

# Small Commercial Aviation

**Service costs should be shared equitably among all users.**

## SITUATION

ICAO Policies<sup>1</sup> are clear that the stimulation of regional traffic in a country should not be funded by the commercial airlines. Small commercial aviation (the commercial operation of turbo-prop aircraft and corporate or private business jets) has been treated by some governments as fragile, with a large need for support through subsidisation.

The rise of partial ownership programmes and the evolution of micro jets means that many small commercial aircraft are competing in the same markets as the commercial scheduled carriers, carrying high yield business passengers on direct point to point flights. These flights use the same resources from airports and Air Navigation Service Providers (ANSPs). However, at present, they are often treated as private “projects” and exempted from paying a fair share of their costs, resulting in discriminatory practices within the industry.

## IATA POSITION

Small commercial aviation is an important asset in providing transport links to areas where access is difficult or remote. However, small commercial aviation should pay its fair share of the costs of the available infrastructure and service provision. Airports and ANSPs should be transparent in their cost allocation methods. One category of users should not be cross-subsidising other users: any subsidies which are necessary for public policy reasons should be provided from public funds by the Government(s) involved.

## KEY REASONS WHY AIRLINES SHOULD NOT CROSS SUBSIDISE SMALL COMMERCIAL AVIATION THROUGH AIRLINES

- 1 Cross subsidisation is anti-competitive as business jets are in direct competition with airlines for high yield passengers.
- 2 Business jets use the same airspace and resources as commercial airlines and should therefore pay an equal share of the costs.
- 3 Business jet transport is less efficient in utilising the scarce capacity as it transports fewer passengers per movement whilst using the same resources as major carriers.
- 4 Cross subsidisation of business jets conflicts with globally accepted ICAO Policies on cost relatedness of charges.
- 5 Small commercial aviation contributes to congestion of major airports and airspace and needs to contribute towards new investment or other measures to solve these problems.

## SOME EXAMPLES

- 1 In Canada, general aviation & small commercial aviation contributes only 2.1% to total Air Traffic Control revenues, even though they account for an estimated 40% of aircraft movements.
- 2 In the USA airlines and their passengers pay 90% of total infrastructure costs, even though they only account for 60% of the flights in the national system.
- 3 In Europe in 2006, a Boeing 747 would pay 650% more than a business jet using exactly the same Air Traffic Control services on a 1,000 km flight.
- 4 In Africa, commercial passengers flying to Johannesburg subsidise private planes in Bloemfontein.

<sup>1</sup> ICAO Doc 9082/7 - paragraphs 22v) & 40