Doc 9082

ICAO's Policies on Charges for Airports and Air Navigation Services

Approved by the Council
and published by its decision

Eighth Edition — 2009

International Civil Aviation Organization

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AMENDMENTS

Amendments are announced in the supplements to the *Catalogue of ICAO Publications;* the Catalogue and its supplements are available on the ICAO website at www.icao.int. The space below is provided to keep a record of such amendments.

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FOREWORD

1. ICAO's Policies on Charges for Airports and Air Navigation Services contain the recommendations and conclusions of the Council resulting 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 policies, which are intended for the guidance of Contracting States, are mainly based on the recommendations made in this field by the various conferences on the economics of airports and air navigation services which are held regularly by ICAO. The last such conference took place in Montreal from 15 to 20 September 2008 (Doc 9908 — *Report of the Conference on the Economics of Airports and Air Navigation Services (CEANS)* refers).

2. ICAO's commitment in the field of airport and air navigation services charges has its principal origin in Article 15 — *Airport and similar charges*, of the *Convention on International Civil Aviation*. This commitment has found further expression in the Organization's *Consolidated Statement of Continuing ICAO Policies in the Air Transport Field*, which is updated at each regular Session of the Assembly; currently, in Resolution A36-15, Appendix F — *Airports and air navigation services*, the Assembly, inter alia, requests the Council to ensure that the guidance and advice contained in Doc 9082 are current and responsive to the requirements of Contracting States.

3. The Council wishes to draw attention to the distinction between its policies and guidance on charges contained in this document, the policies on customs duty in Article 24 of the *Convention on International Civil Aviation*, and the Council's policies and guidance on taxation set out in *ICAO's Policies on Taxation in the Field of International Air Transport* (Doc 8632), which address taxation of fuel, lubricants and other consumable technical supplies, as well as taxation of income of international air transport enterprises and aircraft and other moveable property; and taxes on the sale and use of international air transport. As considered by the Council, a charge is a levy that is designed and applied specifically to recover the costs of providing facilities and services for civil aviation, and a tax is a levy that is designed to raise national or local government revenues, which are generally not applied to civil aviation in their entirety or on a cost-specific basis.

4. In developing these policies the Council has noted with concern that the problems involved in providing and maintaining the airport and air navigation facilities and services required by the Regional Air Navigation Plans are particularly serious for the less advanced economies, principal among these problems being the limited financial resources available for economic development in general, the higher priority assigned to other sectors of the economy whose needs are considered more urgent, the under utilization of airports and air navigation services, the high cost of obtaining equipment from other States and the difficulties in recruiting and retaining 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 airport and air navigation infrastructure as well as with regard to the provision of adequate human resources.

5. With respect to environmental charges, a new paragraph has been introduced in this edition of Doc 9082 — in addition to the existing paragraph on noise-related charges — to cover local air quality (LAQ) emissions-related charges (see paragraph 39).

6. Further to a suggestion arising from a previous Conference (ANSConf 2000, held in June 2000), the Council decided to disseminate information received from States on their implementation of the basic cost recovery principles applicable to charges for airports and air navigation services, as set out in paragraphs 30 (*The cost basis for airport charges*), 31 (*Airport charging systems*), 44-45 (*The cost basis for air navigation services charges*), 46 (*Allocation of costs of air navigation services among aeronautical users*) and 47 (*Air navigation services charging systems*) of the present document. This information is published on the ICAO website (http://www.icao.int) in the form of a supplement to this document and is updated from time to time.

7. A glossary of terms as used in the present policies on charges is contained in Appendix 3. To assist States in the implementation of the policies, the ICAO Secretariat has developed and maintains two manuals: the *Airport Economics Manual* (Doc 9562) and the *Manual on Air Navigation Services Economics* (Doc 9161). Parallel Assembly and Council policy on the regulation of air carriers is contained in *Policy and Guidance Material on the Economic Regulation of International Air Transport* (Doc 9587), which is similarly complemented by a *Manual on the Regulation of International Air Transport* (Doc 9626). Information on the airport and air navigation services charges actually levied in States is updated and published annually in the *Tariffs for Airports and Air Navigation Services* (Doc 7100), while traffic and financial data for airports and air navigation services are collected through statistical forms and periodic surveys which are published on ICAO's websites (http://www.icao.int and http://www.icaodata.com, respectively).

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I. GENERAL

Financial situation[1]

8. The Council notes that the financial situation of airports, as well as that of air navigation services providers (ANSPs), are in a stage of evolution, and that the financial situation of their primary users, the scheduled airlines, generally fluctuates with the performance of national, regional and global economies.

