to other** modes of international transport.

The cost basis for airport charges

13. As a general principle it is desirable, where an **airport** is provided for international use, that the **users** shall ultimately bear their full and fair share of the cost of providing the airport. It is therefore important that airports maintain accounts which provide information which is adequate for the needs of both airports and users **and** that the facilities and services related to airport charges be identified as precisely as possible. In **determining** and allocating the total cost to be met by charges on international air services, the list in Appendix 1 may **serve** as a general guide to the facilities and services (including satellite services) to be taken into account. Airports should maintain accounts that provide a satisfactory basis for determining and allocating the costs to be recovered, should publish their financial statements on a regular basis and should provide adequate financial information to users in consultations. The guidance on accounting contained in the **ICAO Airport Economics Manual**, Chapters 3 and 4, may be found useful in this general context although **there** are other approaches to this problem.

14. In determining the cost basis for airport charges the following principles should be applied:

- i) The cost to be shared is the full cost of providing the airport and its essential **ancillary** services, including appropriate amounts for cost of capital and depreciation of assets, as well as the **cost** of maintenance and operation and management and administration expenses, but allowing for **all** revenues, aeronautical or non-aeronautical, accruing from the operation of the airport to its **operators**.
- ii) In general aircraft operators and other airport users should not be charged for facilities and **services** they do not use, other than those provided for and implemented under the Regional Plan.

- iii) Only the cost of **those** facilities and services in general use by international air services should be included and the cost of facilities or premises exclusively leased or occupied **and charge**d for separately should be excluded,
- iv) An allocation of costs should be considered in respect of space or facilities utilized by **government** authorities.
- v) The proportion of costs allocable to various categories of users, including State aircraft, **shou**ld be determined on an equitable basis, so that no users shall be burdened with costs not properly **allo**nable to them according to sound accounting principles.
- vi) Costs related to the provision of approach and **aerodrome** control should be separately identified. (Principles applicable to the recovery of such costs are addressed more fully in the **Statemen**t on Charges for Air Navigation Services.)
- vii) Airports may produce sufficient revenues to exceed all direct and indirect operating costs (including general administration, etc.) and so provide for a reasonable return on assets (before tax and **co**st of capital) to contribute towards necessary capital improvements.
- viii) The users' capacity to pay should not be taken into account until all costs are fully assessed and distributed on an objective basis. At **that** stage the contributing capability of States and communities concerned should be taken into consideration, it being understood that any State or charging **authori**ty may recover less than its full costs in recognition of local, regional or national benefits **receiv**ed.

Airport charging systems

15. Charging systems at international airports should be chosen in accordance with the following **principles**:
- i) Any charging system should, so far as possible, be simple and suitable for general **applicati**on at international airports.
 - ii) Charges should not be imposed in such a way as to discourage the use of facilities and services necessary for safety.
 - iii) The charges must be non-discriminatory **both** between foreign users and those having the nationality of the State of the airport and engaged in similar international operations, and between two or **mo**re foreign users.
 - iv) Where any preferential charges, special rebates or other kinds of reduction in the charges normally payable in respect of airport facilities are extended to particular categories of users, **governments** should ensure, so far as practicable, that any resultant under-recovery of costs properly allocable to the users concerned is not shouldered onto other users.
 - v) To avoid undue disruption to users, increases in charges should be introduced on a gradual basis. However, it is recognized that in some circumstances a departure from this approach may **be** necessary.
 - vi) Where charges are levied by different authorities at an airport, they should, so far as possible, **be** consolidated into a single charge or a very small number of different charges, the combined **revenu**es being distributed among the authorities concerned in a suitable way.

- vii) Maximum flexibility should be maintained in the application of all charging methods to permit introduction of improved techniques as they are developed.
- viii) Airport charges levied on international general aviation should be assessed in a reasonable manner, having regard to the cost of the facilities needed and used and the goal of promoting the sound development of international civil aviation as a whole.

16. The Council recommends:

- i) That under normal circumstances, user charges should be expressed and payable in the local currency of the State concerned.
- ii) That under special circumstances, for example where economic conditions are not stable, **when** a State proposes, or allows, denomination of user charges in other than local currency, airlines **could** apply the same currency of denomination, using the same exchange rate, for their local ticket **sales**.
- iii) That remittance problems be resolved.

