

Central Route Charges Office

*The EUROCONTROL Route Charges System*

***Meeting Kyrgyz CAA***

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# Central Route Charges Office

## Main Tasks

- **Establishment, billing, collection & disbursement of route charges to the Member States**
- **Participation in the development of the Route Charges System**
- **Provision of Advisory Services for Member and non-Member States**

# EUROCONTROL Route Charges System

## Efficient

- **Simple** and transparent
- A single charge per flight in one currency to one body
- Virtually 100% of the charges billed are systematically recovered
- Quick - weekly - disbursement to States
- Regular consultations between Users & States

# EUROCONTROL Route Charges System

## Equitable

- Route charges paid by users and NOT by taxpayers
- **Non-discriminatory** because charges are calculated with the same rules and applied to all parties

The individual charge for each State is equal to the product of the:

$d_i$  = the distance factor = distance in km/100 per State (i)

x

$p$  = the weight factor of the aircraft =  $\sqrt{\frac{MTOW}{50}}$

x

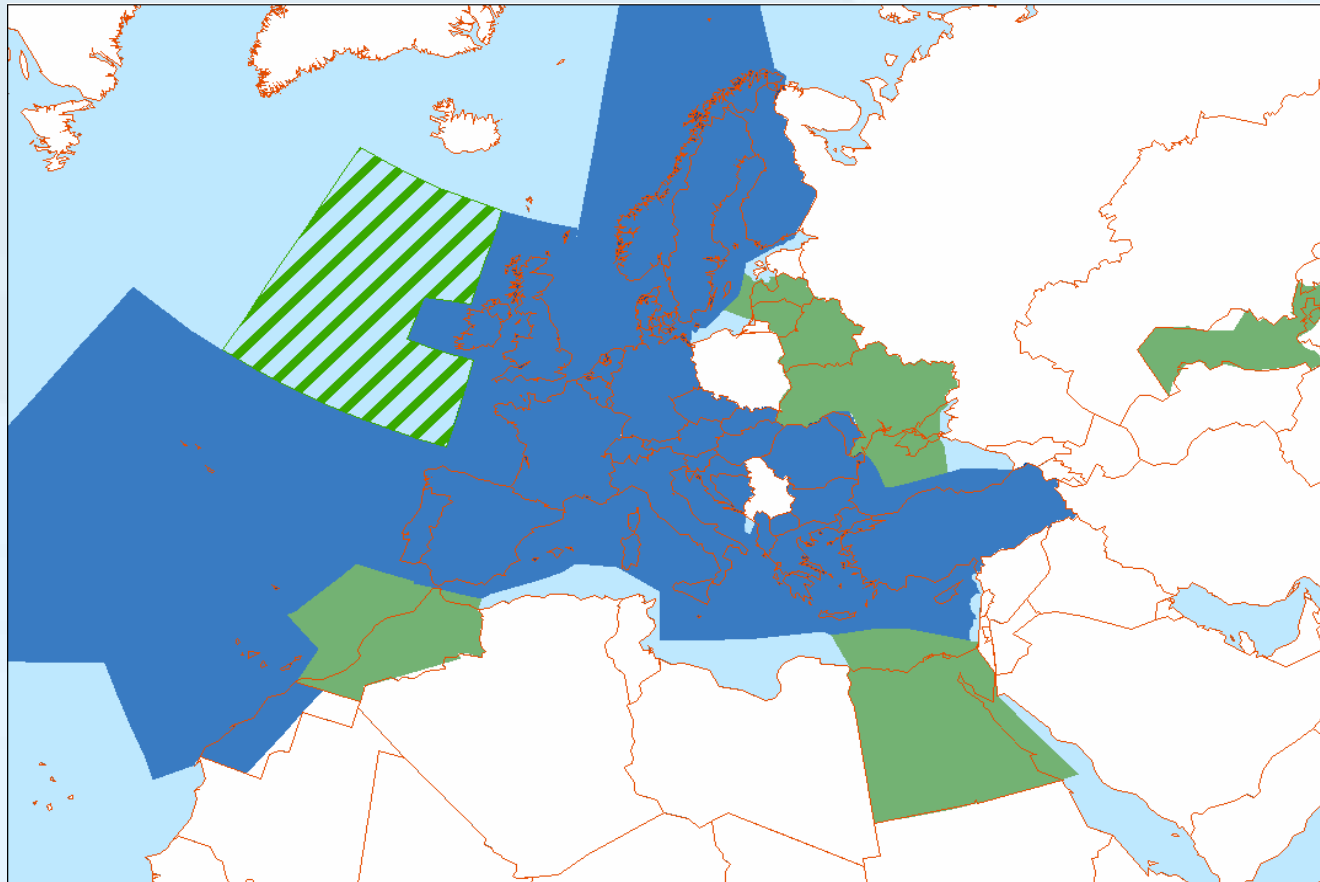
$t_i$  = the service Unit Rate per State (i)

