

Addendum I to the decision with reference 200057/ 149.BT37
USERS' OPINIONS AND ASSESSMENT BY THE BOARD

The following opinions were submitted after the Draft Decision in Relation to the Approval of the Allocation System of N.V. Luchthaven Schiphol (hereinafter "Schiphol"), as described in chapter 2 of this decision, was made available for inspection in accordance with section 8.25g(6) of the Aviation Act [*Wet luchtvaart*]. The opinions have been grouped according to the requirements set out in the Schiphol Airport Operation Decree [*Besluit exploitatie luchthaven Schiphol*] with regard to the allocation system, in particular the requirements of integrality, proportionality and market conformity, and consequently adheres to the structure of chapter 5 of this decision. This addendum constitutes an integral part of this decision of the Board. For the record, it should be noted that the opinions of users relate to some of the principles applied in the allocation system. The principles in relation to which no opinions were submitted are not discussed in this addendum.

I REQUIREMENT OF INTEGRALITY

1 Attributing revenues

1.1 Users' opinions

1. According to the users, a number of revenues from aviation activities or activities directly related to these are incorrectly not allocated to these activities in Schiphol's allocation system. The users give the following examples of this: 1) interest revenues resulting from delays in the payment of government and ATC levies,¹ 2) payments or royalties from Schiphol International and Dartagnan for the "marketing" of knowledge, 3) revenues from advertising on production factors which are exclusively or partially allocated to aviation activities (such as luggage carts, Boarding ramps and announcement Boards with flight information which are part of the Schiphol Dynamic Displays Project) and 4) advantages arising from tax and subsidies which are settled at the group level. With regard to advertising revenues, the users also argued that the revenues ought to be allocated in a way which is analogous to the payments by the municipality of Haarlemmermeer for firefighting at Schiphol.
2. With regard to the advertising revenues, users also noted that even if the revenues are not taking into account as a deductible factor when calculating the cost of aviation activities, in any event a proportional part of the costs of these assets ought to be attributed to non-aviation. In this regard, the users can conceive of an allocation key whereby the costs are

¹ ATC = Airport Traffic Charge = payment for air traffic control services. These services are provided to airline companies by Luchtverkeersleiding Nederland (LVNL).

divided in proportion to Schiphol's total revenues from aviation activities and its advertising revenues.

1.2 *Assessment by the Board*

3. With regard to the general statement by users, set out in paragraph 1 of this addendum to this decision, namely that the revenues of aviation activities or activities directly related to these are wrongly attributed in a number of cases, the Board wishes to make the following observation. This statement, presented as it is as a general statement, is not supported by the Board. The Board has assessed the allocation system in this regard against the statutory criteria and it has not emerged that the allocation system in general is not sound in this respect. In this regard, see paragraphs 41 up to and including 48 of chapter 5 of this decision.
4. With regard to the more specific opinions of users on this point, the following applies. Some of the aforementioned revenues should not be allocated on an obligatory basis to aviation activities because these revenues do not arise from aviation activities or are not directly related to these in terms of the Aviation Act. Firstly, these are possible interest revenues relating to the payment of government and ATC levies and revenues from payments or royalties from Schiphol International and Dartagnan to the aviation activities for the "marketing" of knowledge.
5. The first activity under the previous point relates to the collection of money for the government. This is a service which has been outsourced to Schiphol. In this regard, Schiphol functions as a "conduit" for the respective levies. The collection of this money for the government as such therefore falls outside the financing of aviation processes carried out by Schiphol at the airport. The revenues attributable to the service do not therefore have to be attributed by Schiphol to the aviation activities. The marketing of knowledge in the area of biometric identification (Dartagnan) is not an aviation activity or an activity directly related to this, in terms of the Aviation Act. After all, this activity does not fall within the definition provided in section 2 of the Decree. With regard to the activities referred to in this point, Schiphol cannot be obliged to include the revenues in the allocation to aviation activities. The Board declares these opinions submitted by users to be unfounded.
6. With regard to the possible allocation of revenues of Schiphol International, the Board noted that the regulatory system contained in the Aviation Act only relates to the aviation activities which Schiphol carries out as the holder of the operator's licence, in terms of the Schiphol Airport Act [*Wet op de luchthaven Schiphol*] in the Netherlands. With regard to the revenues of Schiphol International, Schiphol cannot therefore be obliged to include these in the allocation to aviation activities.

7. With regard to the revenues from advertising on production factors, which are allocated exclusively or partially to the aviation activities, it is also the case that such revenues arise from an activity which does not fall within the definition of aviation activities and activities related to this, in accordance with section 2 of the Decree. The revenues arise from the service which Schiphol offers as the provider of infrastructure for suspended advertising or advertising on the floor. This also applies to revenues from advertising on screens which are part of the Schiphol Dynamic Displays Project. Schiphol cannot therefore be obliged to allocate (part of) the revenues for the aviation activities. The Board declares these opinions submitted by users to be unfounded.
8. With regard to the advertising revenues, the analogy referred to by the users with the allocation of the revenues for the fire services on behalf of the municipality of Haarlemmermeer is not valid because the payment by the municipality of Haarlemmermeer is based on a calculation of the costs caused by the service, which is in accordance with the system contained in the Aviation Act. The Board concludes from the above that Schiphol's allocation system corresponds to the requirements set out in the Decree in this regard. The Board considers the opinions submitted by the users on this point to be unfounded.
9. The following applies to the tax and subsidy advantages which are settled at the group level. In chapter 5 of the allocation system, Schiphol states that the investment subsidies are deducted from the costs charged to users. The Board is of the opinion that, in so far as the advantages can be allocated to aviation activities, this ought to apply to all subsidies and therefore not only to investment subsidies, but also to other types of subsidies which have the effect of reducing costs.² In addition, this applies not only to subsidies which are received through the actual payment of the amount of the subsidy, but also to subsidies which are received as a result of a reduction in the taxes to be paid. The subsidies which are received by this means also have the effect of reducing costs and were introduced for this reason. Not passing on these advantages is contrary to the statutory requirement that the tariffs for aviation activities must be cost oriented. If these contributions are not reflected in the costs, costs would be passed on which were not in fact incurred.
10. To this extent the Board considers the opinions submitted by the users to be well-founded. The Board requested Schiphol to consider including in the allocation system the general principle that the aforementioned advantages of subsidies, which can be attributed to aviation activities, will be attributed to the aviation activities. This also includes subsidies in the form of a reduction in taxes. The Schiphol has included this as a general principle in the allocation system and the Board therefore sees no reason to withhold approval in relation to this point.

² Advantages of this type cannot therefore be regarded as revenues in the sense that they are payments which a consumer pays for a product which is delivered to the consumer.

11. The attributing of tax advantages to aviation activities is consistent with the cost orientation requirement in the Aviation Act in so far as these are directly related to the investment and operating costs of aviation activities. With regard to tax advantages other than those mentioned above, the Board considers the opinions of the users to be unfounded. The reason for this is that these are the result of determining profits and tax rates according to fiscal legislation and regulations, which may deviate from the specific requirements for determining Costs and revenues in accounting terms, as set out in the Aviation Act and Schiphol's annual accounts, on which the costs and revenues of the aviation activities are partly based.³ For instance, the corporation tax rate which is charged to the aviation activities in the Decree is standardised at the applicable statutory corporation tax rate.⁴ The rules for settling the costs and revenues for the purposes of financial reporting contained in the Decree, notwithstanding the above, do not provide a basis for obligatory settlement in arrears of tax advantages which are not directly related to the level of costs.
 - Attributing of costs in the above-mentioned situations
12. In a number of cases, users have also submitted opinions with regard to the allocation of costs in the above-mentioned situations. The Board also conducted (further) research into this and, as an extension to the assessment of the matters discussed above, and assessed this against the criteria contained in the Decree,⁵ from which it emerged that where aviation activities are not at issue the (attributable) costs of these non-aviation activities may not be passed on in the tariffs for aviation activities.
13. With regard to the costs to be incurred for collecting ATC, as was stated this activity of Schiphol is not an aviation activity. Schiphol has already taken this into account by not attributing these costs to the aviation activities. This principle must apply equally to levies for Geluidsisolatiefonds Schiphol [Sound Isolation Fund Schiphol, hereinafter "GIS levies"]. However, this appeared not to be the case. Since Schiphol has already amended the allocation system, however, the Board sees no reason to withhold approval of the allocation system in relation to this point.