Scope and proliferation of charges

9. The Council recommends that States:

i) Permit the imposition of charges only for services and functions which are provided for, directly related to, or ultimately beneficial for, civil aviation operations; and

ii) Refrain from imposing charges which discriminate against international civil aviation in relation to other modes of international transport.

10. In this regard the Council is concerned over the proliferation of charges on air traffic and notes that the imposition of charges in one jurisdiction can lead to the introduction of charges in another jurisdiction.

Organizational and managerial issues

Autonomy and privatization

11. The Council observes that experience gained worldwide indicates that where airports and air navigation services have been operated by autonomous entities their overall financial situation and managerial efficiency have generally tended to improve. Many of these autonomous entities have been established by governments although the operation of many such entities, in particular those operating airports, has since been transferred partly or completely to private enterprises.

12. The Council, therefore, recommends that where this is economically viable and in the best interest of providers (airports and ANSPs) and users, States consider establishing autonomous entities to operate their airports or air navigation services, recognizing that in some circumstances a single entity may operate both airports and air navigation services, and that the entity may be in the form of an autonomous civil aviation authority.

13. The Council emphasizes with regard to private involvement that States, when considering the commercialization or privatization of airports and ANSPs, bear in mind that the State is ultimately responsible for safety, security, and, in view of the potential abuse of dominant position by airports and ANSPs, economic oversight of their operations.

14. The Council also wishes to stress that whenever an autonomous entity is established, whether by a government or by private interests, to operate an airport(s) and/or air navigation services, the State should ensure that

1. Historical trends and recent information on the financial situation of the various parties may be found on ICAO's websites (see paragraph 7).

all relevant obligations of the State specified in the Convention on International Civil Aviation, its Annexes and in air services agreements are complied with and that ICAO's policies and practices, such as those contained in the present policies on charges, are observed.

International cooperation

15. The Council encourages international cooperation through a regional approach in the provision and operation of air navigation services where this is beneficial for the providers and users concerned and with a view to facilitating the efficient and cost-effective implementation of the ICAO Global Air Traffic Management (ATM) Operational Concept on the basis of the guidance provided in the *Global Air Navigation Plan* (Doc 9750). (See also paragraphs 17 and 27.)

Best practices

16. The Council considers that States should review the governance structure of their airports and ANSPs and ensure the use of best practices of good corporate governance, as applicable, with regard to: objectives and responsibilities of the entities; shareholders' rights and their treatment; responsibilities of the board; power and accountability of management; relationship with interested parties; and disclosure of information. In order to promote transparency, efficiency and cost-effectiveness in the provision of an appropriate quality of services and facilities, airports and ANSPs should apply the principles of best practices in all areas of their business.

Charges collection

17. For the successful collection of charges for airports and ANSPs, it is essential that a collection policy be established by an airport or ANSP, or where applicable by a State, and that the following functions be up-to-date: national legislation; accurate invoicing; comprehensive and updated databases on airlines; a transparent cost recovery system with fair and equal treatment of all users; precise and correct accounting; credit control; and enforced recovery procedures. Regarding air navigation services, the Council recommends that States or their delegated service providers consider participating in joint charges collection agencies whenever this is advantageous.

Economic oversight

18. The Council considers it important that States exercise their economic oversight responsibilities clearly separated from the operation and provision of airports and air navigation services, with roles and powers clearly defined for each function.

19. With reference to commercialization and privatization in the provision and operation of airports and air navigation services, the Council recommends that the main purpose of economic oversight should be to achieve a balance between the efforts of the autonomous or private entities to obtain the optimal effects of commercialization or privatization and those public policy objectives that include, but are not limited to, the following:

i) Minimize the risk of airports and ANSPs engaging in anti-competitive practices or abusing their dominant position;

ii) Ensure non-discrimination and transparency in the application of charges;

iii) Ascertain that investments in capacity meet current and future demand; and

iv) Protect the interests of passengers and other end users.

To promote these objectives, consistent with the form of economic oversight adopted, States should ensure that airports and ANSPs consult with users and that appropriate performance management systems are in place.

20. The Council also recommends that States should select the appropriate form of economic oversight according to their specific circumstances, while keeping regulatory interventions at a minimum and as required. When deciding on an appropriate form of economic oversight, the degree of competition, the costs and benefits related to alternative forms of oversight, as well as the legal, institutional and governance frameworks should be taken into consideration.