# EUROCONTROL Route Charges System

## Economic

- Due to economies of scale the cost of collection in the year 2005 was 0.32% of the route charges billed and collected
- One bill per month irrespective of number of flights performed

# EUROCONTROL Charging Areas



The boundaries depicted are only indicative and have no official political meaning

 **Multilateral Agreement States**

 **Bilateral Agreement States**

The EUROCONTROL Route Charges System

## Further EUROCONTROL States:

- Armenia
- Poland  
01/01/2007\*
- Serb. & Mont.  
01/07/2006\*
- Ukraine  
01/01/2007\*

## Further ECAC States:

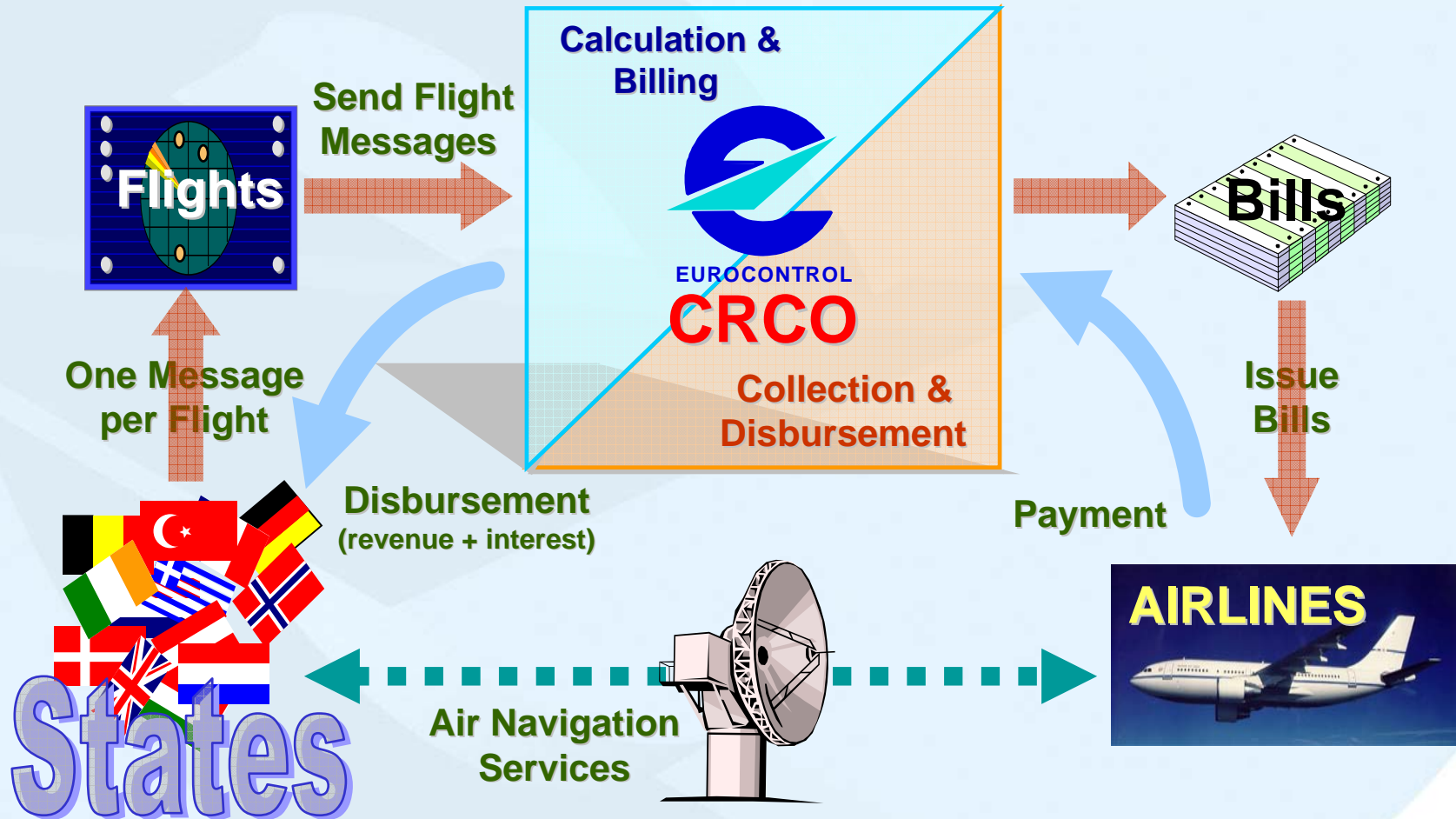
- Azerbaijan
- Estonia
- Georgia
- Iceland
- Latvia
- Lithuania