Landing charges

17. The Council recommends that the following principles be taken into account when landing **charges** are established:

- i) Landing charges should be based on the weight formula, using the maximum permissible take-off weight as indicated in the certificate of airworthiness (or other prescribed document) as the **basis** for assessment. However, allowance should be made for the use of a fixed charge per **aircraft** or a combination of a fixed charge with a weight-related element, in certain circumstances **such** as at congested airports and during **peak** periods. ,
- ii) The landing charge scale should be based on a constant rate per **1 000** kilograms or pounds in weight, but the rate may be varied at a certain level or levels of weight if considered necessary.
- iii) Where charges for approach and **aerodrome** control are levied as part of the landing charge or separately, they could take aircraft weight into account but less than in direct proportion. (Principles applicable to such charges are addressed more fully in **the** Statement on Charges for Air **Navigation** Services.)
- iv) No differentiation in rates should be **applied** for international flights because of the stage **length** flown.
- v) A single charge should be applied for costs of as many as possible of airport-provided facilities and services for normal landing and take-off of aircraft (generally excluding hangars and certain **terminal**-building and other facilities as are normally handled by leases or other usual commercial practices).
- vi) Where restrictions on aircraft payload are imposed by airport limitations, consideration **should** be given locally to adjusting the landing charge indicated by the weight scale in cases **where** the restrictions are of a severe and long-lasting nature.
- vii) **The** ordinary landing charge should cover the use of lights and special radio aids for landing where these are required, since it is in the interest of safety that aircraft operators should not be **discouraged** from utilizing aids by the imposition of separate charges for their use. If separate charges are made

for facilities of this kind, they should not be levied on the basis of optional use but should be uniformly imposed on all landings occurring during periods established by the airport operators.

Parking and hangar charges

18. It is recommended that the following principles be applied in establishing parking and hangar charges:
- i) For the determination of charges associated with use of parking, hangar and long-term storage of aircraft, maximum permissible take-off weight and/or aircraft dimensions (area occupied) and length of stay should be used so far as possible as the basis.
 - ii) The period of free parking time for aircraft immediately following landing should be determined locally by considering aircraft scheduling, space availability and other pertinent factors.

Passenger-service charges

19. The Council reaffirms that passenger-service charges are not objectionable in principle and recognizes that the revenue accrued from such charges is essential to the economy of a significant number of airports. There are however practical objections to the collection of passenger-service charges directly from the passenger, especially at large airports, and the difficulties associated with that mode of collection will become more and more acute with the continuing growth of passenger traffic and the increasing number of high-capacity aircraft operated, especially at busy terminal buildings during peak hours. Methods to alleviate these difficulties have been found and are implemented at a number of airports, and the Council considers that these could serve as useful guides to other airports experiencing similar difficulties. The Council also emphasizes the need for consultations between airport authorities and airlines at the local level, with a view to alleviating collection problems. More specifically, the Council considers that where the collection of a passenger-service charge directly from passengers at an airport gives rise to facilitation problems, this charge should be levied on the airlines where practicable.

security charges

20. The Council notes that States are responsible for ensuring the implementation of adequate security measures at airports pursuant to the provisions of Annex 17 and that they may delegate the task of providing individual security functions to such agencies as airport authorities, airlines and local police. The Council also notes that States may determine in which circumstances and the extent to which the costs involved in providing security facilities and services should be borne by the State, the airport authorities or other responsible agencies. With reference to the recovery of security costs from the users, the Council recommends that the following general principles be applied:

- i) Consultations should take place before any security costs are to be assumed by airports, airlines or other entities.
- ii) The authorities concerned may recover the costs of security measures at airports from the users in a fair and equitable manner, subject to consultation.
- iii) Any charges or transfers of security costs should be directly related to the costs of providing the security services concerned and should be designed to recover no more than the relevant costs involved.

- iv) No discrimination should be exercised between the various categories of users when charging for the level of security provided. Additional costs incurred for extra levels of security provided regularly on request to certain users may also be charged to these users.
- v) When the costs of security at airports are recovered through charges, the method **used** should be discretionary, but such charges should be based either on the number of passengers or on aircraft weight, or a combination of both factors. Security costs allocable to airport tenants may be recovered through rentals or other charges.
- vi) Charges may be levied either as additions to other existing charges or in the form of **separate** charges but should be subject to separate identification of **costs and** appropriate explanation.