21. The Council recommends that States consider adopting a regional approach to economic oversight where individual States lack the capacity to adequately perform their economic oversight responsibilities.

Economic performance and minimum reporting requirements

22. The Council recognizes that performance management is an important management tool for providers, users and regulators. The Council therefore recommends that States, within their economic oversight responsibilities, ensure that providers develop and implement appropriate performance management systems that include:

i) Defining performance objectives with the purpose, as a minimum, to continuously improve performance in four key performance areas (KPAs), i.e. safety, quality of service, productivity and cost-effectiveness, it being understood that States may choose additional KPAs according to their objectives and their particular circumstances;

ii) Selecting and reporting at least one relevant performance indicator and its target for each of the KPAs selected;

iii) Using the results to evaluate and improve performance; and

iv) Undertaking consultations with users and other interested parties to achieve a mutual understanding and consensus, where appropriate, on performance objectives, level of performance targets and plans to achieve the targets.

Consultation with users[2]

Charges

23. The Council emphasizes the importance of consultation with airport and air navigation services users before changes in charging systems or levels of charges are introduced. The purpose of consultation is to ensure that the provider gives adequate information to users relating to the proposed changes and gives proper consideration to the views of users and the effect the charges will have on them. The aim should be that, wherever possible, providers and users reach an agreement. Failing such agreement, the provider would continue to be free to impose the charges proposed, subject to users having the right of appeal to a body independent of the provider, where available, but the appeal process should be consistent with the form of economic oversight adopted in the State concerned. If there is not an appeal mechanism in place it is even more important that providers and users make every effort to reach an agreement on any changes in charging systems or levels of charges before they are introduced.

2. Consultation with users should cover all aspects of charges contained in this policy document where there are principles referring to consultation(s).

Airport and air navigation services planning

24. The Council also considers it important that users or their representative organizations be consulted concerning capacity development and investment plans. The purpose of such consultation is to ensure that the developments proposed meet the needs of users, and that users are aware of the financial implications in terms of the charges they would have to pay. Similarly, in order that providers may better plan their future financial requirements, users, particularly air carriers, should for their part provide advance planning data to individual providers 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 aircraft movements, passengers and cargo to be handled, and other relevant matters.

Consultation process

25. Where there are no provider/users cooperative arrangements in place that are acceptable to all parties concerned, the Council encourages States to ensure that a clearly defined, regular consultation process is established with users by providers. Specific procedures for effective consultation should be determined on a case-by-case basis taking into account the form of economic oversight adopted by the State. The procedures at individual airports and airspace will also need to take into account the size and scale of the airport's and the ANSP's activities. Subject to these considerations, the Council recommends that:

i) When a revision of charges or the imposition of new charges is contemplated by a provider or other competent entity, appropriate notice should normally be given to users or their representative bodies at least four months in advance, in accordance with the rules and regulations applicable in each State.

ii) In any such revision of charges, or imposition of new charges, the users should be given the opportunity to submit their views and consult with the provider or other competent entity. Users should be provided with transparent and appropriate financial, operational and other relevant information to allow them to make informed comments.

iii) Reasonable advance notice, of at least one month, of the final decision on any revision of charges or imposition of new charges should be given to the users. This one-month period does not need to be in addition to the four months prescribed in i) above.

iv) Consultations, in general, should make clear the nature of proposals, the parties most likely to be affected, the specific questions on which feedback is requested, and the time schedule for responses, while ensuring a proper protection of market-sensitive data. All interested parties should be given the opportunity to present their views. Decision documents should provide appropriate rationale for the decision taken.

First-resort mechanism

26. The Council considers, with regard to charges in particular, that with the rapid growth in the number of airports and ANSPs that are independent from direct government control, there may, in the interest of the airports, the ANSPs and their users, be a need for a neutral party at the national level to pre-empt and resolve disputes before they enter the international arena (a first-resort mechanism). The mechanism should be flexible, and its focus should be on conciliation or mediation but could range to full arbitration if the State concerned so decides. Such a function might be included in the terms of reference of an independent body with the much broader responsibilities of overseeing the operations of the autonomous airports and ANSPs, or it might be separately established.

