



International Civil Aviation Organization

WORKING PAPER

A41-WP/460
TE/170
30/8/22
(Information paper)
Chinese and English only¹

ASSEMBLY — 41ST SESSION

TECHNICAL COMMISSION

Agenda Item 30: Aviation Safety and Air Navigation Policy

**30.3 Relevant Outcomes of the High-level Conference on COVID-19, Safety Stream
(HLCC 2021)**

**SYSTEM FOR THE FINANCIAL ASSESSMENT OF THE SAFETY PROTECTION OF CIVIL
AVIATION ENTERPRISES**

(Presented by China)

EXECUTIVE SUMMARY

This paper introduces the content and significance of the system for the financial assessment of the safety protection of civil aviation enterprises.

*Strategic
Objectives:*

This working paper relates to Safety Strategic Objective.

*Financial
implications:*

References:

¹ English and Chinese versions provided by China.

1. INTRODUCTION

1.1 Safety has been the top priority for civil aviation. For civil aviation operating entities, safety and efficiency are closely interrelated and supplementary to each other. Ensuring safe operation lays a foundation for increase of economic benefits while maintaining good financial quality and profitability provides financial guarantees for continued safe operation.

1.2 In 2007, the Civil Aviation Administration of China (CAAC) established a system for the financial assessment of the safety protection of passenger airlines in order to identify potential safety hazards from the financial perspective in a timely manner by monitoring the operation of the industry.

1.3 In 2012 the CAAC issued the Notice on Issues Concerning the Financial Assessment of the Safety Protection of Civil Aviation Enterprises to implement the philosophy of continued safety and boost the capacity of safety protection. The Notice integrates cargo airlines, general aviation enterprises, airports and supporting entities into the scope of the assessment, holding all of the entities accountable. Some assessment indicators have been adjusted to make the assessment more scientific and reasonable.

1.4 In 2017 the CAAC formulated the Measures on Financial Assessment of the Safety Protection of Civil Aviation Enterprises (CCAR-246) and the Indicators and Scoring Standards for the Financial Assessment of the Safety Protection of Civil Aviation Enterprises (AP-246-FI-2017-01) to further enhance the authority and seriousness of the financial assessment of the safety protection of civil aviation enterprises.

2. DISCUSSION

2.1 At present, the objects of the financial assessment of the safety protection of civil aviation enterprises include public air transport enterprises that have obtained the operation licenses and operation certificates issued by the China's civil aviation administrative organs and can conduct independent accounting and civil transport airports that have obtained the operation certificates for civil transport airports issued by the China's civil aviation administrative organs and can conduct independent accounting.

2.2 In terms of the financial assessment of the safety protection of civil aviation enterprises, we set assessment indicators from three perspectives: safety protection capability, extent of safety protection and financial integrity, and assign them weights according to the correlation between the assessment indicators and safety production and calculate the total scores. Among them: the indicator of safety protection capability includes asset-liability ratio, cash-to-current liability ratio, current asset turnover ratio, total asset return rate, Revenue Tonne Kilometer; indicator of extent of safety protection includes safety expenditure for production per unit; indicator of financial integrity includes credit rating, the payment clearance rate of the accounts payable, and the assessment score of the payment of the civil aviation development funds.

2.3 The financial assessment of the safety protection of civil aviation enterprises is carried out annually. The assessment is based on the annual financial and accounting reports of the enterprises, and is carried out in combination with enterprise self-assessment, review by the CAAC Regional Administrations and verification by the CAAC.

2.4 The full score of the assessment is ten. The comprehensive score gained can be divided into four grades: excellent, good, qualified and unqualified. Enterprises with a comprehensive score of less than 6 points are rated as unqualified. Enterprises with a comprehensive score of 6 (inclusive) to 8 points are rated as qualified. Enterprises with a comprehensive score of 8 (inclusive) to 9 points are rated as good. Enterprises with a comprehensive score of 9 and above are rated as excellent.

2.5 The CAAC notifies the assessment results within the industry. The CAAC Regional Administrations issue a notification to enterprises that have failed the assessment, urging them to carry out rectification and finish it before a deadline. Enterprises that have failed the assessment shall complete the rectification within the specified time and report the rectification results to the CAAC Regional Administrations.

2.6 The results of the financial assessment of the safety protection of civil aviation enterprises are integrated in the law-abiding credit information record and used as key reference for adjusting number of flights, approving routes and flights, improving maintenance capacity, importing aircraft, adjusting airport capacity and allocating slots.

3. CONCLUSION

3.1 As the assessment system improves, the financial assessment of the safety protection of civil aviation enterprises has become a system widely recognized by industry regulators and operating entities, who use it to assess the status and capacity of safety operation. It has played a key role in increasing the means of administrative supervision for civil aviation safety, instructing civil aviation enterprises to correctly handle relationship between safety and development and urging them to assume primary responsibility for safety.

3.2 Increasing the means of civil aviation safety supervision. From a financial point of view, the assessment is to quantitatively assess the safety production protection capability and extent of protection of civil aviation enterprises and innovate the methods of civil aviation safety supervision so as to make civil aviation safety management more systematic and scientific.

3.3 Instructing enterprises to have a correct outlook on relationship between safety and development. Through the financial assessment of the safety protection of civil aviation enterprises, we have revealed the underlying relationship between safety and efficiency, instructed enterprises to recognize the economic nature of aviation safety, so that civil aviation enterprises may develop based on safety and gradually increase investment during development, thereby avoiding blindly pursuing development and economic benefits at the expense of safety. In the face of operation pressure caused by the COVID-19, the enterprises shall even ensure investment in safety.

3.4 Urging enterprises to assume primary responsibility for safety. In the indicators of financial assessment of the safety protection of civil aviation enterprises, the safety expenditure for production per unit is regarded as the core and given a higher weight. We urge the enterprises that have failed the assessment to increase the investment in safety facilities and equipment and the allocation of safety personnel.