(\*) Situation as of  
April 2006

# Multilateral Agreement States

1. Belgium	1971	17. Norway	1995
2. Luxembourg	1971	18. Denmark	1995
3. Germany	1971	19. Slovenia	1996
4. France	1971	20. Czech Republic	1996
5. United Kingdom	1971	21. Sweden	1997
6. Netherlands	1971	22. Italy	1997
7. Ireland	1971	23. Slovak Republic	1997
8. Switzerland	1971	24. Romania	1998
9. Portugal	1971	25. Croatia	1998
10. Austria	1971	26. Bulgaria	1998
11. Spain	1971	27. Monaco	1998
12. Greece	1989	28. FYROM	1999
13. Turkey	1989	29. Moldova	2001
14. Malta	1990	30. Finland	2002
15. Cyprus	1991	31. Albania	2003
16. Hungary	1993	32. Bosnia & Herzegovina	2005

# The Route Charges System



# EUROCONTROL Route Charges System

## Key Operational Performance Indicators

	2001	2002	2003	2004	2005
Number of Participating States	29	30	31	31	32
Flight messages transmitted <i>in millions</i>	8.211	8.104	8.296	8.708	9.063
Flight message variation from previous year	-1.1%	-1.3%	+2.4%	+5.0%	+4.1%
Rejection rate of flight messages transmitted	1.55%	1.96%	1.92%	1.58%	1.55%
National charges billed (VAT excl.) <i>in million €</i>	4 419	4 697	5 321	5 705	5 657
Percentage of flight messages claimed	0.6%	0.5%	0.4%	0.5%	0.4%
				<i>preliminary figures</i>	

# EUROCONTROL Route Charges System

## Key Financial Performance Indicators

	2001	2002	2003	2004	2005
Number of Users billed	4688	4803	4734	4762	4779
Recovery rate at due date	85.8%	86.7%	87.5%	89.5%	88.7%
Recovery rate at due date + 7 days	93.7%	94.9%	94.3%	95.0%	95.4%
Recovery rate after one year	98.6%	99.3%	99.2%	99.4%	99.6%
Amounts disbursed (VAT excl.) <i>in millions €</i>	4 404	4 556	5 209	5 632	5 709
Administrative unit rate <i>in €</i>	0.21	0.22	0.25	0.23	0.18
CRCO costs / Total amount billed	0.42%	0.41%	0.35%	0.32%	0.32%
				<i>preliminary figures</i>	