Other factors affecting the economic situation of airports and air navigation services

27. The Council notes that a number of additional factors are likely to exert an important influence on the organization and economic development of airports and air navigation services. These include the growing liberalization of air services, air carrier concentration including mergers and alliances, changes in approaches to financing with airports (in particular) and ANSPs being expected to assume primary responsibility for financing investments in their infrastructure requirements, capacity management, airport and airspace congestion, and environmental concerns. Also, the number of autonomous entities operating airports or air navigation services is expected to increase. This is resulting in more situations where an airport is operated by a different entity from that providing air navigation services (both approach and aerodrome control and route air navigation services). Also, additional resources will be required to deal with the problem of airport and airspace congestion, and to implement satellite-based communications, navigation and surveillance (CNS) and air traffic management (ATM) systems, based on the Global ATM Operational Concept, as well as other multinational facilities and services, and other improvements in infrastructure.

28. The Council observes that under these circumstances many airports and ANSPs may find it necessary to increase their charges and in the case of airports 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 and of routes to be flown, 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 costs arising from higher charges. The Council also considers that there should be a balance between the respective interests of airports and ANSPs on one hand and of air carriers on the other, 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 encourage increased cooperation between airports and ANSPs and air carriers to ensure that the economic difficulties facing them all are shared in a reasonable manner.

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II. ICAO'S POLICIES ON AIRPORT CHARGES

The cost basis for airport charges

29. The Council considers that 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 that provide information 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 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 appropriate financial information to users in consultations.[3] Moreover, the Council recommends that States consider the application, where appropriate, of internationally accepted accounting standards for airports.

30. The Council also states that 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 costs of maintenance, operation, management and administration, but allowing for all aeronautical revenues plus contributions from non-aeronautical revenues 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 Air Navigation 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 charged for separately should be excluded.

iv) While airports should maintain cost data in sufficient detail to facilitate consultation, transparency and economic oversight, it may be beneficial to develop more aggregated cost bases in certain circumstances for the purpose of setting charges. However, the aggregation should be done in a logical and transparent manner accompanied by safeguards, as appropriate, regarding consultation and, where possible, agreements with users to avoid discrimination among users.

v) An allocation of costs should be considered in respect of space or facilities utilized by government authorities.

vi) The proportion of costs allocable to various categories of users, including State aircraft, should be determined on an equitable basis, so that no users shall be burdened with costs not properly allocable to them according to sound accounting principles.

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3. Guidance on accounting contained in the *Airport Economics Manual* (Doc 9562) may be found useful in this context, although there are other approaches.

vii) Costs related to the provision of approach and aerodrome control should be separately identified. (Principles applicable to the recovery of such costs are addressed in paragraph 50.)

viii) 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 at a sufficient level to secure financing on favourable terms in capital markets for the purpose of investing in new or expanded airport infrastructure and, where relevant, to remunerate adequately holders of airport equity.

ix) The capacity of users 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 authority may recover less than its full costs in recognition of local, regional or national benefits received.

Airport charging systems

31. The Council recommends that charging systems at international airports be chosen in accordance with the following principles:

i) Any charging system should, so far as possible, be simple and suitable for general application 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) Charges should be determined on the basis of sound accounting principles and may reflect, as required, other economic principles, provided that these are in conformity with Article 15 of the *Convention on International Civil Aviation* and other principles in the present policies.

iv) The charges must be non-discriminatory both between foreign users and those having the nationality of the State in which the airport is located and engaged in similar international operations, and between two or more foreign users.

v) Within their economic oversight responsibilities, States should assess, where necessary, the positive and negative effects associated with specific forms of differential charges applied by airports on a case-by-case basis according to national circumstances. Where differential charges are extended to particular categories of users, States should ensure that they are transparent in terms of their creation, purpose and the criteria on which they are offered; that, without prejudice to modulated charging schemes, costs associated with differential charges are not allocated, either directly or indirectly, to those other users not benefiting from them; and that, if the purpose is to attract and/or retain new air services, they are offered only on a temporary basis.

vi) 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.

vii) Where charges are levied by different entities 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 revenues being distributed among the entities concerned in a suitable way.

viii) Maximum flexibility should be maintained in the application of all charging methods to permit introduction of improved techniques as they are developed.

ix) Airport charges levied on international general aviation, including business 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.

Pre-funding of projects

32. The Council considers, notwithstanding the principles of cost-relatedness for charges and of the protection of users from being charged for facilities that do not exist or are not provided (currently or in the future) that, after having allowed for possible contributions from non-aeronautical revenues, pre-funding of projects may be accepted in specific circumstances where this is the most appropriate means of financing long-term, large-scale investment, provided that strict safeguards are in place, including the following:

i) Effective and transparent economic oversight of user charges and the related provision of services, including performance auditing and "benchmarking" (comparison of productivity criteria against other similar enterprises);

ii) Comprehensive and transparent accounting, with assurances that all aviation user charges are, and will remain, earmarked for civil aviation services or projects;

iii) Advance, transparent and substantive consultation by airports and, to the greatest extent possible, agreement with users regarding significant projects; and

iv) Application for a limited period of time with users benefiting from lower charges and from smoother transition in changes to charges than would otherwise have been the case once new facilities or infrastructure are in place.