Noise-related charges

21. The Council recognizes that although reductions are being achieved in aircraft noise at source, many airports will need to continue the application of noise alleviation or prevention measures. The Council considers; that the costs incurred in implementing such measures may, at the discretion of States, be attributed to airports and recovered from the users and that States have the flexibility to decide on the method of cost recovery and charging to be used in the light of local circumstances. In the event that noise-related charges are to be levied, the Council **recommends** that consultations should take place on any items of expenditure to be recovered from users and that the following principles be applied:

- i) Noise-related charges should be levied only at airports experiencing noise problems and **should** be designed to recover no more than the costs applied to their alleviation or prevention.
- ii) Any noise-related charges should be associated with the landing fee, possibly by means of surcharges or rebates, and should take into account the noise certification provisions of Annex **16** in respect of aircraft noise levels.
- iii) Noise-related charges should be non-discriminatory between users and not be established at such levels as to be prohibitively high for the operation of certain aircraft.

Consultation with users regarding charges and airport planning

22. The Council recognizes the desirability of consultation with airport users before significant **changes** in charging systems or levels of charges are introduced, it **being** understood that the purpose of consultation is **to** ensure that the provider gives consideration to the views of users and the effect the charges will have on them; that **consultation** implies discussions between users and providers in an effort to reach general agreement **on** any proposed charges; and that, failing such agreement, airport authorities would continue to be free to **impose** the charges concerned. It is not possible to lay down a specific procedure for consultations of this kind owing to the diversity in the administrative, financial and legal frameworks within which airports function, but the Council recommends that:

- i) When any significant revision of charges or imposition of new charges is contemplated by an **airport** operator or other competent authority, appropriate prior notice should, so far as possible, be **given** at least two months in advance to the principal users, either directly or through their representative bodies, in accordance with the regulations applicable in each State.

- ii) In any such revision of charges or imposition of new charges the airport **users** should, so far as is possible, be given the opportunity to submit their views to and consult with the airport operator or competent authority. For this purpose the airport users should be provided with adequate **financial** information.
- iii) Reasonable advance notice of the final decision on any revision of charges **or** imposition of new charges should be given to the airport users. This period of notice should take into **account** the implications for both the users and the airport.

23. The Council furthermore considers it desirable in the light of the enormous and ever-increasing cost of new airports and major developments at existing airports that the regular users or their representative organizations be consulted from the beginning of such projects. Equally, in order that airport authorities may better plan their future financial requirements, airport users, particularly airlines, should for their part provide advance planning **data** to individual airport authorities on a **5-** to **10-** year forecast basis relating to future types, characteristics and **numbers** of aircraft expected to be used; the anticipated growth of passengers and cargo to be handled; the special **facilities** which the airport users desire; and other relevant matters. Such planning could best be accomplished by two-way discussions between airports and airlines, either directly or through their respective representative organizations.

Development of revenues from concessions, rental of premises and "free zones"

24. The Council recognizes the continuing importance to airports of income derived from such **sources** as concessions, rental of premises and "free zones". The Council recommends that, with the exception of **concessions** that are directly associated with the operation of air transport services, such as fuel, in-flight catering and **ground** handling, the full development of revenues of this kind be encouraged having regard to the need for **moderation** in prices to the public, the requirements of passengers and the need for terminal efficiency. In the development **and** determination of the fees for concessions directly associated with the operation of air transport services, the **Council** also recommends that consideration be given to the relevant guidance contained in the **ICAO Airport Economics Manual**, Chapters 4 and **6**. All possibilities for developing airport concession revenues should be studied and **ICAO** should be kept informed of practices and conclusions in this regard so that the benefit of experience may be **made** available to all.

Fuel concession fees

25. The Council recommends that where fuel "throughput" charges are imposed, they should be **recognized** by airport authorities as being concession charges of an aeronautical nature and that fuel concessionaires should not add them automatically to the price of fuel to aircraft operators, although they may properly include them as a component of their costs in negotiating fuel supply prices with aircraft operators. The level of fuel "throughput" charges may reflect the value of the concessions granted to fuel suppliers and should be related to the cost of **the** facilities provided, if any. Alternatively, consideration may be given, where feasible, to **replacing** fuel throughput charges by fixed concession fees reflecting the value of the concession and related to the costs of the **facilities** provided, if any. The Council also recommends that any such charges or fees where imposed should be **assessed** by airport operators in **such a** manner as to avoid discriminatory effects, either direct or indirect, for both **fuel** suppliers and aircraft operators and to avoid their becoming an obstacle to the progress of civil aviation.

II. STATEMENT BY THE COUNCIL ON CHARGES FOR AIR NAVIGATION SERVICES

Introduction

26. The global costs of providing air navigation services continue to increase relatively rapidly to handle growing volumes of traffic more efficiently. However, the level of cost recovery is now greater than it was in 1981, not only because of increases in existing charges but also because charges for route air navigation services are presently almost universally applied, such charges currently accounting for around 1.5 per cent of total scheduled airline operating expenses. In addition a small but growing number of States are also introducing separate charges for approach and aerodrome control.

