

Cost accounting Skyguide

Key facts

The Confederation pays Skyguide annual compensation of around CHF 70 million for air navigation services not far over the border and for loss-making air traffic control at regional airports. Skyguide charges the Confederation around another CHF 35 million for air traffic control for the Air Force based on a service level agreement.

As part of this audit, the Swiss Federal Audit Office (SFAO) examined whether revenue and costs were allocated correctly by auditing the cost accounting. The audit objectives were to check that direct costs were charged correctly, and especially to check the shares of indirect costs. In particular, the SFAO investigated whether unjustified costs are charged to the payers "regional airports" and "Armed Forces", and whether the cost allocation was transparent, accurate and based on services used. That should ensure that no unauthorised cross-subsidies exist. Moreover, the 2014 financial statements for air navigation services were examined to ensure they were correct. All of the audit objectives were achieved.

There is a cross-subsidy of CHF 5.8 million (2014) from the national airports (category I) to the regional airports (category II). It is provided for by law and will expire next year. Moreover, there are three exceptions where costs are not allocated based on services used. However, they ease the burden on the subsidised areas and the Armed Forces, and have been approved by both the supervisory authority (Federal Office of Civil Aviation, FOCA) and Skyguide's Board of Directors. The SFAO found that the apportionment of costs is very meticulous and based on services used. The audit of the shares of indirect costs and the allocation of direct costs for all service centres and business units produced no negative findings whatsoever. The complex and meticulous cost accounting provides an accurate picture of the reality of service provision. The expertise of the employees involved and a series of effective control measures ensure that there are no errors in the cost accounting. Only the traceability of changes (cost allocation formula) is not entirely complete because of the Excel-based cost accounting and the absence of centralised documentation. Consequently, the SFAO recommends ensuring the traceability of changes with the planned migration to SAP-based cost accounting.

Both the compensation for lost revenue abroad and the compensation for air traffic control at regional airports are correct, complete and traceable. The audit of the financial statements for air navigation services as a product of cost accounting was also confirmed based on the audit actions carried out. Finally, it can be confirmed that no excessive costs are charged to the Armed Forces.

Although the mathematical determination of the amount of the compensation for category II regional airports has not been called into question, there remain some doubts about the occurrence of the deficit and its coverage by the Confederation. The deficit that has to be covered by the Confederation will be even higher following the discontinuation of the current legally permissible cross-subsidy from category I airports to category II regional airports. The question of the funding of the regional airports' revenue gap from the coming business year onward remains unanswered. The losses at the regional airports arise primarily because the take-off and landing fees, and thus the air traffic control costs, are calculated by multiplying the rate by the weight of an aircraft. The



revenue at regional airports, driven by light aircraft and training flights, is much too low because of the non-cost-covering rates. A rate increase or air traffic control restrictions would substantially reduce the compensation and thus the costs for the Confederation.

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