

Annex F Baseline values

2019 Baseline value

M2/M3 correction

According to the available data.

EU-funding

Until 2019 LFV has used net-accounting for some INEA-funding which has changed to gross accounting from 2020 and onwards.

New airports in the system

From 2020 there are three new airports that are part of the system compared to 2019. The new airports are Scandinavian Mountain Airport, Skövde and Eskilstuna that provides service in new established airspace blocks (TMAs). This do not transfer any significant responsibility in between Swedish providers, in the context that savings can occur at another provider responsible for the airspace. Scandinavian Mountain Airport is a new airport, Skövde and Eskilstuna was existing but did not met SE NSA qualifications earlier. The majority of this baseline adjustment relates to Scandinavian Mountain Airport.

The rationale for inclusion of airports is that there are several areas in Sweden where it is very efficient to have the airport ATS provide services for En Route and approach, instead of organizing a separate approach/TMA position. The effect is that one air traffic controller can provide the service the entire procedure and by that also reducing the need for a separate position and thereby achieving a high system wide efficiency that ultimately benefits the users. This is mostly due to the geographic conditions prevailing in many remote areas in Sweden's big vast country, and where air traffic density is low. Of course this is only applied where there are no safety implications.

Where allocations apply in Sweden the allocations to En Route (Avgiftszon för undervägsavgift) are separated in four different categories, between 45 to 75 percent, depending on the prevailing situation. The reasoning for

applying four different categories is that it leads to fit-for-purpose model which is easy to understand, as well as feasible to apply. If there would be an individual approach to each airport, it than would also need to consider every individual change at every time. This would lead to a heavy administrative burden on both airport and NSA side, as well as being unpredictable for users.

10 § Kostnader för flygtrafikledningstjänst ska för respektive flygtrafikledningsenhet fördelas enligt tabell 1.

Tabell 1

Schablonmässig fördelning av kostnader för flygtrafiktjänst		
	<i>Terminalavgiftszon</i>	<i>Avgiftszon för undervägsavgift</i>
Flygplats som i huvudsak tillhandahåller flygplatskontrolltjänst och alarmeringstjänst innanför FAP	100 %	0 %
Flygplats som tillhandahåller flygtrafikledningstjänst i TMA med terminalkontroll som omfattar flera flygtrafikledningsenheter	40 %	60 %
Flygplats som tillhandahåller flygtrafikledningstjänst i övriga TMA	25 %	75 %
Flygplats som tillhandahåller flygtrafikledningstjänst i TIA	55 %	45 %

Table 1: Extract from the Swedish Transport Agency's regulation TSFS 2020:44

Where the airport is located in an area surrounded by 24/7 TMA control there is no allocation to En Route according to Swedish NSA in TSFS 2020:44.

Adverse impact from uncontrollable costs (Pensions)

The fluctuations, spikes and drops, arises primarily from actuarial calculations of the pension debt. This method of applying a baseline adjustment of these costs was introduced by Sweden in RP3 for the purpose of adjusting for the baseline year of 2014 when the effect was severe and had major impact on the cost efficiency assessment. Sweden has not identified any arguments for not applying the same method going forward and preparing for RP4.

LFV's pension scheme is to the largest extent a Defined Benefit Scheme, the scheme follows the State pension agreement (PA03). LFV is an "Affärsverk" which is a special Swedish organisation within the state (State enterprise). Special regulations apply for state enterprises compared to other

state organisations, one area which has got special rules is the way to handle the pensions. LFV are obliged to keep the entire pension debt in the balance sheet as an allocation on the liability side. The debt is not allowed to be put in to a fund, it is entirely in LFV's books. The debt has to be correctly valued every year and no smoothing over the years is allowed, which means that changes in valuations need to be fully recognized in LFV's books in the year they occur. The correct amount to be accounted for is calculated by The Swedish Pensions Agency "SPV" on a yearly basis. SPV makes calculations based on the actual employed staff and takes into account inflation, expected life length and interest rate. The pension liabilities are discounted at an interest rate set by SPV based on long term Swedish government bonds (17 years). The interest rate is uncontrollable and varies from year to year. The calculation includes a parameter for the returns, and a parameter for expenses. Together, this is a net interest on pension liability.

Before a reference period, when the determined costs are defined, LFV applies the latest published interest rate by SPV, Swedish Pension Agency, during the five years of the coming reference period. This means that no forecast of the interest rate will be applied each year, which could affect the determined costs in the end of a reference period. In the last year of a reference period there will therefore be an uncontrollable cost which have not been forecasted and adjusted for in the determined costs. If the interest rate are changed during the reference period, the change will appear as an uncontrollable cost in the actual costs.

In 2019 the effect of the changed interest rate was negative, in the meaning that it decreased and pushed costs upwards. The change is reflected in the in the baseline adjustment where the specific amount of 2019 equalled to 114 894 000.

Landvetter ATCO allocation

NSA have assessed the operational conditions and that they are in compliance of the cost allocation model in TSFS 2020:44. The assessment resulted in the exclusion of ATCO staff costs and the related other operating costs presented in the baseline adjustment of -26 248 328.

The NSA assessment of this specific part of the Swedish cost base has identified that there were possible to make a separation of accounts instead of applying the allocation model described in table 1. The excluded part of ATCO costs constitutes services 100 percent related to Terminal and Aerodrome.

Sturup

NSA have assessed the operational conditions and that they are in compliance of the cost allocation model in TSFS 2020:44. The assessment resulted in the exclusion of ATCO staff costs, other operating costs and costs of investment related to the premise. From the operational provision of ATS and the related traffic flows, the NSA has, from RP4, categorised Sturup as an airport that mainly provides Terminal services and therefore not eligible for inclusion in the En Route cost base.

Säve

As for Sturup, NSA have assessed the operational conditions and that they are in compliance of the cost allocation model in TSFS 2020:44. The assessment resulted in the exclusion of ATCO staff costs, other operating costs and costs of investment related to the premise. From the operational provision of ATS and the related traffic flows, the NSA has, from RP4, categorised Säve as an airport that mainly provides Terminal services and therefore not eligible for inclusion in the En Route cost base.

Baseline adjustment 2024

Explanations for several of the applied adjustments described above.

A general adjustment to forecast 2024

In the auditing process, there have been several indications of cost drivers underpinning the values presented 2024. However, from experience and historical performance the forecasts of providers have been overestimated. Since the baseline value of 2024 is very important parameter for assessing the cost efficiency performance of RP4, the NSA proposes to apply a 5 percent reduction of the baseline in this regard. The 5 percent reduction is calculated excluding pensions, which are recalculated above.