27. The comments made in paragraph 6 concerning the potential benefits offered by assigning the operation of airports to autonomous authorities also apply to air navigation services. Where this is in the best interest of providers and users, governments may wish to explore the possibility of establishing autonomous authorities to operate their air navigation services, recognizing that in some circumstances a single authority may operate both airports and air navigation services, and that the authority may be in the form of an autonomous civil aviation authority. The Council also encourages international co-operation in the provision and operation of air navigation services where this is beneficial for the providers and users concerned.

28. A number of additional factors are likely to exert an important influence on the organization and economic development of air navigation services. For example, the number of autonomous airport authorities is expected to increase. This could result in more situations where a different entity provides both approach and aerodrome control and route air navigation services. Also, additional resources will be required to deal with the problem of airspace congestion, and to implement satellite-based communications, navigation and surveillance (CNS) and air traffic management (ATM) systems, as well as other multinational facilities and services and other improvements in infrastructure.

29. States are likely to increase their efforts to recover their air-navigation services costs from users in order to meet the increasing financial obligations of providing air navigation services. However, the Council recommends that States exercise caution in their general policy on charges for air navigation services and take into consideration the effect on users, in particular the air carriers which may need to adjust their tariffs to deal with increased costs arising from new or higher charges. The Council also considers that a balance should be maintained between the respective interests of providers of air navigation services and airlines and therefore recommends that States should encourage a greater level of co-operation between them.

30. The Council also expresses concern over the proliferation of charges on air traffic, and the retaliatory effects this could lead to, and recommends that States should:

- i) Impose charges only for services and functions which are required for international civil aviation.
- ii) Refrain from imposing charges which discriminate against international civil aviation in relation to other modes of international transport.

31. The problems involved in providing and maintaining the facilities required by the Regional Air Navigation Plans are particularly serious for the less advanced economies, principal among these being the limited financial resources available for economic development generally, the higher priority assigned to other sectors of the economy whose needs are considered more urgent, under-utilization of air navigation services, the high cost of obtaining equipment from other States and the difficulties in recruiting sufficient numbers of qualified personnel. The Council will continue to take appropriate action towards obtaining more assistance for the States concerned in planning and financing air navigation services as well as with regard to the provision of adequate human resources.

The cost basis for air navigation services charges

32. As a general principle, where air navigation services are provided for international use, the providers may require the users to pay their share of the related costs, but international civil aviation should not be asked to meet costs which are not properly allocable to it. The Council therefore encourages States to maintain accounts for the air navigation services they provide in a manner which ensures that air navigation services charges levied on international civil aviation are properly cost-based.

33. The Council considers that an equitable cost recovery system could proceed from an accounting of total air navigation services costs incurred on behalf of aeronautical users, to an allocation of these costs among categories of users and finally to the development of a charging or pricing policy system. In determining the total costs to be paid for by charges on international air services, the list in Appendix 2 may serve as a general guide to the facilities and services to be taken into account. The guidance on accounting provided in the *ICAO Manual on Route Air Navigation Facility Economics (Doc 9161)*, Chapters 3 and 4, and the *Airport Economics Manual*, Chapters 3 and 4, may also be found useful in this context.

34. When establishing the cost basis for air navigation services charges, the following principles should be applied:

- i) The cost to be shared is the full cost of providing the air navigation services, including appropriate amounts for cost of capital and depreciation of assets, as well as the costs of maintenance, operation, management and administration.
- ii) The costs to be taken into account should be those assessed in relation to the facilities and services, including satellite services, provided for and implemented under the ICAO Regional Air Navigation Plan(s), supplemented where necessary pursuant to recommendations made by the relevant ICAO Regional Air Navigation Meeting, as approved by the Council. Any other facilities and services, unless provided at the request of operators, should be excluded, as should the cost of facilities or services provided on contract or by the carriers themselves, as well as any excessive construction, operation or maintenance expenditures.
- iii) The costs of air navigation services provided during the approach and aerodrome phase of aircraft operations should be identified separately.
- iv) Air navigation services may produce sufficient revenues to exceed all direct and indirect operating costs and so provide for a reasonable return on assets (before tax and cost of capital) to contribute towards necessary capital improvements.

35. In determining the costs to be recovered from users, it should be noted that:

- i) Governments may choose to recover less than full costs in recognition of local, regional or national benefits.