Currency issues

33. The Council recommends:

i) That under normal circumstances user charges 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, air carriers could apply the same currency of denomination, using the same exchange rate, for their local ticket sales; and

iii) That every effort be made to remove obstacles preventing an air carrier based in one State from transferring in convertible currency its net income from sales in another State.[4]

4. Further aspects of currency conversion, remittance of earnings and payment of local expenses are contained in *Policy and Guidance Material on the Economic Regulation of International Air Transport* (Doc 9587).

Landing charges

34. 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 certificated 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 Policies on Charges for Air Navigation Services.)

iv) No differentiation in rates should be applied for 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

35. The Council recommends 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

36. The Council recognizes that the revenue accrued from passenger service charges is essential to the economy of a significant number of airports. Frequently, however, there are major facilitation problems arising from the collection of such charges directly from the passenger, especially at large airports, and these problems will potentially continue to mount with the continuing growth of passenger traffic and the increasing number of high-capacity aircraft operated, especially at busy terminal buildings during peak hours. The Council therefore recommends that States endeavour to ensure that the levying of passenger service charges does not create additional queuing and delays at airports, if appropriate by avoiding the collection of these charges directly and separately from the passenger at the airport. More specifically, the Council recommends 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 instead on the air carriers where practicable. The Council also emphasizes the need for consultations between airport entities and air carriers at the local level with a view to alleviating collection problems.

Security charges

37. The Council notes that States are responsible for ensuring the implementation of adequate security measures at airports pursuant to the provisions of ICAO Annex 17 — *Security* to the *Convention on International Civil Aviation* and that they may delegate the task of providing individual security functions to such agencies as airport entities, air carriers 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 entities 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 assumed by airports, air carriers or other entities.

ii) The entities 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) Civil aviation should not be charged for any costs that would be incurred for more general security functions performed by States such as general policing, intelligence gathering and national security.

v) 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.

vi) When the costs of security at airports are recovered through charges, the method used should be discretionary, but such charges should be based on either the number of passengers or aircraft weight, or a combination of both factors. Security costs allocable to airport tenants may be recovered through rentals or other charges.

vii) 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

38. 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 light of local circumstances. In the event that noise-related charges are to be levied, the Council recommends that consultations 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 ICAO Annex 16 — *Environmental Protection* to the *Convention on International Civil Aviation* 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.

Emissions-related aircraft charges to address local air quality problems at or around airports

39. The Council recognizes that although reductions in certain pollutants emitted by aircraft engines that affect local air quality (LAQ) are being addressed by a variety of measures of a technical or operational nature, some States may opt to apply emissions charges to address LAQ problems at or around airports. The Council considers that the costs incurred in mitigating or preventing the problem 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.[5] In the event that LAQ emissions-related charges are to be levied, the Council recommends that all the following principles be applied:

i) LAQ emissions-related charges should be levied only at airports with a defined local air quality problem, either existing or projected, and should be designed to recover no more than the costs of measures applied to the mitigation or prevention of the damage caused by the aircraft.

ii) The cost basis for charges should be established in a transparent manner, and the share directly attributable to aircraft should be properly assessed.

iii) Consultations with stakeholders should take place before any such charges are imposed on air carriers.

iv) LAQ emissions-related charges should be designed to address the local air quality problem in a cost-effective way.

v) LAQ emissions-related charges should be designed to recover the costs of addressing the local air quality problem at airports from the users in a fair and equitable manner, should be non-discriminatory between users and not be established at such levels as to be prohibitively high for the operation of certain aircraft.

5. Additional guidance on LAQ emissions-related charges appears in *Guidance on Aircraft Emissions Charges Related to Local Air Quality* (Doc 9884).

vi) It is recommended that in levying LAQ emissions-related charges special consideration be given to the need to reduce the potential impact on the developing world.

vii) LAQ emissions-related charges could be associated with the landing charges, possibly by means of surcharges or rebates, or in the form of separate charges but should be subject to the proper identification of costs.

viii) It is recommended that the aircraft emissions charges scheme be based on data that most accurately reflect the actual operations of aircraft. In the absence of such data, ICAO standardized landing/take off (LTO) cycle times-in-mode should be used (ICAO Annex 16 — *Environmental Protection* to the *Convention on International Civil Aviation*, Volume II — *Aircraft Engine Emissions*).

ix) Any State imposing LAQ emissions-related charges on aircraft that are in international operation should annually report the existence of such charging schemes to ICAO. The charging authority should maintain records regarding the fees collected and the use of funds to be made available to all users.