With regard to the allocation of costs to Schiphol International and Dartagnan, Schiphol has once again clarified in the allocation system that this occurs subject to payment on a secondment basis, in so far as this relates to personnel from other operating units who are

³ The annual accounts must comply with the requirements of IFRS.

⁴ See Part C of the addendum accompanying section 3 of the Schiphol Airport Operation Decree [*Besluit exploitatie luchthaven Schiphol*].

⁵ This follows from the requirement of integrality and also from the requirement of proportionality.

assigned to these activities. Since Schiphol has already amended the allocation system, however, the Board sees no reason to withhold approval of the allocation system in relation to this point.

14. With regard to the opinions of users in relation to the possible allocation of costs in proportion to turnover, in relation to the production factors referred to by the users from which advertisements are suspended or on which they are displayed, the following applies. In so far as specific costs are incurred for, for instance, suspension, attachment or cleaning and removal, these are not attributed to the aviation activities. Since Schiphol has already clarified the latter point in the allocation system, however, the Board sees no reason to withhold approval of the allocation system in relation to this point.
15. With regard to the cost of production factors themselves, the situation is firstly that the costs of production factors which are partially used for aviation activities and partially for other activities (in this case as a means of suspending or displaying advertisements) must be allocated, in accordance with the Decree, in a manner which corresponds to the actual use of the production factors for aviation activities.⁶ In so far as this relates to the allocation of costs relating to buildings, Schiphol applies the standard based on the occupied square metres of floor space. It may be stated that the occupation of square metres of floor space is an obvious and adequate standard for determining the actual use of passenger buildings for aviation activities and there seem to be no grounds for assuming that an allocation of costs in proportion to turnover, as proposed by the users, would be superior to this.
16. Put differently, the cost of using neither the buildings nor the other categories of assets referred to by the users vary with the turnover realised from advertising, which is suspended or displayed on the floors, in the sense that (an increase in) the use and resulting turnover from advertising, which is suspended or displayed on the floors, does not make demands on the capacity of the asset to be used for aviation activities. The use, for instance, of the outside of a Boarding ramp or an interior wall for displaying advertisements does not require passengers to make a detour. Advertising displayed on the floors also does not have the effect of obstructing aviation activities; passengers can simply walk across them. Suspended advertising or advertising displayed on the floors does not therefore incur operating costs in respect of the assets in question.
17. The conclusions above with regard to the allocation of costs in relation to advertising activities do not apply to the Schiphol Dynamic Displays Project. In accordance with the system contained in the Act, a division is made in this respect with regard to the costs incurred for non-aviation activities because the use of the screens for advertising limits the use of the

⁶ See section 8(1)(d) of the Decree.

screens for aviation information and vice versa. The surface area of the screen is used flexibly for aviation activity and advertising, whereby space for advertising is used, as appropriate, for aviation information. With regard to the allocation of costs, Schiphol was requested to provide a further clarification of this in the allocation system. The approach adopted by Schiphol and described in the allocation system adequately takes into account this flexible use and accordingly corresponds with the actual use and complies with the Aviation Act. The Board therefore sees no reason in this respect to withhold approval from Schiphol on this point.

2 Allocation of costs

2.1 Users' opinions

18. Users mentioned a number of cases of production factors, the costs of which may not be allocated to aviation activities at all because they were not aviation activities. This relates to the following matters: 1) a number of parking areas⁷ which were allegedly wrongly attributed to aviation activities either in full or in part, 2) Schiphol Plaza, 3) land-side infrastructure,⁸ 4) floors above Terminal West used as office space and the office building Skyport, 5) various parking areas used and possibly operated commercially alongside the access roads, 6) costs relating to the improvement of general public safety, in so far as they do not relate to the safety of passengers and their baggage, 7) artworks and plants and the space used for these and 8) the Schiphol branch of the Rijksmuseum situated in the airport. Finally, users note that it is unclear how the following items are dealt with: the subsidies provided by Schiphol for the construction of the N201, the *Schipholfonds* (Schiphol Fund) and the *Leefbaarheidsfonds* (Quality-of-Life Fund).
19. With regard to Schiphol Plaza, the users noted specifically that Schiphol Plaza is not included in the passenger terminal referred to in the Decree in relation to the handling of passengers and the access roads, but constitutes a traffic intersection which lies outside of this and has a shopping function. The users are of the opinion that the concept of a 'terminal complex' should denote a larger area than that denoted in the Act by the terms 'passenger terminal' and 'access roads'. For this reason, the costs and revenues of Schiphol Plaza may not be included in the allocation system. From the point of view of users, reference is also made to the explanation in section 7c of the Decree. A number of essential aviation activities are referred to

⁷ This relates to parking areas referred to in Addendum 1.3 of the allocation system which has been made available for inspection.

⁸ 'Landside infrastructure', as referred to in the allocation system, refers to various areas at Schiphol (see the allocation system, section 5.3.4), such as *Zuidoost*, *Zuid*, *Centrum laag*, *Centrum hoog*, *Centrum Oost*, *Noord* and *Oost*, as well as green areas, parking areas and connecting roads.

in this explanation, including the passenger terminals. According to the users, it would be difficult to regard Schiphol Plaza as an activity essential to aviation.

2.2 *Assessment by the Board*

20. The opinions of the users with regard to the extent to which the aforementioned costs can be attributed to aviation activities are discussed below. At this point, only the principle is discussed, namely whether these costs (or part of these) may be attributed or not to the aviation activities. The opinions which users presented as alternatives in relation to the costs below in connection with the allocation keys are discussed in so far as these are relevant to the assessment of the requirement of proportionality.

- Parking areas

21. With regard to the aforementioned parking areas, which are alleged to have been wrongly allocated entirely or partially to aviation activities, the Board requested clarification from Schiphol. It appears from the explanation that this relates to various areas on the 'airside'⁹ of the airport and area situated around or in the vicinity of the platforms. These are areas for containers, buses and company vehicles belonging to Schiphol. The explanation in question is included in the allocation system. The Board is of the opinion that the respective areas support the use of the platforms and are therefore attributable to the aviation activities in terms of the Aviation Act. In so far as the allocation system resulted in a lack of clarity in this regard, the Board considers the opinion of the users to be well-founded. Since Schiphol has now clarified the allocation system in this regard, the Board sees in this no reason to withhold approval of the allocation system.

- Schiphol Plaza

22. With regard to Schiphol Plaza, the Board first wishes to clarify that the costs of this part of the building are not allocated entirely to aviation activities. The costs which may be allocated to aviation activities are generally only those relating to the shell of the building and the technical installations and shared utilities included in the part of the building. The costs are allocated on the basis of a square-metre allocation key such that only the square metres of the passages from and to the arrival and departure halls and the central hall above the railway station are allocated, subject to correction of the latter square metres on the basis of foot traffic. This is stated in the allocation system. Other square metres within this part of the building, such as the square metres of the shops and terraces and a number of corridors between the shops, are not allocated to aviation activities. According to Schiphol's submissions, as a result of the

⁹ The side of the terminal buildings where the aircraft are located.

allocation approximately one third of the costs which may be allocated to aviation activities are allocated to these activities.

23. With regard to the opinion submitted by users, the Board notes that the regulations do not provide an exact definition of the concept of a "passenger terminal". In assessing whether the (part of the costs) of Schiphol Plaza may or may not be allocated to the aviation activities, the criterion applied is whether the part of the building serves a function in the production of the aviation activities, as referred to in section 2 of the Decree. It may be concluded that (in addition to other functionality), Schiphol Plaza has a clear function in the distribution of passengers to and from the arrival halls or, alternatively, the departure halls. This distribution function is served, for instance, by the presence of the railway station under the central hall of Schiphol Plaza, which is used by a considerable number of passengers, and the possibility of making use of the possibilities for arrival and departure through the hall using the access roads. As part of this function as a distribution point, Schiphol Plaza is clearly an integral part of the airport's complex of buildings which serves a function in relation to the aviation activities. Providing passage within Schiphol Plaza to aviation-related pedestrians may therefore be regarded as handling of passengers and is therefore an aviation activity, in terms of the Aviation Act. In this regard, it is also the case that Schiphol Plaza serves a function in this respect which is comparable to that of the access roads. The Board therefore considers the opinions submitted by the users to be unfounded.
- Landside infrastructure (including parking areas along the access roads)
24. The landside infrastructure includes a number of areas situated around and partially in the airport which are used for the taking off and landing of aircraft (the Kaagbaan, Aalsmeerbaan and Buitenveldertbaan runways). The area also surrounds the terminal complex and the cargo terminals. These are areas owned by Schiphol and include roads, viaducts, public lighting and a number of adjacent public green areas, such as verges and the central reservations of motorways. The costs of operational management and maintenance are also allocated to this infrastructure. The key for allocating the costs of the underlying ground corresponds to the above-mentioned areas (see allocation key a1e OU Aviation).
25. In so far as the users' opinions in relation to landside infrastructure are based on a strict interpretation of the concept of an 'access road', it is concluded that the concept of an 'access road' is not precisely defined in the Decree, in this case in the sense that the costs of supporting facilities may not be attributed to this. In principle, the Board deemed it acceptable in accounting terms for the costs of facilities which, within reason, are ancillary to the use of the access roads (such as green areas, public lighting and the ground beneath the roads) also to be allocated to these roads. In this general sense, the Board considered the users' opinions to be unfounded.

