



STA/10-WP/37  
24/11/09

**TENTH SESSION OF THE STATISTICS DIVISION (STA/10)**

**Montréal, 23 to 27 November 2009**

**DRAFT REPORT ON AGENDA ITEM 3**

The Plenary, on 25 November 2009, approved the draft report on Agenda Item 3.

### **Agenda Item 3: Air carrier financial data**

#### **Quick Monitoring System (QMS) of Commercial Air Carrier Financial (WP/11)**

##### **3.1 DOCUMENTATION**

3.1.1 WP/11 indicated that the availability of short term trends of traffic and finances will be of significant benefit to the Member States and to the government owned and privately held air carriers in their planning efforts to align capacity with demand thereby improving the efficiency and economic viability of operations as well as the optimal utilization of capital in their respective States. With this in mind, STAP/14 recommended that Member States submit a preliminary Form EF (Part I) within three months of the end of each reporting period. In addition the panel also recommended the implementation of a quarterly form to survey the state of air carrier finances limited to operating revenues and expenses, as well as operating and net income. These data would be treated as confidential and only used to estimate and publish regional and global totals.

##### **3.2 DISCUSSION**

3.2.1 The Division noted that with regard to Air Transport Reporting Form EF, should an air carrier be part of a group of companies, Part I (Income Statement) would need to refer to the air carrier activities so that these could be linked to the operational statistics of that air carrier, namely the revenue tonne-kilometres (RTK) and available-tonne kilometres (ATK). The non-operating items, the Balance Sheet (Part II) and the Retained Earnings statement (Part III) could be reported for the group as a whole.

3.2.2 The Division also noted that the revenue/cost questionnaire was not part of the regular ICAO Statistical Programme. As it captured operating cost and revenue data on a route group basis, the delay in reporting these data was significantly longer than for Form EF. Such data were confidential and used only for the economic studies conducted by ICAO. On the other hand the Financial Form EF captured systemwide financial data and the information was considered to be of a non-confidential nature. As such, integration of these data sources, as requested by one Member State, would not be practicable.

3.2.3 Some States indicated that while willing to provide the preliminary Part I data for Form EF, they would not be in a position to meet the suggested deadline of three months. The Division therefore agreed to extend the deadline to four months but no later than six months. The Division also noted that financial data submitted on the preliminary Form EF would be treated in a confidential manner and used to estimate regional and global financial results. With this understanding, the Division adopted the following Recommendation.

**Recommendation 3/1****The Division recommends that**

- a) States should file a preliminary Form EF (Part I only) within four months of the end of the reporting period. In the event this was not practicable, a State should submit the preliminary Form EF (Part I) no later than six months of the end of the reporting period to which it refers; and
- b) ICAO should implement a new quarterly survey (see Appendix ...) to obtain basic financial parameters of major air carriers in their regions to be collected through the ICAO Regional offices.

**Impact of Reporting of Air Carrier Financial Data on Traffic Forecasts – Surcharges (WP/12)****3.3 DOCUMENTATION**

3.3.1 WP/12 discussed fuel surcharges which were increasingly becoming a significant factor in the operating revenues of an air carrier. Non-standardized reporting and accounting of fuel surcharges had the potential to impact the analytical and forecasting activities of ICAO. Hence STAP/14 recommended appropriate amendments to the current reporting form EF to include fuel and similar surcharges in the reporting instructions associated with form EF to clearly define under which item fuel and other surcharges should be reported.

**3.4 DISCUSSION**

3.4.1 The Division noted that for some time, both IATA and the Association of European Airlines (AEA) had been using the methodology being proposed in WP/12. Consequently the Division agreed without further discussion to adopt the following Recommendation.

**Recommendation 3/2****The Division recommends that:**

The current reporting instructions for passenger revenues appearing in Air Transport Reporting Form EF under Items 1.1 and 2.1 should be amended as follows:

- a) *Passenger (Item 1.1).* Include all revenues earned from the transportation of passengers on scheduled flights, after the deduction of applicable discounts and rebates and interline prorated through-tariffs. In the case of promotional offers (i.e. “two-for-one”), the gross passenger revenue for both tickets is to be charged with the applicable discount so as to reflect the net revenue of the value of one ticket. For passengers travelling on tickets issued in exchange for frequent-flyer points, a nil revenue is to be entered. Also include monies

collected from air passengers on surcharges of fuel and other surcharges that result in revenues retained by the air carrier i.e. where the carrier does not have the obligation to pass on the amounts so collected to the government or any other entity.

- b) *Passenger and excess baggage (Item 2.1).* Include gross revenues derived from the air transportation of passengers and excess baggage on non-scheduled flights. Also include monies collected from air passengers on surcharges of fuel and other surcharges that result in revenues retained by the air carrier i.e. where the carrier does not have the obligation to pass on the amounts so collected to the government or any other entity.
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## APPENDIX

Air carrier:  
State:  
Reporting Currency:

Year:  
Current quarter:

Item	Current Quarter	Previous Quarter
<b>Operating Revenues (millions)</b>		
<b>Operating Expenses (millions)</b>		
<b>Operating Income (millions)</b>		
<b>Net Income (millions)</b>		
<b>RTK (millions)</b>		
<b>ATK (millions)</b>		
<b>Exchange rate , 1US\$ =</b>		

Notes:

- a) All air carrier data are **confidential**, only aggregated regional and global summary information will be disseminated by ICAO.
- b) The current quarter refers to the quarters of the accounting year of the air carrier.

The previous quarter refers to the reporting quarter of the previous accounting year of the air carrier.

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