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

40. 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 while keeping in mind the need for moderation in prices to the public, the requirements of passengers, and the need for terminal efficiency. 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.[6]

Fuel concession fees

41. The Council recommends that where fuel "throughput" charges are imposed they should be recognized by airport entities 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.

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6. In the development and determination of the fees for concessions directly associated with the operation of air transport services, reference might be made to the relevant guidance contained in the *Airport Economics Manual* (Doc 9562) and to the model clause on ground handling for optional application in air services agreements in *Policy and Guidance Material on the Economic Regulation of International Air Transport* (Doc 9587).

III. ICAO'S POLICIES ON CHARGES FOR AIR NAVIGATION SERVICES

The cost basis for air navigation services charges

42. The Council considers that as a general principle, where air navigation services are provided for international use, the ANSPs may require the users to pay their share of the related costs; at the same time 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 that ensures that air navigation services charges levied on international civil aviation are properly cost based.

43. 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.[7] Moreover, the Council specifically recommends that States consider the application, where appropriate, of internationally accepted accounting standards for ANSPs.

44. The Council recommends that 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, and so should the costs of providing aeronautical meteorological service, when possible.

iv) Costs for certain security measures of a preventive nature for the provision of air navigation services, which are specifically related to civil aviation and performed on a routine basis, may be included in the cost basis for air navigation services charges to the extent that they have not already been considered in the context of safety-related measures. Civil aviation should not be charged for any costs that would be incurred for more general security functions performed by States such as general policing, intelligence gathering and national security. Further, costs associated with airport security should not be combined with security costs incurred with regard to air navigation facilities or services.

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7. Guidance on accounting contained in the *Manual on Air Navigation Services Economics* (Doc 9161) may be found useful in this context, although there are other approaches.

v) 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.

45. The Council observes that in determining the costs to be recovered from users:

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 air carriers 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 costs of air navigation services among aeronautical users

46. The Council recommends that the allocation of the costs of air navigation services among aeronautical users 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, and 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 also recommends that States 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.[8]

Air navigation services charging systems

47. The Council recommends that States ensure that systems used for charging for air navigation services be 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.

8. Guidance on cost allocation is contained in the *Manual on Air Navigation Services Economics* (Doc 9161), although States may use any accounting approach they consider meets their particular requirements.

iii) Charges should be determined on the basis of sound accounting principles and may reflect, as required, other economic principles, provided that these are in conformity with Article 15 of the *Convention on International Civil Aviation* and other principles in the present policies.

iv) The system of charges must be non-discriminatory both between foreign users and those having the nationality of the State or States responsible for providing the air navigation services and engaged in similar international operations, and between two or more foreign users.

v) Within their economic oversight responsibilities, States should assess, where necessary, the positive and negative effects associated with specific forms of differential charges applied by ANSPs on a case-by-case basis according to national circumstances. Where any differential charges are extended to particular categories of users, States should ensure that they are transparent in terms of their creation, purpose and the criteria on which they are offered; that costs associated with differential charges are not allocated, either directly or indirectly, to those other users not benefiting from them; and that, if the purpose is to attract and/or retain new air services, they are offered only on a temporary basis.

vi) 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 one hand, and that of the provider State or States, on the other.

vii) 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 (for example, approach and aerodrome control as well as en-route air traffic control), their cost should be equitably distributed in the charges concerned.

viii) The charges levied on international general aviation, including business 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.

ix) States should refrain from segmenting Flight Information Regions (FIRs) solely for the purpose of generating revenue where this would not be related to the costs of service provision.