26. The Board considered the users' opinions to be well-founded in the sense that the allocation system requires further specification with regard to the relationship between the costs of the landside infrastructure and the production of aviation activities, in terms of section 2 of the Decree. On the basis of this, the Board has requested Schiphol to consider clarifying the fact that, within the present constellation of Schiphol, only costs relating to the central areas, referred to as 'Centrum' (that is, 'Centrum hoog' and 'Centrum laag') and 'Zuidoost' qualify for allocation to aviation activities.¹⁰ The Board also requested Schiphol to consider clarifying the fact that costs in relation to freight traffic and parking within the areas will not be attributed to aviation activities. In addition, the costs of these parts of the areas, which are clearly reserved for commercial use (for instance, future new construction of office space), also do not qualify for allocation to aviation activities. Since Schiphol has already made amendments to the allocation system on these points or has provided an explanation, the Board sees no reason to withhold approval from Schiphol on this point.

- Terminal West and Skyport office buildings

27. With regard to the floors of office space above the Terminal West and the Skyport office buildings, which are included as parts of buildings in the allocation of costs to aviation activities, the Board notes that the square metres may not be allocated to aviation activities in so far as the office space is not used for aviation activities and that this is also the practice based on the principles of the allocation system.¹¹ In so far as the offices are used for Schiphol's aviation activities, the costs are attributable to aviation activities. The Board considers the opinions of the users in this respect to be unfounded.

- Public safety

28. With regard to the costs associated with promoting general public safety, in so far as these do not constitute part of the activity of securing passengers and their baggage, the following applies. In the explanatory memorandum to section 2 of the Decree, it is stated that the cost of combating crime and maintaining public order may be attributed to the activity of securing passengers and their baggage. It is not apparent from the allocation system that security costs are allocated to aviation activities which fall outside this statutory definition. It has emerged,

¹⁰ Only the infrastructure elements in these areas in the present layout at Schiphol are related to the production of aviation activities, either as access roads (*Centrum hoog* and *Centrum laag*) or as an entrance to part of the airport grounds where runways for taking off and landing are situated (the *Zuidoost* area). The *Centrum* (Centre) area is adjacent to the terminal building and the Skyport office building.

¹¹ According to Schiphol, the Skyport office building was not used for aviation activities at the time that this decision was taken.

however, that Schiphol allocates part of these costs from the PMC Security (under which the statutory category of 'securing passengers and their baggage' falls) to other aviation departments. As a result, the costs of activities other than security activities are passed on. Despite the fact that this has no effect on the total costs charged to users, the Board requested Schiphol to reverse this allocation so that the costs, in so far as they can be attributed to aviation activities, are reflected fully in the security tariffs. Since the allocation system in this sense did not comply with the Aviation Act, the Board deems the users' opinions to be well-founded. However, since Schiphol has already amended the allocation system in line with this, there is no reason to withhold approval on this point.

- Artworks and plants

29. With regard to artworks and plants, the Board notes that in so far as users have stated that artworks and plants may not be attributed to aviation activities at all, as in the case of Schiphol Plaza consideration was given to the fact that the regulations have not defined the concept of a "passenger terminal" in such a way that these items fall outside this concept. It is usual in the Netherlands that buildings with a (semi-) public character (such as Schiphol's terminal buildings) contain plants and artworks. Within reasonable boundaries, Schiphol is therefore permitted to include the costs of artworks and plants (in proportion to use) in the costs of the buildings used for aviation activities, in terms of the definition provided in section 2 of the Decree, and to allocate these costs to its aviation activities. The Board therefore declares the users' opinions to be unfounded.

- Schiphol branch of the Rijksmuseum

30. A branch of the Rijksmuseum is located within Schiphol's terminal complex. This art gallery is not located on the passenger flow route through the airport. The exhibition area is accessible through the gallery's shop. With regard to the costs of the Schiphol branch of the Rijksmuseum (hereinafter "the art gallery"), Schiphol includes the costs of the exhibition area in the allocation to aviation activities and allocates half of the costs to its aviation activities. The Rijksmuseum bears the cost of exhibiting artworks in the art gallery.
31. With regard to whether the costs of the art gallery may be allocated to aviation activities, the Board notes that this is by no means a usual facility for the handling of passengers and their baggage. This is partly based on the fact that Schiphol is one of the few, if not the only,¹² airport in the world which has an art gallery such as this in its terminal. In addition, in general

¹² Schiphol itself states that this art gallery is unique. In this regard, see the statement by Schiphol on its website (www.schiphol.nl): "*Rijksmuseum Schiphol is a shared and unique initiative of Amsterdam and Amsterdam Airport Schiphol* (trans.)"

terms, in contrast to the considerations above with regard to artworks and plants, the Board is of the opinion that the art gallery does not belong in the category of usual provisions for the decoration of (areas of) buildings of a (semi-) public character. For the above-mentioned reasons, the Board is of the opinion that the cost of this may not be attributed to the "processing of passengers and their baggage in relation to the taking off and landing of aircraft", as referred to in section 2 of the Decree. The Board therefore considers the users' opinions on this point to be well-founded. On the basis of this, Schiphol has amended the allocation system in this respect and no longer allocates the costs of the art gallery to its aviation activities. The Board therefore sees no reason to withhold approval of the allocation system on this point.

- N201

32. With regard to the clarity requested by users in relation to any subsidies provided by Schiphol for the construction and improvement of the N201, the following applies. This is the provincial road which connects Hoofddorp and Aalsmeer. The road is used by many other people who, in any event share the characteristic that they do not have Schiphol as their destination. The Board is of the opinion that it is not reasonable in this regard to consider this to be one of (Schiphol's own) access roads or to consider these subsidies to be costs of production factors, as referred to in section 2 or, alternatively, section 8(1) of the Decree. Since Schiphol has already stated in the allocation system that expenses such as these will not be allocated to aviation activities, the Board sees no reason to withhold approval on this point.

- *Leefbaarheidsfonds and Schipholfonds*

33. Schiphol intends to pay contributions from the so-called 'Leefbaarheidsfonds' (Quality-of-Life Fund) towards financing provisions for people who reside in the surroundings of Schiphol to counter the environmental burden caused by Schiphol. This financial contribution, according to Schiphol, will benefit people living in the surroundings of Schiphol who find themselves in a so-called 'dire situation'. They experience serious discomfort from air traffic but, according to Schiphol, are not covered by all the statutory rules which provide compensation for this.

Tailor-made measures will be taken for these people living in the surroundings of Schiphol to contribute to solving their problems.¹³ Such measures include, for instance, towing houseboats to a location where the burden is reduced.

34. An assessment based on the rules contained in the Aviation Act leads to the conclusion that this is not an aviation activity. Although aircraft which take off, land and fly over Schiphol

¹³ See the Annual Report of the Schiphol Group for 2006, p. 16.

cause an environmental burden, this does not mean that payments of this type, aimed at combating environmental nuisance, are one of Schiphol's aviation activities, in terms of the Aviation Act. With regard to the charging of external costs of this type to airline companies, the regulations are clear: this is reserved for the government. Support for this opinion can be found in the legislative history of the Aviation Act. In the Memorandum of Reply,¹⁴ the following statement is made: "Costs arising from the burden to the environment are external costs (noise, emissions etc.). Passing on these costs is a matter distinct from privatisation and falls outside the scope of the Bill. Recovering (internalising) these external costs from users is a government responsibility. This requires levies which generate funds."¹⁵ and "In doing so, the operator determines tariffs (and, if the operator so desires, a revenue-neutral tariff differentiation) on the basis of the internal costs of the aviation activities".