- ii) It is for each State to decide for itself whether, when and at what level any air navigation services charges should be imposed, and it is recognized that States in developing regions of the world, where financing the installation and maintenance of air navigation services is difficult, are particularly justified in asking the international airlines to contribute through user charges towards bearing a fair share of the cost of the services.
- iii) The approach towards the recovery of full costs should be a gradual progression.

Allocation of air navigation services costs among aeronautical users

36. The allocation of air navigation services costs among aeronautical users should be carried out in a manner equitable to all users. The proportions of cost attributable to international civil aviation and other utilization of the facilities and services (including domestic civil aviation, State or other exempted aircraft, non-aeronautical users) should be determined in such a way as to ensure that no users are burdened with costs not properly allocable to them according to sound accounting principles. The Council recommends that States should:

- i) Acquire basic utilization data in respect of air navigation services, including the number of flights by category of user (i.e. air transport, general aviation and other) in both domestic and international operations, and other data such as the distance flown and aircraft type or weight, where such information is relevant to the allocation of costs and the cost recovery system.
- ii) Take into account the guidance on cost allocation contained in the *ICAO Manual on Route Air Navigation Facility Economics*, Chapters 3 and 4, and *Airport Economics Manual*, Chapters 3 and 4, although they may use any accounting approach they consider meets their particular requirements.

Air navigation services charging systems

37. States should ensure that systems used for charging for air navigation services are established in accordance with the following principles:

- i) Any charging system should, so far as possible, be simple, equitable and, with regard to route air navigation services charges, suitable for general application at least on a regional basis. The administrative cost of collecting charges should not exceed a reasonable proportion of the charges collected.
- ii) The charges should not be imposed in such a way as to discourage the use of facilities and services necessary for safety or the introduction of new aids and techniques. The facilities or services provided for in the ICAO Regional Air Navigation Plan(s) or in any recommendations of the relevant ICAO Regional Air Navigation Meeting as are approved by the Council are, however, considered to be necessary for general safety and efficiency.
- iii) The system of charges must be non-discriminatory both between foreign users and those having the nationality of the State or States providing the air navigation services and engaged in similar international operations, and between two or more foreign users.
- iv) Where any preferential charges, special rebates or other kinds of reduction in charges normally payable in respect of air navigation services are extended to particular categories of users,

governments should ensure, so far as practicable, that any resultant under-recovery of costs properly allocable to the users concerned is not shouldered onto other users.

- v) Any charging system should take into account the cost of providing air navigation services and the effectiveness of the services rendered. The charging system should be introduced in such fashion as to take account of the economic and financial situation of the users directly affected, on the one hand, and that of the provider State or States, on the other.
- vi) Charges should be levied in such a way that no facility or service is charged for twice with respect to the same utilization. In cases where certain facilities or services have a dual utilization (e.g. approach and aerodrome control as well as en route control), their cost should be equitably distributed in the charges concerned.
- vii) The charges levied on international general aviation should be assessed in a reasonable manner, having regard to the cost of the facilities needed and used and the goal of promoting the sound development of international civil aviation as a whole.

38. The Council:

- i) Recommends that under normal circumstances, user charges should be expressed and payable in the local currency of the State concerned.
- ii) Recommends that under special circumstances, for example where economic conditions are not stable, when a State proposes, or allows, denomination of user charges in other than local currency, airlines could apply the same currency of denomination, using the same exchange rate, for their local ticket sales.
- iii) Recommends that remittance problems be resolved.
- iv) Recognizes that when route air navigation services charges are billed on a regional basis (i.e. on behalf of several States or by a jointly operated agency), it may be advantageous to both users and providers to denominate and pay charges in a single convertible currency.

Approach and aerodrome control charges

39. Where charges for approach and aerodrome control are levied, whether as part of the landing charge or separately, the charge should, so far as possible, be a single element of the landing charge or a single charge per flight and could take aircraft weight into account but less than in direct proportion.

Route air navigation services charges

40. The charge for route air navigation services should, so far as possible, be a single charge per flight; that is to say, it should constitute a single charge for all route air navigation services provided by a State or group of States for the airspace to which the charge applies. The charge should be based essentially on:

- i) the distance flown within a defined area;
- ii) the aircraft weight.

The element of distance flown, taken as one of the acceptable measures of the service rendered, should be applied by means of a distance scale using great circle distances or other commonly agreed distances. The element of aircraft weight should be applied by means of a weight scale using broad intervals which should be **standardize** so far as possible. **This** weight scale should take into account, less than proportionately, the relative productive capacities of the different aircraft types concerned.

