

WORKSHOP ON AIRPORT AND ROUTE FACILITY MANAGEMENT

(Montreal, 15-19 April 2002)

Agenda Item 10: Air navigation services charges and their collection

**SIMPLIFICATION OF THE APPLICATION, COLLECTION AND UTILIZATION
OF AIR NAVIGATION SERVICES CHARGES IN MEXICO**

(Presented by Mexico)

SUMMARY

The economic situation of the aviation industry is showing considerable losses, with some users therefore being faced with a difficult financial situation.

In order to support carriers, Mexico simplified its system of air navigation services charges by following ICAO policies.

The purpose of this paper is to share with those attending the workshop the benefits and support offered to air transport by a modern schedule of charges which includes an innovative form of collecting the charges with the participation of users, without affecting the possibilities for the growth and modernization of the infrastructure.

1. BACKGROUND

1.1 The operation of air navigation services in Mexico is the responsibility of the State through an autonomous entity of the Secretariat of Communications and Transport, called Servicios a la Navegación en el Espacio Aéreo Mexicano (SENEAM).

1.2 The air navigation services charges are duly regulated in a detailed schedule in the Federal Charges Act which is reviewed annually jointly with the users, SENEAM and the tax authority, with it being finally approved by the Congress of the Union. The rules for the application of the schedule of charges are published in the Official Journal of the Federation.

1.3 SENEAM sought a modern methodology for its cost accounting and found that activity base costing (ABC) proved to be the appropriate methodology to control, identify and describe the costs, in a schedule of transparency, that provides all the economic data required to determine the basis for the charges.

1.4 There was also an effort to maintain a high level of quality and availability in the provision of the air navigation services, by establishing and applying performance parameters and management indicators that make it possible to support the investment decisions for the modernization and expansion of the capacity of the infrastructure installed.

1.5 The data on performance in the provision of the services, such as availability, flexibility, efficiency, safety and delay, were evaluated with users so that the infrastructure met the operational requirements.

2. SCHEDULE OF CHARGES

2.1 SENEAM, together with the national and international airlines that are users of the air navigation services, analysed and determined the average weights of aircraft, using for the same model and series the smallest weight and for great circle distances for international flights with more than two distances according to the flight plan, the shortest distance is applied. This ensured a lower cost per flight and the schedule of charges proved to be workable on the basis of the ICAO policies in this matter. It was possible to reduce the charges significantly, eliminate the added tax effects and remove management and administrative costs for the benefit of users.

2.2 Simplification of the charges went further, achieving considerable benefits for the users at times of crisis such as the present time. The Mexican State decided to support aviation by **eliminating** the value added tax of **15%** on the charges paid for these services.

2.3 SENEAM removed management and administration costs by eliminating the requirements to establish a contract for the provision of air navigation services and the presentation of a bond that guaranteed payment of the charges. This represented a considerable administrative cost for the carriers.

2.4 The methodology to calculate the air navigation services charge which was used since 1993 was simplified by bringing together its components with greater simplicity and transparency. It guarantees the payment of an equitable charge related to the capacity of each type of aircraft. With this new form of calculation, the overall result was an actual reduction for all users, depending on the type and weight of the aircraft.

2.5 Finally, in order to promote the sound development of national and international general aviation, there was a 50% reduction in the portion of the air navigation services charges that is calculated in relation to the quantity of litres of fuel supplied.

3. COLLECTION OF THE CHARGES

3.1 Following the ICAO policies that indicate “**the importance of States themselves controlling the collection of their charges**”, SENEAM this year removed the invoicing of every 10 days and the process of notifying the user in which 15 working days were granted for payment. The present practice facilitates the process for the user who self-determines the charges each month, with a period of 10 working days for payment. This was established in the Federal Charges Act which also establishes the

actions that would be applied if the user omitted to pay for or altered payment of the obligations. The actions include the tax surcharges and updating or suspension of the air navigation services.

4. REVENUES FOR ADDITIONAL SERVICES

4.1 In order to offset the economic impact on the earnings of SENEAM as a result of the benefits granted by it to civil aviation, new revenues from charges for additional services were sought, such as:

- a) **training and instruction of air traffic controllers** in their different specialities, using the control centre and tower simulator facilities;
- b) **meteorological information studies** needed by some universities and private entities for the establishment of new airports and services;
- c) **greater use of the aeronautical fixed telecommunication network** by adding new users who coordinate their activities for the handling of passengers, cargo, travel agencies and customs agencies, among others;
- d) access to the **meteorological images bank** as the introduction of a new service for the dispatch and flight information offices and for the FBOs that operate at airports;
- e) the use of information from radar control centres to provide **visual information on the flight progress** of aircraft in real time, with the information being differentiated according to airline.

With this diversification of services, revenues have been obtained that have offset the reduction of the revenues in the air navigation services. At the same time, the planned increase in operations will make it possible to have resources for new facilities and the modernization of the infrastructure, such as the CNS/ATM concept.

5. CONCLUSION

5.1 Air navigation services are an essential factor for the safe and regular development of air transport. Their quality and infrastructure must therefore respond to the demand for services.

5.2 The charges for these services, following ICAO's policy, must make it possible to recover costs and investments in infrastructure.

5.3 An effort has been made in Mexico to offer carriers efficient services with an agreed, transparent and simplified schedule of charges which represents a reduction in the costs for the airlines at this time when they are faced with economic difficulties.