# Central Route Charges Office

## Future Core Business

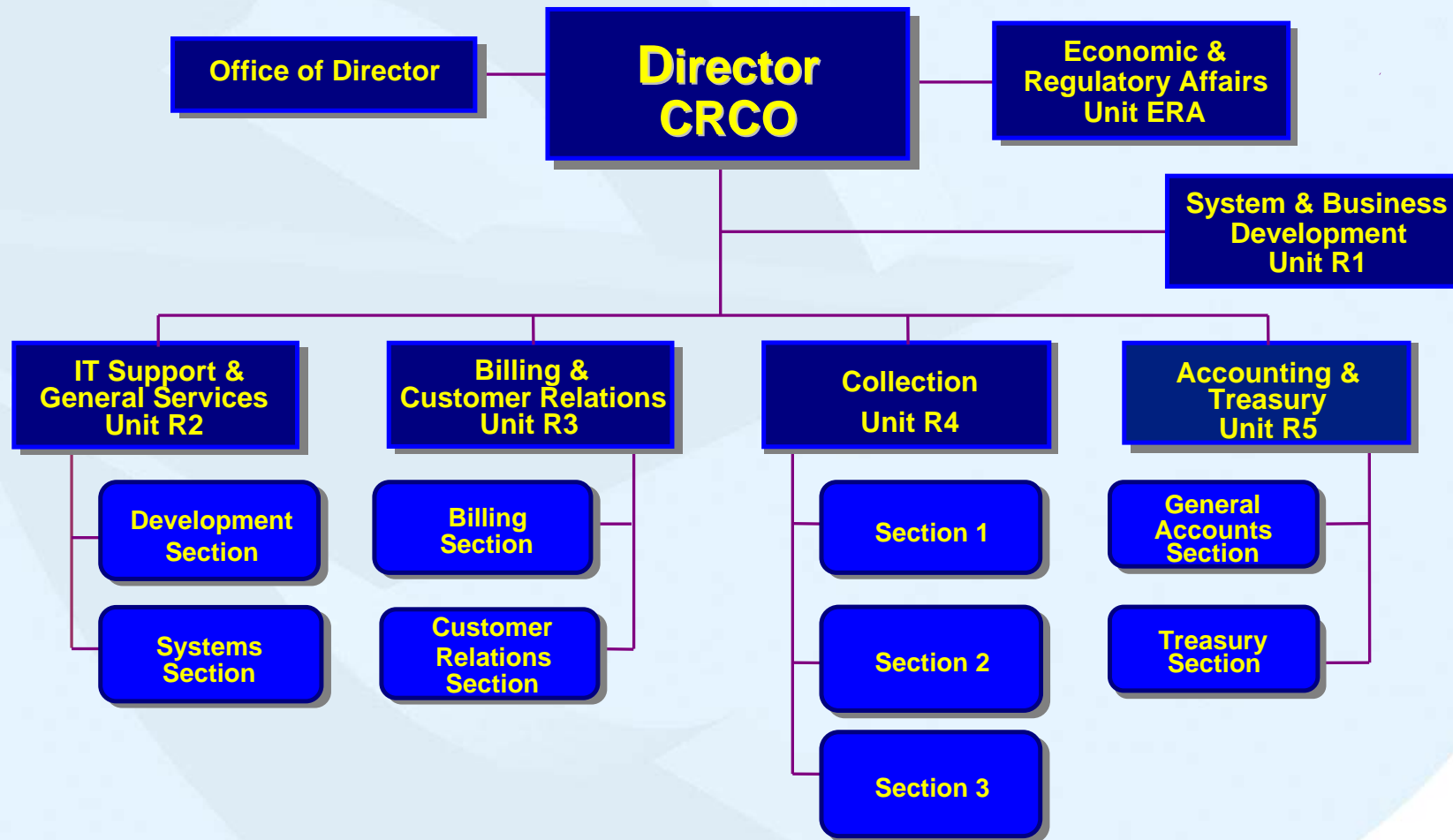
- **Geographical growth within the European Civil Aviation Conference (ECAC) area - 42 States at present**
- **Implementation of the Single pan-European Sky**
- **Advisory Services to Member States**
- **Environmental charges**
- **Possible introduction of economic principles into the charging formula**

# Central Route Charges Office

## Further Future Business

- **Terminal Charges for Member States**
- **Air Navigation Charges for non-Member States**
- **Advisory Services to non-Member States**

# The Structure of the CRCO



# ANC Billing and collection services

## Introduction

- Air navigation service providers of Non-Member States can avail of EUROCONTROL's expertise in the
  - calculation,
  - billing,
  - collection and
  - accountingof **air navigation charges**. These services are offered on the basis of a **bilateral agreement**.

# ANC Billing and collection services

## Services Offered

**EUROCONTROL** offers a comprehensive package of services comprising:

- **Billing** of en-route and (optionally) terminal charges
- **Monitoring of payments** made by airlines / airspace users
- **Accounting** services
- **Reporting** on finance, billing and debt recovery
- **Treasury management** and advisory services
- **Enforced recovery** in accordance with national regulations

# ANC Billing and collection services

## Advantages

1. Extensive experience and expertise
2. Advanced database on aircraft and operators
3. Audited accounts
4. Comprehensive, clear, regular reporting
5. High recovery rate typically 99%+, thereby securing a stable cash flow in euros (or dollars)
6. Low collection costs typically less than 1% of amounts billed