41. Without prejudice to the guidelines provided above, which constitute a charging system for general application, the Council recognizes however that:

- i) the characteristics of a given airspace will determine the most appropriate charging method for that airspace, having regard to the type of traffic, the distances flown and the characteristics of the aircraft in that airspace;
- ii) when the distance flown and/or the aircraft types are reasonably homogeneous, the **distance** and weight elements may be separately or jointly neglected as the case may be;
- iii) in some circumstances, it may be considered appropriate to use a combination of a flat charge per flight and a charge based on the parameters recommended above in recognition of there being an element of fixed costs in providing air traffic services.

Charges for air navigation services used by aircraft when not over the provider State

42. The providers of air navigation services for international use may require all users to pay their share of the cost of providing them regardless of whether or not the utilization takes place over the territory of the provider State. Accordingly, wherever a State has accepted the responsibility for providing route air navigation **services over** another State, over the high seas or in an **airspace** of undetermined sovereignty (in accordance with the **provisions** of Annex 11 and Regional Air Navigation Agreements approved by the Council), the State concerned **may** levy charges on all users for the services provided. A State **may** delegate to another State or to an **organization** the authority to levy such charges on its behalf.

43. The collection of air navigation services charges in cases where the aircraft does not fly over the **provider** State poses difficult and complex problems. It is for the States to find the appropriate kind of **machinery** on a bilateral or regional basis for meetings between provider States and those **of** the users, aiming to reach **as** much agreement as possible concerning the facilities and services provided, the charges to be levied and the **methods** of collecting these charges.

Consultation with-users regarding charges and air navigation services planning

44. The principles enunciated with respect to consultation concerning changes in airport charges in paragraph 22 are applicable also to changes in air navigation services charges, but in the latter case a need may also exist **for** more specific consultation between providers **and** airlines since air navigation services are generally **provided** by governments and it will therefore be easier to obtain a consultative opinion concerning their charges than in the case of airport charges where a number of conflicting interests may arise.

45. On the understanding that consultation implies no more than discussions between users and **providers** in an attempt to reach **general** agreement on any proposed charges, and that failing such agreement government!; would continue to be free to impose the charges concerned, the Council therefore recommends that:

- i) When any significant review of existing charges or the imposition of new charges is **contemplated** by a provider of air navigation services, appropriate prior notice should, so far as possible, be **given** at least two months in advance to the principal users, either directly or through their **representative** bodies, in accordance with the regulations applicable in each State.
- ii) In any such review, these users should, so far as possible, be given the opportunity to submit **their** views to and consult with the competent **authority**. For this purpose the users should **be** provided with adequate financial information.
- iii) Reasonable advance notice of the final decision on any revision of charges or imposition of new charges should be given to these users. This period of notice should take into account the **implications** for both the **users** and the provider of the air navigation services.

46. When major new air navigation services are being planned, it is desirable that the regular users of **air** navigation services or their representative organizations be consulted as early as practicable. Equally, in order **that** providers of air navigation services may better plan their future financial requirements, the Council considers **that** users, particularly airlines, should, either directly or through their representative bodies, provide advance planning data relating to future types, characteristics and numbers of aircraft expected to be used; the special facilities which the users desire; and other relevant matters, to the extent possible on a **5-** to **10-**year forecast basis.

APPENDIX 1

GUIDE TO THE FACILITIES AND SERVICES TO BE TAKEN INTO ACCOUNT IN DETERMINING AIRPORT COSTS*

Approach, landing and take-off facilities and services

Landing area with cleared approaches and **taxiways** with necessary drainage, fencing, etc. Also, lights for approach, landing, taxiing and take-off, as well as communications and other special aids for approach, landing and take-off (sometimes provided by other than the airport operator).

Approach and **aerodrome** control: air traffic control for approach, landing, taxiing and take-off with necessary communications, including satellite services. (Approach and **aerodrome** control is sometimes partly or wholly provided by other than the airport operator. See also Appendix 2.)

Meteorological services (frequently provided by an entity other than the **airport operator**). (See also Appendix 2 as to when an allocation of the costs of these services, proportional to their utilization for airport operations, should be considered.)

Fire and ambulance service in attendance.

Terminals, aircraft parking space, hangars and other facilities and services provided for aircraft operators

Passenger and public waiting rooms and concourses with necessary heating, lighting, janitor service, approach roads, etc.

Accommodation for airline offices, traffic counters and air crews, and for the handling of passengers and cargo.

Assistance in handling passengers and cargo, and necessary equipment.