35. With regard to the clarity which users have requested in relation to the allocation of the costs of the *Schipholfonds*, this also involves a link to the burden which the airport's environment experiences. The foundation 'Het Schipholfonds' was established in 1994, according to Schiphol, at its (Schiphol's) instigation and through donations supports projects which are of social, cultural and sporting importance and which are developed in Schiphol's surroundings.¹⁶ By doing so, Schiphol has attempted to improve its image as a neighbour and establishes a link to the environmental burden. With regard to this fund, Schiphol states: "Amsterdam Airport Schiphol is of the opinion that people living in the surroundings of the airport should not only share in the burdens, but also in the benefits."¹⁷ An assessment of the fund against the regulations, in a manner analogous to the considerations regarding the *Leefbaarheidsfonds*, leads to the conclusion that maintaining and paying financial contributions from the fund is not an aviation activity, in the definition of section 2 of the Decree.

Furthermore, even if the analogy with the *Leefbaarheidsfonds* were not made, the activities are so far removed from the operating activities of the airport in support of air traffic that the activities cannot, within reason, be regarded as providing support in the production of these activities.

¹⁴ Proceedings of the Lower House of the Dutch Parliament, 2001 - 2002, 28074, No. 7 p. 39

¹⁵ In practice, the government assumes this task. For instance, the government has set up a fund for sound insulation measures in the surroundings of Schiphol (the "Geluidsisolatieproject Schiphol (GIS)", Sound Insulation Project Schiphol), which is financed by levies imposed on airline companies. Schiphol collects these funds for the government and passes the amounts on to the fund.

¹⁶ The financial support relates to support for activities such as the restoration of the traditional merchant ship, Kagenaar Hylke Tromp, a new community centre in Hoofddorp, retention of the open-air swimming pool in Ter Aar and the restoration of a church organ in Koog aan de Zaan.

¹⁷ See www.schiphol.nl

36. As an extension to this, expenditure for maintaining both the *Schipholfonds* and the *Leefbaarheidsfonds* and making payments from these, or making donations for similar purposes, cannot be regarded as costs of production factors, in terms of section 8(1) of the Decree.
37. The Board has requested Schiphol to consider including in the allocation system a statement to the effect that the cost of maintaining or making payments from earmarked funds to the *Schipholfonds* and the *Leefbaarheidsfonds* will not be attributed to the operation of aviation activities. This also applies to other funds or donations for purposes similar to those of the *Schipholfonds* and the *Leefbaarheidsfonds*. Since Schiphol has already indicated that it will not allocate expenditure of this sort to the aviation activities, the Board sees no reason to withhold approval on this point.
38. For the sake of clarity, it should be noted that the Board does not have an opinion with regard to the desirability of expenditure of this sort as such. Not allocating the aviation activities within the framework of the Aviation Act also does not mean that Schiphol ought to cease this expenditure. It only means that the costs associated with this cannot be attributed to the operation of aviation activities.

3 Depreciation and Regulatory Asset Base

3.1 Users' opinions

- Depreciation

39. With regard to the depreciation terms, as referred to in the allocation system, it was noted in general terms by users that these were supposedly not in line with the market. The depreciation terms used, for instance, for the 400 Hz installations, the offices of Schiphol Real Estate (hereinafter "SRE") and the gas installations are too short, in the opinion of users, for them to be regarded as compliant with the principle of market conformity. Specifically with regard to the application of the unuity method¹⁸ (a depreciation for large "lumpy" investments exceeding EUR 100 million), users know that it is unclear how the rules, for instance, are dealt with which are used to determine whether assets are regarded as "lumpy" (it is unclear whether this occurs in a way which includes or excludes "equipment"). Finally, users note that the allocation system does not clarify what happens if the maximum capacity of an asset, in which more than EUR 100 million is invested, has to be adjusted after some time, for instance because it appears that the intended increase in capacity will not be achieved.

- Regulatory Asset Base

40. With regard to the Regulatory Asset Base (hereinafter "RAB"), the users allege that the principles used in the allocation system for various reasons result in a higher RAB for aviation activities. This is due to the fact that the (administrative) concepts of 'aviation processes', 'PMC aviation' and 'BA aviation', according to the users, comprise a more extensive range of activities than the aviation activities, in terms of the Act. In this regard, users refer to the allocation key for building costs, from which it is supposedly evident that the terminology used by Schiphol is not consistent with the statutory definitions, such as the concept of 'aviation activities'. In addition, users refer to various concrete cases of assets which ought not to be included in the RAB, such as the offices above Terminal West, Skyport and Schiphol Plaza, discussed above in this addendum to this Decree. The inclusion of too many assets in the RAB and the use, according to users, of incorrect concepts supposedly also results in incorrect outcomes, due to the allocation keys applied to the costs.

¹⁸ See Chapter 1, article 1 of the Dutch "Decree of 7 July 2006 entailing rules regarding the operation of Amsterdam Airport Schiphol" (*Besluit exploitatie luchthaven Schiphol*), where the following is provided (translated from Dutch): "*unity method*": the method used for depreciating tangible fixed assets characterised by initial overcapacity (projected capacity less the expected demand for Airport air traffic, transport of passengers and cargo), in such a way that this results in a maintained amount of depreciation and cost of capital per unit of use for their expected useful life, as anticipated at the time of the investment decision.

41. In this regard, users also noted that the reviews provided in Addendum 1 of the allocation system supposedly provide insufficiently detailed insight into the RAB. This relates to overviews in which categories of assets are linked to cost centres and PMCs respectively. According to users, it is not clear how the allocation system works if a list is not provided in the allocation system at all times which includes the assets, including the grounds, which are assigned in full or in part to aviation activities, with a specification per asset of (i) the asset assigned, (ii) the allocation key (if applicable), (iii) the historic cost price, (iv) the book value, (v) the depreciation term, and (vi) the date on which its use commences. Users note with regard to the heading of Addendum 1.2 that, according to the heading of this addendum, the addendum does not list all the assets included in the RAB. With regard to Addendum 1.3, users note that the specification of the allocation keys referred to in this addendum is missing.

32 *Assessment by the Board*

- Depreciation

42. With regard to the general claim made by users that the depreciation terms, as stated in the allocation system, are supposedly not in line with the market, the Board sees no reason to withhold approval from Schiphol on this point. This also applies to the general claim with regard to the examples given by users. In the Board's opinion, the depreciation terms are based on well-considered principles and the terms are subject to an independent audit. With regard to the extensive substantiation as to why the Board has not withheld its approval of the depreciation terms, the Board refers for the sake of brevity to points 57 up to and including 64 of chapter 5 of this decision. The Board declares the users' opinions on this point to be unfounded.¹⁹
43. With regard to the clarity requested by users in relation to the way in which lumpy investments are dealt with (including or excluding equipment), the Board has requested clarification from Schiphol. In the Board's opinion, it is usual for the principle to be applied that the total investment (in other words, including equipment) is taken into account in the investment. After all, the management's total investment decision and the assessment made by the providers of capital is based on this. In its allocation system, Schiphol has clarified the fact that investments in equipment are part of the calculation of the unuity. Since Schiphol has

¹⁹ Despite this conclusion, the Board requested Schiphol to clarify a number of specific points in the allocation system, which has been done. The clarifications are that the list of tangible fixed assets relates to the fixed assets of Schiphol as a whole (although they are not all allocated entirely) and that the depreciation terms of SRE offices relate to their remaining economic life, and that the costs of the latter are not allocated to aviation activities.

already provided this clarification of the allocation system, the Board sees no reason to withhold approval on this point.

44. The following applies with regard to the opinion submitted by users that the allocation system does not clarify what happens if the maximum capacity of an asset, in which more than EUR 100 million has been invested, has to be adjusted, for instance because the intended expansion of capacity does not appear to be achievable. The calculation of the unities is determined for a lengthy period and will be revised for the first time at the first moment at which the Aviation Act is evaluated, namely within four years of the Act's coming into force.²⁰ According to the Decree, the economic life of the assets cannot be adjusted in relation to this.²¹ Schiphol has clarified the allocation system by stating that any other insights into the projected utilisation of capacity will be applied to the book value of the asset at the moment at which the calculation is revised.

The Board is of the opinion that this approach is acceptable in accounting terms. Since the allocation system now provides sufficient clarity on this point, the Board is of the opinion that these opinions submitted by users are well-founded. However, since Schiphol has clarified the allocation system in the above-mentioned manner, there is no reason to withhold approval on this point.