Pre-funding of projects

48. The Council considers, notwithstanding the principles of cost-relatedness for charges and of the protection of users from being charged for facilities that do not exist or are not provided (currently or in the future) that, after having allowed for possible contributions from non-aeronautical revenues, pre-funding of projects may be accepted in specific circumstances where this is the most appropriate means of financing long-term, large-scale investment, provided that strict safeguards are in place, including the following:

i) Effective and transparent economic oversight of user charges and the related provision of services, including performance auditing and "benchmarking" (comparison of productivity criteria against other similar enterprises);

ii) Comprehensive and transparent accounting, with assurances that all aviation user charges are, and will remain, earmarked for civil aviation services or projects;

iii) Advance, transparent and substantive consultation by ANSPs and, to the greatest extent possible, agreement with users regarding significant projects; and

iv) Application for a limited period of time with users benefiting from lower charges and from smoother transition in changes to charges than would otherwise have been the case once new facilities or infrastructure are in place.

Currency issues

49. The Council:

i) Recommends that under normal circumstances user charges 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, air carriers could apply the same currency of denomination, using the same exchange rate, for their local ticket sales;

iii) Recommends that every effort be made to remove obstacles preventing an air carrier based in one State from transferring in convertible currency its net income from sales in another State; and

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 ANSPs to denominate and pay charges in a single convertible currency.[9]

Approach and aerodrome control charges

50. The Council recommends that 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

51. The Council recommends that the charge for route air navigation services should be, so far as possible, 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 could 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 standardized so far as possible. This weight scale should take into account, less than proportionately, the relative productive capacities of the different aircraft types concerned.

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9. Further aspects of currency conversion, remittance of earnings and payment of local expenses are contained in *Policy and Guidance Material on the Economic Regulation of International Air Transport* (Doc 9587).

52. The Council recognizes, however, without prejudice to the guidelines provided above, which constitute a charging system for general application, 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 an element of fixed costs in providing air traffic services.

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

53. The Council observes that 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 ICAO Annex 11 — *Air Traffic Services* to the *Convention on International Civil Aviation* 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.

54. The Council also notes that 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.

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Appendix 1

GUIDE TO THE FACILITIES AND SERVICES TO BE TAKEN INTO ACCOUNT IN DETERMINING AIRPORT COSTS[1]

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, navigation and surveillance supporting 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 air carrier 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.

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1. Further guidance on airport accounting is provided in the *Airport Economics Manual* (Doc 9562).

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

Security control, including screening of passengers and their cabin baggage.

Security control, including screening of hold baggage.

Security control of cargo, mail and other goods.

Security control of airport and airline personnel.

Monitoring of aircraft and security restricted areas.

Background checks on persons with access to security restricted areas.

Identification systems for security purposes at airports.

Training of security personnel.

Note.— These functions relate to the Standards and Recommended Practices of ICAO's Annex 17 (and the definitions used therein) imposing on each Contracting State to have as its primary objective the safety of passengers, crew, ground personnel and the general public in all matters related to safeguarding against acts of unlawful interference with civil aviation.

Accommodation for other than aircraft operators

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

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.

Mitigation and prevention of emissions affecting local air quality

Local air quality monitoring of the airport and its vicinity.

Airport-related emission inventory calculation and dispersion modelling.

Installation of fixed ground power and ventilation for aircraft at piers, aimed at mitigating emissions.

Installation of low-emission fuel station (for example, liquid natural gas or bio-fuels) for handling equipment and airside traffic, aimed at mitigating emissions.

Improvements to aircraft ground movement systems such as taxiways designed to reduce emissions.

Note.— The first two items qualify only to the extent it is believed aircraft may be contributing or are contributing to a local air quality problem.

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Appendix 2

GUIDE TO THE FACILITIES AND SERVICES TO BE TAKEN INTO ACCOUNT IN DETERMINING THE TOTAL COSTS OF AIR NAVIGATION SERVICES[1]

Air traffic management

Air traffic management (ATM): The dynamic, integrated management of air traffic and airspace including air traffic services (ATS), airspace management and air traffic flow management (ATFM) — safely, economically and efficiently — through the provision of facilities and seamless services in collaboration with all parties and involving airborne and ground-based functions.

ATS is divided into air traffic control service (ATC), flight information service (FIS) and alerting service. ATC is further divided into the following services:

Aerodrome control service: Air traffic control service for aerodrome traffic, provided only by aerodrome control towers.

Approach control service: Air traffic control service for arriving or departing controlled flights. This includes services provided in a terminal control area, which is normally established at the confluence of ATS routes in the vicinity of one or more major aerodromes. Approach control service is provided either by an aerodrome control tower or area control centre. Alternatively, approach control service may instead be provided by an approach control unit when it is considered necessary or desirable to establish a separate such unit.

Area control service: Air traffic control service for controlled flights in control areas (en-route), provided either by an area control centre or, in rare cases, by a unit providing approach control service where no area control centre is established.