Special servicing of aircraft (air conditioning, cleaning, etc.).

Towing and other handling of aircraft.

Space for parking and long-term storage of aircraft.

Hangar, workshop, stores, garage and other technical accommodation.

Land leased to aircraft operators for various purposes.

Provision of aircraft fuel (usually via **concessions**) and other technical supplies, and also of **maintenance** and repairs for aircraft.

Communication facilities (aircraft **operating**; agency messages — Class **B**).

Common services such as the provision of **light**, heat, power and heating fuel.

Security measures, equipment, facilities and personnel for the following functions

Inspection/screening of passengers and cabin **baggage**.

Security in departure/arrival lounges, including transfer/transit lounges.

Security of **airside** areas.

Security of **landside** areas.

Accommodation for other than aircraft operators

Accommodation for shops, hotels, restaurants, ground transport providers, banks/money exchanges, **post office**, telegraph **office**, etc.

* Further guidance on airport accounting is provided in the **ICAO Airport Economics Manual**, Chapters 3 and 4.

Facilities paid for directly by the public (car parking, sightseeing, etc.).

Accommodation for necessary government activities, customs, immigration, public health, agricultural quarantine, etc.

Land rented to other than aircraft operators (including grazing rights, etc.).

Noise alleviation **and** prevention

Noise monitoring systems, noise suppressing **equipment** and noise barriers.

Land or property acquired around airports.

Soundproofing of buildings near airports and other noise alleviation measures arising from legal or **governmental** requirements.

APPENDIX 2

GUIDE TO THE FACILITIES AND SERVICES TO BE TAKEN INTO ACCOUNT BY PROVIDING AUTHORITIES IN DETERMINING THE TOTAL COSTS OF AIR NAVIGATION SERVICES*

Air traffic services

Air traffic services (**ATS**), including flight information services and alerting services, may be provided by an approach control office and an **aerodrome** control tower, and for aircraft en route, by an area control **centre** or a flight information **centre**.

These services may be defined as follows:

Approach control service: Air **traffic** control service for arriving or departing controlled flights. This includes services provided in a terminal control area which is a control area normally established at the confluence of **ATS** routes in the vicinity of one or more major **aerodromes**.

Aerodrome control service: Air traffic control **service** for **aerodrome traffic**.

Services provided for aircraft en route:

Area control service: Air **traffic** control service for controlled flights in control areas.

Flight information service: A service provided for the **purpose** of giving advice and information useful for the safe and efficient conduct of flights.

Alerting service: A service provided to notify appropriate organizations regarding aircraft in need of search and rescue aid, and assist such organizations as **required**.

Communication facilities and navigation aids

Communication facilities and visual and radio aids to navigation, including radar, for safety and regularity of

flights, including both **air-to-ground** and ground-to-ground communications when these are used **directly** or indirectly in **connexion** with the preparation **for**, or the conduct of, a flight. Also included is the use of satellite services. Communication facilities used **by** aircraft operators for purely commercial purposes are excluded.

Meteorological services

All that part of the meteorological service **allocable** to civil aviation, including in particular, among **the** facilities and services whose costs are to be so **allocated**, those that furnish civil aviation with meteorological forecasts, briefs and observations, as well as **SIGMET information**, **VOLMET** broadcasting material and **any** other meteorological data provided by States for **the** use of civil aviation. The costs of all meteorological services provided to civil aviation should, where **appropriate**, be allocated between air **traffic** services **provided** for airports and air traffic services provided en route. In States where more than one international **airport** is involved, consideration could be given, where possible, to allocating the costs attributable to airport utilization between the airports concerned.

Other ancillary aviation services

All that part of the services allocable to civil **aviation** of any permanent civil establishment of **equipment** and personnel maintained for the purposes of providing such services as search and rescue, accident investigation, aeronautical charts and information services.

- Further guidance on determining and allocating **costs** of air navigation services is contained in the **ICAO Manual on Route Air Navigation Facility Economics**, Chapters 3 and 4, and *the Airport Economics Manual*, Chapters 3 and 4.

APPENDIX 3

GLOSSARY OF TERMS

The following terms are described as they apply in the context of these Statements.

Aerodrome control service. Air traffic control service for aerodrome traffic.

Air navigation services. This term includes air traffic services (ATS), aeronautical telecommunications service (COM), meteorological services for air navigation (MET), search and rescue (SAR) and aeronautical information services (AIS). These services are provided to air traffic during all phases of operations (approach, aerodrome control and en route).