- RAB

45. With regard to the opinions submitted by users in relation to the size of the RAB, the Board will first consider the following. In the approved allocation system, only the statutory "aviation activities" form the basis for allocations to aviation activities. Amounts within the PMCs Aviation and Security, which cannot be attributed to these aviation activities, are separated from the operations relating to aviation activities. With regard to the reasons given by the Board in this regard, the Board refers for the sake of brevity to points 41 up to and including 48 in chapter 5 of this Decree. The Board considers the opinions of users on this point to be unfounded.

46. As an extension to this, the Board sees no reason to conclude from the administrative concepts used that the allocation does not correspond to the statutory distinction between aviation and non-aviation activities. The concepts used by Schiphol, such as 'aviation processes', 'Terminal Complex', 'PMCs' and 'rentable surface area', may be used by Schiphol to describe the allocation of costs to aviation activities, as long as it is clear that this results in an allocation of costs to statutory aviation activities which is in accordance with the statutory

²⁰ See section 12.3a of the Aviation Act [*Wet Luchtvaart*].

²¹ See the addendum to section 13 of the Schiphol Airport Operation Decree.

principles. This is clear in the allocation system. The Board considers the opinions submitted by users on this point to be unfounded.

47. With regard to the concrete examples referred to by users of assets which ought not to be included in the RAB, the Board refers for the sake of brevity to paragraph 2 of this addendum to this Decree.
48. With regard to the list of additional detailed information in Addendum 1 of the allocation system, including the allocation of tangible fixed assets to PMCs, requested by users, the following applies. The information requested by users relates to the actual compiling of the RAB and therefore the application of the allocation system. The latter is inherent in the fact that the composition of the complex of assets may change from year to year. The allocation system as such, as stated by Schiphol in the addenda, cannot therefore extend beyond the (complete) list at the level of asset categories, linked to the cost centres with which these are registered, and the allocation key.

This is also confirmed in the Explanatory Memorandum to the Decree, in which it is stated that the first RAB will be drawn up using the allocation system. The Board considers the opinions of users on this point to be unfounded.

49. The Board shares the opinions submitted with regard to the heading of Addendum 1.2 of the allocation system, namely that the heading of this addendum does not appear to include all the assets included in the RAB. Schiphol had stated in the heading that the overview excludes the assets of subsidiaries. Schiphol has adjusted the allocation system by providing insight into the asset categories of the subsidiaries (by means of a reference), assets which are used to produce aviation activities. Since the allocation system provided insufficient clarity on this point, the Board is of the opinion that the opinions of users are well-founded. However, since Schiphol has already clarified the allocation system by means of a reference to the allocation keys in which the assets of the subsidiaries are listed, there is no reason to withhold approval on this point.
50. The Board does not share the users' opinion that the allocation keys in Addendum 1.3 of the allocation system are not specified. The addendum is a schematic overview in which assets are linked to cost centres and cost centres are linked to categories of allocation keys. The diagram therefore provides a link between the input side of the allocation system and the allocation keys used to allocate this input. In addendum 1.4, by way of further clarification, another link is made between the respective cost centres and the concrete allocation keys, included in the allocation system. The specification/implementation of the allocation keys, as such, is included in Addenda 3 and 4 of the allocation system. The Board declares the opinion

of the users, namely that the system provides insufficient clarity, to be unfounded on this point.

4 Internal audit and interim amendments to the allocation system

4.1 Users' opinions

51. Users state that chapter 8 of the allocation system according to its heading deals with several measures taken by Schiphol to increase the effectiveness of internal auditing. However, the allocation system, according to users, does not provide insight in any way whatsoever into why only these measures are dealt with. Users are furthermore of the opinion that the statements made in the heading of chapter 8 of the allocation system do not detract from the fact that the theoretical allocation key is fixed for the entire period of the allocation system. However, interim amendments to the allocation system, which after all (only) includes the principles for allocation, are not permitted. In so far as Schiphol supposedly argues in chapter 8 that interim amendments are permitted, the users are of the opinion that this is contrary to the Aviation Act and that to this extent approval of the allocation system is also contrary to the Act.

4.2 Assessment by the Board

52. The approval of the allocation system, as stated by users, relates to the principles for the allocation of costs. Schiphol is not obliged to describe its entire system of internal auditing in the allocation system. The assessment of the internal administrative organisation does not fall under the allocation system as such. The way in which the allocation system is applied, is the subject of the auditor's audit, in any case in relation to financial reporting. The Board is of the opinion that the users' opinions on this point are unfounded.

53. In so far as the description implies that Schiphol should change its allocation system in the interim, it is the case that approving the allocation system is a power exercised by the Board. Whether Schiphol explicitly mentions interim amendment as a possibility which is open to it in the document describing the allocation system does not detract from this. After all, the Board's powers are set out in legislation and regulations. The validity of the decision is explicitly discussed in the operational part of this Decree approving the allocation system the consequences of amendments with regard to. The Board considers the opinions of users on this point to be unfounded.

5 Transfer of assets and capital gains on assets

5.1 *Users' opinions*

54. The users have indicated that it is unclear whether capital gains on assets allocated to aviation activities are credited to the aviation activities. In concrete terms, it is stated here that it is not clear whether the capital gains are also allocated on the transfer of assets in the case of a change of PMC and whether these are also allocated to the PMC which makes the transfer.
55. With regard to the transfer of assets, the users state that it is not clear: 1) how decision-making occurs in the case of the transfer of assets from one PMC to another PMC, 2) whether reserve capacity from aviation to aviation and reserve capacity from non-aviation to non-aviation is allocated or whether all reserve capacity is allocated to aviation and 3) whether the temporary transfer of reserve capacity from aviation to non-aviation can be reversed as soon as this capacity is once again required for aviation activities.

5.2 *Assessment by the Board*

56. With regard to the general comment made by users that a lack of clarity exists with regard to the aforementioned capital gains, an extensive description is given in the allocation system of the way in which capital gains are dealt with. With regard to any capital gains on the transfer of assets to a different PMC, the allocation system stipulates that the book value is maintained and no capital gains are realised. The Board considers the aforementioned opinion submitted by the users with regard to capital gains to be unfounded.
57. With regard to decision-making in connection with the transfer of assets, the general rule that the assets are allocated to the former PMC until the new PMC can be designated as the user²² applies to the allocation system.²³ The principle applied by Schiphol in this regard is therefore clear. The Board considers the opinions of the users on this point to be unfounded.
58. With regard to the question raised by users in relation to the general allocation of reserve capacity, the Board notes the following. The general principle on which the allocation system is based is that the total capacity cost of a shared production factor is allocated on the basis of the use of the production factor by aviation activities and non-aviation activities. As a result, the capacity costs of the production factor are allocated on a *pro rata* basis to the aviation and

²² Despite this, the costs of assets for aviation activities which are not in use are no longer included in the operating expenses in accordance with the rules set out in the Decree. In this regard, see also chapter 7 of the allocation system.

²³ Despite this, the costs of assets for aviation activities which are not in use are no longer included in the operating expenses in accordance with the rules set out in the Decree. In this regard, it see also chapter 7 of the allocation system.

non-aviation activities and not exclusively to the one or the other activity. The total (possible) reserve capacity of the production factor is therefore also allocated on a *pro rata* basis.²⁴ The Board is of the opinion that the allocation system is sufficiently clear on this point and declares the users' opinions to be unfounded.

59. With regard to the question raised by users in relation to whether the temporary transfer of reserve capacity from aviation to non-aviation activities can be reversed, as soon as this capacity is once again required for aviation activities, the Board is of the opinion that it lies beyond the scope of this decision to decide on this matter. After all, the way in which Schiphol determines its capacity requirements as soon as capacity is once again required for aviation activities is as such a question for the internal management of Schiphol and not a matter relating to the allocation of costs. The allocation follows *de facto* circumstances. The Board considers this opinion to be unfounded.

6 Spreading of operating risks

6.1 Users' opinions

60. Users have stated that the risk of the operating costs of non-aviation activities is wrongfully attributed to aviation activities in the following cases: 1) the allocation of costs for horticultural services which are allocated to aviation activities when premises leased by SRE are vacant, 2) the suspected allocation to aviation activities of the cost of the "Photo and Film" department (this department supposedly falls under the Passenger Services Department (onward charging key d13) when this department lacks orders from other (non-aviation) PMCs and 3) allocation to aviation activities of the full risk of the activities of the departments for which allocations are made using the allocation keys a9, a10 and a12 (in all cases, OU Aviation). The users have provided a more detailed explanation of the above-mentioned cases and have indicated that the operating risk is allocated entirely to the aviation activities. According to the users, in these cases an "aviation-activity-unless" approach is used.