FIS and alerting service are provided to all aircraft which are subject to ATC or which otherwise are known to relevant ATS units. In addition, alerting service is provided to any aircraft known or believed to be the subject of unlawful interference.

ATFM is typically organized with a centralized flow management unit. A flow management cell (or flow management position) is established in each participating area control centre.

Communication, navigation and surveillance systems

Ground and/or satellite-based aeronautical communications (both air-ground and ground-ground), navigation and surveillance systems necessary for safety and regularity of flights. Major elements of these systems are:

Communications: Ground and/or satellite-based facilities supporting aeronautical fixed service (AFS), aeronautical mobile service (AMS) and aeronautical broadcast service.

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1. Further guidance on determining and allocating costs of air navigation services is contained in the *Manual on Air Navigation Services Economics* (Doc 9161).

Navigation: Conventional ground-based radio and visual aids to navigation, global navigation satellite system (GNSS) and its associated augmentation systems in support of all phases of flight.

Surveillance: Primary/secondary surveillance radars and other ground/satellite-based facilities supporting the automatic dependent surveillance (ADS) and/or ADS-Broadcast (ADS-B).

Meteorological services

All those parts of the meteorological services 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 those parts 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.

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Appendix 3

GLOSSARY OF TERMS

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

Air navigation services. This term includes air traffic management (ATM, see Appendix 2), communication, navigation and surveillance systems (CNS), 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).

Air navigation services provider (ANSP). Any entity providing ATM and/or other of the air navigation services mentioned above.

Autonomous entity. 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 11. Refers to ICAO Annex 11 — *Air Traffic Services* — to the *Convention on International Civil Aviation*.

Annex 16. Refers to ICAO Annex 16 — *Environmental Protection* — to the *Convention on International Civil Aviation*.

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

Benchmarking. The process of comparing performance between two or more organizations in order to make improvements.

Best practices. Practices that, over time, have proven cost-effective, efficient and successful in bringing quality products and services to the marketplace.

Commercialization. An approach to management of facilities and services in which business principles are applied or emphasis is placed on development of commercial activities.

Corporate governance. Overseeing the running of a company or an entity by its management and its accountability to shareholders and other interested parties.

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).

Differential charges. Any preferential charges, rebates, volume discounts or other reductions in the charges normally payable for the use of airport and air navigation services and facilities.

Economic oversight. The function by which a State supervises commercial and operational practices of an airport or an ANSP.

Economic regulation. Measures taken by a State with regard to legislation or rule-making, establishment of a regulatory mechanism, etc., to perform its economic oversight functions.

Financial statements. These include the income statement and the balance sheet. The income 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.

Global Air Navigation Plan. Strategic document that describes the methodology for global air navigation harmonization. It contains guidance on the ATM improvements necessary to support a uniform transition to the ATM system envisioned in the ICAO Global ATM Operational Concept.

Global Air Traffic Management (ATM) Operational Concept. A high-level description of the ICAO vision of an integrated, harmonized and globally interoperable ATM system.

Great circle distance. The length of the shorter arc of the great circle joining two points. (***Great circle***. A circle on the surface of the earth, the plane of which passes through the centre of the earth.)

Key performance areas (KPAs) . Key areas of performance corresponding to the expectations of providers, regulators, users and other interested parties.

Local air quality (LAQ) emissions-related charges. Charges levied on aircraft with respect to aircraft engine emissions that have effects on local air quality.

Modulated charges. Charges that are adjusted according to the time and/or situation of use of the facility or service concerned (for example, peak/off-peak hours, air traffic congestion, noise and local air quality aspects).

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. Guidance on the establishment of such a facility or service is included in all regional air navigation plans.

Performance management. An interactive process through which the performance of providers is expected to improve over time. This process consists of several steps, i.e. defining performance objectives, selecting performance indicators and setting their targets, monitoring performance, and reporting and assessing performance.

Pre-funding. Partial or complete financing of an airport or air navigation facility project through charges levied on users prior to completion of the facility concerned.

Privatization. Transfer of full or majority ownership of facilities and services to the private sector.

Providers. In this document, refers to entities providing and operating airports or air navigation services.

Regional plan. The relevant ICAO Regional Air Navigation Plan.

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

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 (for example, concessions granted to oil companies to supply aviation fuel and lubricants and the rental of terminal building space or premises to air carriers). 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.

Users. This term refers to aircraft operators as users of airports and air navigation facilities and services. The term "end users" refers to ultimate consumers in general (for example, passengers and shippers).

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