Approach control service. Air traffic control service for arriving or departing controlled flights. This includes services provided in a terminal control area which is a control area normally established at the confluence of ATS routes in the vicinity of one or more major aerodromes.

Autonomous authority. An independent entity established for the purpose of operating and managing one or more airports and/or air navigation services, which is empowered to manage and use the revenues it generates to cover its costs.

Annex II. Refers to ICAO Annex 11 — Air Traffic Services.

Annex 16. Refers to ICAO Annex 16 — Environmental Protection.

Annex 17. Refers to ICAO Annex 17 — Security — Safeguarding International Civil Aviation Against Acts of Unlawful Interference.

Concession. The right to operate a certain commercial activity at an airport, commonly on an exclusive basis and usually at a specified location.

Council. The Council of ICAO.

Depreciation of assets. The decrease in the value of an asset due to wear and tear through use, action of the

elements, inadequacy or obsolescence normally over a predetermined period of time (depreciation period/book life of the asset).

Financial statements. This includes the profit and loss statement and the balance sheet. The profit and loss statement summarizes all revenues and expenses with the difference between the two totals being either a profit or a loss. The balance sheet summarizes assets and liabilities with the difference between the two representing an increase or decrease in net worth..

Fixed costs. Costs which in the short term remain unchanged regardless of whether or not the volume of services provided increases or decreases.

Free zones. A defined area adjacent to or within the boundary of an international airport of a State where goods may be imported, stored, processed and exported without being subject to any such import, export or transit duties and taxes as may normally be applicable to goods moving to or from that State.

Fuel “throughput” charges. A concession fee levied by an airport on each litre or gallon (or other liquid measure) of aviation fuel sold at the airport.

Great circle. A circle on the surface of the earth, the plane of which passes through the centre of the earth.

Great circle distance. The length of the shorter arc of the great circle joining two points.

Multinational facility or service. A facility/service established for the purpose of servicing international air navigation in airspace extending beyond the airspace serviced by a single State. It could be operated by one State, a group of States or an international operating agency.

Regional p&n. The relevant ICAO Regional Air Navigation Plan.

Rental of premises. The right to occupy certain defined premises against payment of a fee.

Representative user organizations. These include the international Air Carrier Association (**IACA**), the International Air Transport Association (**IATA**) and the International Council of Aircraft Owner and Pilot Associations (**IAOPA**).

Revenues from non-aeronautical sources. Any revenues received by an airport in consideration for the various commercial arrangements it makes in relation to the granting of concessions, the rental or leasing of

premises and land, and free-zone **operations**, even though such arrangements may in **fact** apply to activities which may themselves be considered to be of an aeronautical character (e.g. **concessions** granted to oil companies to supply **aviation** fuel and lubricants and the rental of terminal building space or premises to airlines). Also intended to be **included** are the gross revenues, less any sales tax or **other** taxes, **earned** by shops or services operated by the airport itself.

— END —

ICAO PUBLICATIONS IN THE AIR TRANSPORT FIELD

The following summary gives the status and also describes in general terms the contents of the various series of publications in the air transport field issued by the International Civil Aviation Organization:

International Standards and Recommended Practices on Facilitation (*designated as Annex 9 to the Convention*) which are adopted by the Council in accordance with Articles 37, 54 and 90 of the Convention on International Civil Aviation. The uniform observance of the specifications contained in the International Standards on Facilitation is recognized as practicable and as necessary to facilitate and improve some aspect of international air navigation, while the observance of any specification contained in the Recommended Practices is recognized as generally practicable and as highly desirable to facilitate and improve some aspect of international air navigation. Any differences between the national regulations and practices of a State and those established by an International Standard must be notified to the Council in accordance with Article 38 of the Convention. The Council has also invited Contracting States to notify differences from the provisions of the Recommended Practices;

Council Statements on policy relating to air transport questions, such as charges for airports and air navigation services, taxation and aims in the field of facilitation;

Digests of **Statistics** which are issued on a regular basis, presenting the statistical information received from Contracting States on their civil aviation activities;

Circulars providing specialized information of interest to Contracting States. They include regional studies on the development of international air passenger, freight and mail traffic and specialized studies of a world-wide nature;

Manuals providing information or guidance to Contracting States on such questions as airport and air navigation facility tariffs, air traffic forecasting techniques and air transport statistics.

Also of interest to Contracting States are reports of meetings in the air transport field, such as sessions of the Facilitation Division and the Statistics Division and conferences on the economics of airports and air navigation facilities. Supplements to these reports are issued, indicating the action taken by the Council on the meeting recommendations, many of which are addressed to Contracting States.