²⁴ The Board considers this method in relation to attributable capacity costs to be acceptable in accounting terms, with the exception of the specific situations referred to in this decision, and in accordance with section 8(1)(d) of the Decree. In this regard, the determination of "specific reserve capacity" for a particular user of a shared production factor cannot be determined, or can hardly be done so objectively, or cannot be determined clearly in many cases. This relates firstly to the question whether the total (reserve) capacity of a production factor can be determined clearly in these cases. Often this cannot be determined clearly because the actual total demand on capacity of a production factor may vary with regard to the activities in their entirety within the investment horizon. In addition, fluctuations in the demand on capacity by various activities also occur. The allocation as such takes these fluctuations into account because actual use is decisive.

61. According to users, with regard to the Utility Services department (hereinafter "US") (onward charging key d8 OU Aviation), it is not clear who bears the operating risk of the projects if this department temporarily does not have any projects.

6.2 *Assessment by the Board*

62. With regard to the allocation of costs for horticultural services, Schiphol has declared that, contrary to statements made in the allocation system which was made available for inspection, the activities in this regard hardly vary at all with the leasing of SRE. In other words, even if the office buildings of SRE are (partially) empty, the grass, for instance, has to be mowed. In this case, the costs are still passed on to SRE. In other words, there is no question of an "aviation-activity-unless" approach with regard to shifting the operating risk. Schiphol has clarified this in these terms in the allocation system. Since the allocation system did not correspond to the facts, the Board considers these opinions submitted by users to be well-founded. However, since Schiphol has clarified the allocation system in the aforementioned way, there is no reason in this regard to withhold approval on this point.
63. With regard to the costs of the "Photo and Film" department, an "aviation-activity-unless" approach was not applied with regard to who incurs the operating risk. The activities of this department first of all do not fall under the Passenger Services Department and are also not referred to there in the allocation system.

Schiphol regards this activity as a general group activity and the respective department does not fall under the Passenger Services Department, but falls under the central group staff (allocation key a5 OU staff). The activities which this department provides for third parties are provided at least at their full cost. Schiphol has explained this in these terms in the allocation system. The remaining costs are allocated in proportion to the costs already allocated to all Schiphol's PMCs as part of the total costs and not only to the aviation activities. The Board considers the opinions of the users to be unfounded. However, Schiphol was asked to clarify the above in relation to the respective allocation key for the staff. As the allocation system has been clarified in the manner referred to above, the Board sees no reason to withhold approval due to the lack of information on this point.

64. The users state that the entire risk of the various activities of these departments have been shifted to the aviation activities (allocation key a9, a10 and a12). The Board considers these opinions submitted by the users to be unfounded. In so far as these departments allocate the costs of shared production factors (this does not apply to all production factors) to the various activities, the costs are allocated to each buyer on the basis of a subsidiary calculation. In short, this means that a certain level of costs is shared on the basis of the expected use, expressed as the measure by which the costs are allocated, for example the number of hours

spent or the number of calls to a call centre. A consequence of this is that if the expected use of, for instance, non-aviation activities decreases, subject to the strict condition that the use of the departments for aviation activities increases at least to the same extent and the costs do not vary depending on the size of the department's activities, the average unit cost increases. The average cost price, however, increases not only due to aviation activities, but also due to non-aviation activities. The non-aviation activities therefore also contribute to the fact that the production factors are utilised to a lesser extent. It is therefore not possible to argue that the full operating risk is shifted to the aviation activities and that an "aviation-activity-unless" approach is applied.

65. With regard to the projects of the US Department (onward charging key D8 OU Aviation), the users stated that it is not clear who bears the operating risk of the projects if this department (temporarily) does not have any projects. This relates to the onward charging by a cost centre, whose remaining result is charged entirely to PMC Utilities. This is described in allocation key a4 for OU Aviation. The Board declares this opinion submitted by users to be unfounded.
66. Finally, in so far as the aviation activities also bear part of the operating risks in the above-mentioned cases, this is done in accordance with acceptable accounting principles, in the Board's opinion, since this is inherent to the fact that at Schiphol shared use is made of production factors for both aviation activities and non-aviation activities, the total attributable costs of which do not vary in full in the short term in line with changes in production volume.

II REQUIREMENT OF PROPORTIONALITY

7 Individual keys for onward charging

7.1 Allocation of the costs of energy and water (D7 OU Aviation)

7.1.1 Users' opinions

67. Users note that the supply of electricity to Schiphol's head office ("*Schipholgebouw*") is allocated, but that this does not apply to electricity transmission, while the opposite is true in relation to gas. In the case of water supply and water transmission, Schiphol's head office is not included at all. It is not clear, in the eyes of users, what the reason is for this arbitrary passing on of costs.

7.1.2 Assessment by the Board

68. On request, Schiphol investigated whether this is indeed a matter of arbitrary passing on of costs. Schiphol has amended the description to accord with the facts. The Board considers the opinion to be well-founded, in so far as it was not immediately clear from the descriptions whether these corresponded to the facts. Since Schiphol has already clarified the allocation system in this respect, the Board sees no reason to withhold approval from Schiphol on this point.

7.2 Allocation of security costs (D17 OU Aviation)

7.2.1 Users' opinions

69. A distinction is made in the allocation system between border control activities and security activities. The allocation system, according to users, does not explain in further detail which costs are incurred by Schiphol in relation to border control. Since border control is a government task, it is unclear to the users to which costs Schiphol refers.

70. According to the users, the allocation system is incorrectly based on an allocation of non-specific costs for securing areas inaccessible to the public based on the floor space of the entire Terminal building. It is unclear to the users why the floor space of areas inaccessible to the public ought to be taken into account in the allocation of these security costs in relation to areas which are accessible to the public. The areas which are inaccessible to the public do not benefit from the securing of the areas which are accessible to the public and these are also secured in a different way, for which costs are also incurred. In the opinion of users, the

allocation of costs on the basis of the floor space of the publicly accessible areas in the more obvious basis for this allocation.

71. The cost of security for the Schengen area (the users also referred to the H Pier) are allocated entirely to aviation activities, while the security of the lounge in the Schengen area also includes security of the shops. As a result, according to the users, too many costs are allocated to aviation activities.
72. According to the users, no security costs are allocated to publicly accessible areas, which are not part of the terminal building, but which do benefit from this security, such as parking areas. Users refer, for instance, to the fact that Schiphol indicated earlier that mobile surveillance of the landside area is not included in the security costs, nor in the allocations based on square metres.

7.2.2 Assessment by the Board

73. On the basis of the Explanatory Memorandum to section 2 of the Decree, it appears that facilities for border control fall under the aviation activities. In accordance with Schiphol's system of economic regulation, these facilities may therefore be allocated to the airline companies. On request, Schiphol stated which costs for border control facilities it incurs and therefore charges to the aviation activities. Since the allocation system provided insufficient clarity on this point, the Board considers these opinions of the users to be well-founded. However, since Schiphol has clarified the allocation system in the manner stated above, there is no reason to withhold approval on this point.
74. The following applies with regard to the allocation of security costs in proportion to square metres of floor space in the terminal building. In so far as this is a publicly accessible area (that is, not an SRA²⁵ or SRA critical area), the security costs are passed on to all the PMCs which make use of the terminal complex (and therefore also to the PMCs which rent premises for shops, restaurants and cafes). This security partially has a general purpose in relation to company security. The users and owners of, for instance, shops in the terminal complex therefore benefit from the general security of publicly accessible areas in these parts of the terminal building, even though they may provide for their own security in specific cases. Schiphol therefore rightly regards these costs as shared costs which are allocated to every user in proportion to use and not only to aviation activities. The security costs, which commercial users bear themselves, are met entirely by these users. Although the above-mentioned justification is acceptable in itself in accounting terms, the Board deems the users' opinions

²⁵ SRA = Security Restricted Area. For a further explanation see section 5.3.3 of Schiphol's allocation system.

to be well-founded in so far as there is a lack of clarity with regard to the areas in which these security activities are carried out.

Since Schiphol has already clarified this in the allocation system (security relates to non-SRA lounges and piers), the Board sees no reason to withhold approval from Schiphol on this point.