# ANC Billing and collection services

## High Recovery rate

- ICAO charging principles that are accepted by airspace users
- **High quality billing that meets airspace users' needs:**
  - Correctness of charges
  - Clarity of billing documents
  - Swift transmission of billing documents e-billing or express mail
  - Provision of updated statements of accounts to users
  - Swift treatment of claims
  - Information on tariffs and charges via Internet.
- **Permanent, efficient monitoring of payments made by airlines/airspace users**
- **Billing of interest on late payment**
- **Enforced recovery measures in accordance with national regulations.**

# ANC Billing and collection services

## **Low Collection Costs stemming from:**

- **Services supported by EUROCONTROL infrastructure and facilities**
- **Professional, experienced staff**
- **Fully integrated operation**
- **Standard EUROCONTROL processes and principles**
- **High productivity.**

# ANC Billing and collection services

## Steps Towards Implementation

**Four steps are conducted in parallel:**

- **Conclusion of a bilateral agreement with EUROCONTROL.**
- **Establishment of the air navigation service provider's cost-base(s) and tariff(s) in accordance with ICAO Policies, following consultation with airspace users.**
- **Setting-up of flight data collection and transmission.**
- **Adoption of new/amended regulations providing a legal basis for the billing and collection of air navigation charges by EUROCONTROL.**

# Central Route Charges Office

## Conclusions

In the coming years civil aviation growth will call for major investments in equipment and staff, the EUROCONTROL Route Charges System will contribute through providing an **equitable**, **efficient** and **economic** instrument to fund them.

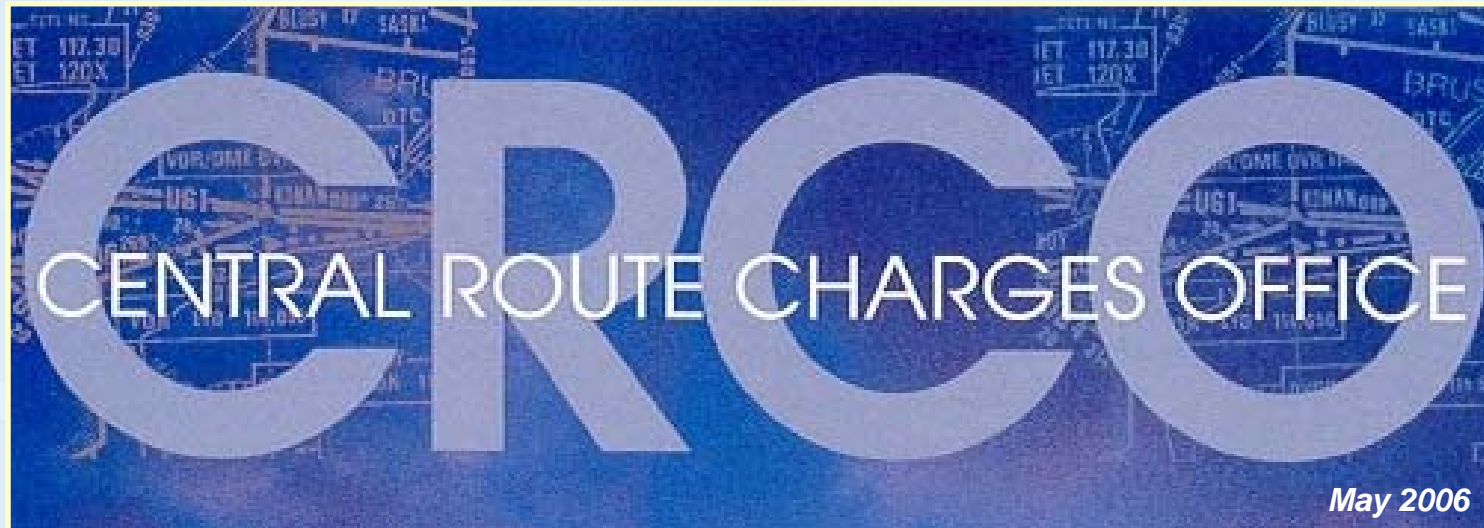
# Central Route Charges Office

## Conclusions

**The CRCO will manage the Route Charges System exerting leverage on its strengths:**

- **Synergies with the Agency**
- **Vision**
- **Multicultural Staff**
- **Customer focus**
- **Performance driven**

# Central Route Charges Office



*Over 30 years of excellence*

***Over 30 years of excellence***