75. With regard to the H Pier and the Schengen area, on request Schiphol stated that the situation referred to in the previous paragraph does not apply to security activities involving mobile surveillance of the Schengen area²⁶ and the H Pier. These security activities focus primarily on the security of aircraft. The reason for this is that the security in these areas is not decentralised, as in the case of the remaining part of the airport where passengers undergo a final check at every aircraft before they embark. This security is therefore not partly company security. Although the Board does not deny that the security of the Schengen area probably also has a positive effect on the security of shops—the presence of surveillance officers probably to some extent has a preventive effect, for instance with regard to shop theft—this effect in this combination is no more than an indivisible by-product of the main products, namely ensuring the security of the aircraft. This allocation is acceptable in accounting terms. The Board considers the users' opinions to be well-founded.
76. With regard to the two paragraphs above, the Board notes furthermore that the principles referred to here are stated in the allocation system.
77. With regard to the comments made by users in relation to the allocation of the cost of security in publicly accessible areas outside the terminal complex, this is in fact not correct. It is stated in the allocation system in this regard that the costs of specific measures in the non-SRA area are allocated to the specific user. This is described as such in the allocation system. However, the Board considers the users' opinions to be well-founded to the extent that the allocation system provides insufficient clarity, in the sense that it does not refer explicitly to the security costs outside the terminal complex. Schiphol has clarified the allocation system in this respect by stating that surveillance of the parking areas is charged to OU consumers. Since Schiphol has already clarified this point in the allocation system, the Board sees no reason to withhold approval.
- 7.3 *Allocation of the operating costs of the terminal complex (d'18 OU Aviation: energy consumption and transmission, water)*

²⁶ The Schengen area includes, for instance, lounge 1, in which shops, restaurants and cafes are also situated.

7.3.1 *Users' opinions*

78. The allocation system is based on an allocation to a PMC of the costs of energy consumption and transmission (gas and electricity) on the basis of floor space and weighting factors, based on the energy intensity of the various functional areas for each part of a building. To this extent, the allocation system, according to the users, deviates from the usual method of allocating costs of energy transmission, namely in proportion to required capacity.
79. The allocation of the costs of energy consumption and transmission within the terminal complex occurs in two steps. Firstly the quantity of energy consumed per functional area is determined and following this the number of square metres per functional area is "translated" into PMCs. Users consider it improbable that the subdivision into functional areas corresponds to the statutory distinction between aviation activities and non-aviation activities. This allocation of the costs of energy consumption, according to the users, does not adequately clarify which costs Schiphol wishes to allocate to aviation activities. According to the users, it is unclear how a functional area in a particular case, with the intermediate step of a PMC, results in allocation to aviation activities. According to the users, what precisely is understood by a 'functional area' and what distinguishable functional areas (may) exist at Schiphol airport is equally unclear in the allocation system.
80. The allocation system is based on an advance levy (the "budgeted amount") and retrospective settlement. According to the users it is not clear how the retrospective settlement of energy costs occurs. According to users, the periods for which energy consumption is measured and the way in which this measurement occurs is not transparent.
81. For the supply of energy, Schiphol applies the following measure (direct costs + apportioned indirect costs): units of consumption expressed in the units usually used for the type of energy (KWh in the case of electricity). In this way, according to users, more energy costs are allocated to aviation activities than is justified. Relatively large amounts of energy are allegedly used for aviation activities during the night and on weekends. In so far as lower tariffs apply to these periods (night-time power with lower tariffs per KWh), the corresponding lower direct costs are not allocated separately to aviation activities. According to the users this results in structural cross-subsidisation by aviation activities of non-aviation activities.
82. In addition, the cost of water consumption is allocated on the basis of the use of the floor space of the entire terminal building in the allocation system. The reason for applying these totally different allocation keys for the allocation, on the one hand, of the cost of energy consumption and transmission and, on the other hand, of the cost of water consumption in the allocation system is not explained at all, according to the users.

7.3.2 *Assessment by the Board*

83. The cost of energy transmission relates to the cost of Schiphol's own electricity and gas networks. These costs are initially allocated to the various internal customers within Schiphol using the onward charging key d7 (OU Aviation) on the basis of their capacity requirements. One of the consumers is the terminal complex. In this regard, the terminal complex is regarded as a single consumer. The transmission costs are then apportioned to the consumers within the terminal complex using the present allocation key on the basis of the surface area and a weighting factor based on the energy intensity of the various functional areas. With regard to the terminal complex, consumption during the day determines the total capacity requirement (all the activities are then operating at full capacity). Since the square metres to which these costs can be allocated are taken into account fully (no corrections are made for the fact that certain square metres are not used in the off-peak periods) and the cause of the energy intensity of the square metres is taken into account, the result is that the cost of energy transmission is allocated in proportion to the share in the capacity. The Board considers the users' opinions to be unfounded.
84. The determination of functional areas, as the users note, does not correspond to the distinction between aviation and non-aviation activities. For instance, the functional area "Sanitary Facilities" relates to numerous PMCs (including PMCs which produce aviation activities), which make use of this functional area. This is logical given the fact that the various spaces in the terminal complex (functional areas) in relation to energy costs serve as the basis for making distinctions with regard to the intensity of energy consumption. Following this, the users and their share of the use is determined (on the basis of square metres). This method of cost allocation is clearly described and is deemed to be correct. The Board considers the opinions of the users on this point to be unfounded. To the extent that the description of the various functional areas and their users has to be supplemented, the Board considers the opinions submitted by the users to be well-founded. Since the allocation system offered insufficient clarity on this point, the Board considers these opinions to be well-founded. However, since Schiphol has clarified the allocation system in the manner described above, there is no reason to withhold approval on this point.
85. With regard to the retrospective settlement of energy costs, see paragraph 8.2 .2 of the description of the allocation system. Here it is stated that the percentage allocation of the advance budgeting for costs is also applied to the realised costs. It is also stated in relation to the allocation key itself that settlement takes place on the basis of the actual realised costs on 30 June and 30 December of any year. The users' opinions that the method of retrospective settlement is not clear are therefore not shared by the Board. With regard to the measurement of energy consumption, Schiphol on request has included in the allocation system a further explanation of the periods during which energy consumption is measured and the way in

which this is done. Since the allocation system offered insufficient clarity on this point, the Board considers these users' opinions to be well-founded. However, since Schiphol has clarified the allocation system in the manner mentioned above, there is no reason to withhold approval on this point.²⁷

86. With regard to the users' opinions in relation to the tariff structure of the electricity costs, the Board wishes to note the following. Schiphol procures electricity on the basis of contracts for various terms, namely yearly contracts, quarterly contracts, monthly contracts and short-term contracts, and not on the basis of a tariff structure with peak and off-peak tariffs, differentiated according to the hours of the day or the days of the week. The procurement of electricity relates to the airport as a whole and not only to the terminal buildings. The first three types of contract which Schiphol enters into consist of a single basic tariff agreed beforehand. Short-term procurement, the quantity of which (in KWh) is in the order of magnitude of several promille of Schiphol's total procurement, occurs if the electricity procured on the basis of the first three types of contract is not sufficient to meet demand at a certain moment. According to information provided by Schiphol, this occurs particularly in the case of warm weather conditions.²⁸ The average procurement costs of energy therefore vary in relation to this total procurement structure firstly with regard to certain periods of the year and not as a result of possible differences in intensity of consumption between aviation and non-aviation activities on certain days of the week or hours of the day. Schiphol has provided sufficient justification for the above and has substantiated this. The Board therefore considers the allocation key applied to this point to be acceptable in accounting terms. On the basis of this procurement structure, the Board sees no possibilities or cause in relation to the above for a further breakdown of the energy consumption of various users on the basis of parts of the day or days of the week. In the light of all these considerations, the Board considers the users' opinions to be unfounded.

²⁷ Despite this, any settlement of this amount retrospectively is only permitted in so far as this occurs in accordance with the criteria for settling costs set out in the Decree (in this regard see section 1.1 of the Explanatory Memorandum to the Decree). This also applies to any retrospective settlements in relation to other allocation keys in the allocation system. With regard to these criteria of the allocation system, Schiphol states in section 8.3.1 that the independent auditor also examines whether the amount to be settled is determined in accordance with the rules for settlements contained in the Aviation Act.

²⁸ On the basis of consumption figures, on request Schiphol provided a further explanation, namely that short-term procurement mainly occurs during the summer when it is very hot and there are many passengers. The figures show that the greatest upward deviation in actual energy consumption relative to the average occurs at the connecting points in the terminal complex. According to Schiphol's explanation, this is attributable to an increase in the intensity of the air-conditioning in the terminal complex, a large glass building in which many people are present.

87. Following the question submitted by users with regard to the reason why various allocation keys are applied in allocating the costs of energy consumption and transmission (as described above), on the one hand, and the cost of water consumption (on the basis of square metres of floor space), on the other hand, the Board requested a further explanation from Schiphol. Schiphol has indicated that the cost of water consumption (which is not specifically metered for all users in the terminal) is relatively low in comparison to the cost of energy (less than 10%) and, in contrast to energy consumption, Schiphol does not manage water consumption as actively. Irrespective of Schiphol's own explanation, the Board sees no possibilities for providing a more refined allocation key for water consumption. In the Board's opinion, there is also no reason to assume that the allocation key in itself is not precise enough. The users themselves have also not provided alternatives in the form of a more refined allocation key. The Board considers Schiphol's selection of this allocation key to be acceptable in accounting terms and considers the users' opinions on this point to be unfounded.

7.4 *Costs of cleaning services (D18 OU Aviation: costs of cleaning services)*

7.4.1 *Users' opinions*

88. The costs of cleaning services are linked to the division of the building into square metres. All the costs of cleaning services, according to the users, are charged to the aviation activities, while the shops (if they have a shop window) are only required to pay up to one metre from their own shopfront. However, as in the case of the allocation of square metres, it is necessary, according to the users, to consider the actual use of the spaces and to allocate the costs of cleaning services proportionally on the basis of this. The costs of cleaning services are allocated to aviation in so far as these relate to public areas. However, these costs are caused equally, if not more, by visitors to the shops, restaurants and cafes. For this reason, these costs ought to be allocated on a *pro rata* basis to non-aviation and aviation activities.
89. Furthermore, according to the users, it was stated earlier by the airport that approximately 21% of the flow area is required for stocking shops, shopping carts etc. According to the users, the cost of cleaning services in relation to this part of the flow area must therefore also be allocated to PMC Consumers, or in any event not to aviation activities. Furthermore, the use of the arrivals hall in Terminal West for office staff should also be taken into account. According to users, the approach adopted in the allocation system, as presented, means that the costs of cleaning services allocated to aviation activities are almost 50% higher than would be the case if these costs were allocated correctly.
90. Shops and offices require shared areas to be cleaned, but the cost of cleaning shared areas is wrongfully allocated exclusively to the aviation activities, according to users. Where Schiphol assumes that the floor space used by shops and offices should not be taken into account in

the allocation key for cleaning services on the basis of square metres, this results in a situation, according to the users, where no cleaning costs are allocated to PMCs for which no cleaning services are provided.

According to them, this is not correct. Shops make use, for instance, of the flow area up to one metre from the shop front. This area also has to be cleaned.

7.4.2 *Assessment by the Board*

91. The costs of cleaning services are allocated according to the square metre allocation key applicable to Schiphol's buildings. The users' opinions on this point relate in fact to the underlying allocation of square metres as such which applies to the buildings. For the assessment of the allocation of square metres of the buildings, the Board refers to the discussion of allocation key a10 in relation to aviation activities in the addendum to this decision. This also applies to the allocation of the flow area for the stocking of shops and for office staff in the arrivals hall of Terminal West.²⁹
92. The specific point, raised by users, which relates not only to the allocation key for buildings, is that the cost of cleaning shared areas is allocated exclusively to aviation activities. This is not the case. In the case of shared areas, it is stated in the allocation system that "shared areas are allocated to all PMCs which make use of these even if they clean their own areas." The Board declares these opinions submitted by users to be unfounded.

7.5 *Cost of maintaining parts of buildings (d18 aviation: maintenance costs)*

7.5.1 *Users' opinions*

93. Since there is a lack of information with regard to the assets which are allocated to aviation activities or to shared use by aviation activities and non-aviation activities in the RAB, according to users, it is not possible in their view to ascertain how the cost of maintaining parts of the buildings are allocated. For instance, where the maintenance costs of all installations are aggregated and subsequently allocated on the basis of a square metre allocation key, this means that maintenance costs caused, in particular, by specific non-aviation users are wrongfully allocated to aviation activities, according to the users, or at least the allocation of these to aviation activities is too high. In this regard, the users mention the

²⁹ With regard to the allocation of cleaning costs, one of the users noted that the costs of an additional metre in front of the shops were not to be allocated to the commercial activities. This is not the case. The allocation of cleaning costs is based on the square metre key applicable to the buildings. The additional metre has been allocated to the commercial activities within this framework.

example of a grease trap for a hamburger restaurant which causes relatively high maintenance costs. It is not clear how this allocation is made.

7.52 *Assessment by the Board*

94. First of all, the Board wishes to emphasise that the maintenance costs relate exclusively to assets owned by Schiphol itself. The equipment of commercial areas, such as a grease trap in a hamburger restaurant, is not the property of Schiphol and is therefore not maintained at Schiphol's expense, let alone allocated to aviation activities.³⁰ As is stated in more detail in the allocation system, maintenance costs are allocated directly to parts of buildings. The costs of buildings are then allocated on the basis of the allocation keys applicable to the respective parts of the buildings, whereby all assets to be maintained by Schiphol are deemed to be shared. It emerged from an investigation by the Board that further refinement is not possible, amongst other reasons due to the fact that Schiphol does not procure separate maintenance services in many cases at the level of specific parts of the property requiring maintenance.³¹ Despite the above, there is no reason to assume that the maintenance costs allocated to the aviation activities are too high. Firstly, according to Schiphol's submissions, a large part of the assets, measured in terms of their purchase price, are shared (approximately 90%). The remaining share of the aviation activities, as part of the specific (non-shared) assets, is considerably greater than it would be on the basis of an allocation based on square metres.³² The Board considers the opinions of the users on this point to be unfounded.

7.6 *Allocation of energy tax (d19 OU Aviation)*

7.6.1 *Users' opinions*

95. Schiphol receives three assessments under the Valuation of Immovable Property Act [*Wet waardering onroerende zaken*], one for the terminal, one for SRE and one for Airport Property Management B.V. However, according to the users, only the terminal is relevant to aviation activities, and of this only the passenger terminal is relevant (according to the users, this is only a part of what Schiphol refers to as the "terminal"). The other two assessments, according to the users, are only meant for SRE. All the assessments, and the energy taxes

³⁰ Despite the almost self-evident nature of this, Schiphol has once again explained this in the allocation system.

³¹ Maintenance services are procured at the level of groups of production factors, which is realistic from an economic and management point of view. A maintenance company is contracted, for instance, to maintain all the lifts or, for instance, or the screens of the Schiphol Dynamic Displays Project.

³² According to statements made by Schiphol, approximately 90% of the remainder may be considered to be assets specifically related to aviation. The allocation key of the buildings allocates less than 60% of the total square metres of the building to aviation activities.

arising from these, are therefore wrongfully attributed to aviation activities. According to the users, only the costs of the passenger terminal, as part of the total assessment applicable to the terminal, may be allocated on a *pro rata* basis.

According to the users, it also follows from this that only part of the maximum levy resulting from the maximum ceiling of 10 million kWh may be allocated. In this sense, according to the users, it is also incorrect that no energy tax is passed on to the PMCs Parking and Consumers, which are large consumers of energy. Furthermore, according to the users, it is unclear why the energy tax is not included under "onward charging key d7".

96. Reference is made to the accounting basis used to pass on the energy tax, to which a ceiling of 10 million kWh per tax assessment under the Valuation of Immovable Property Act applies. The ceiling of 10 million referred to here, according to users, ceased to apply as of 1 January 2007. To this extent, according to the users, the allocation system is not up to date.

7.6.2 *Assessment by the Board*

97. The energy tax, based on the three assessments under the Valuation of Immovable Property Act, is passed on directly in the allocation system of 20 December 2006 to the terminal complex, SRE and Airport Property Management B.V. and for this reason alone is not passed on exclusively to the aviation activities. The costs of the terminal complex are broken down further in the allocation system into aviation and non-aviation activities within the terminal complex in accordance with the allocation keys applicable to this. The conclusion that all costs are allocated to aviation activities is therefore not correct. In so far as the users' opinions relate to the size of the terminal complex as such, see the assessment in this addendum to the decision relating to this point.³³ Furthermore, Schiphol is at liberty to include the respective onward charge in a separate allocation key. The Board considers the opinions of the users on this point to be unfounded.
98. With regard to the other opinions submitted by the users in relation to these points, the following applies. The upper ceiling has indeed ceased to apply. The tax assessment consists of a fixed amount for the first 10 million kWh and a rate per kWh is charged for the excess. The Board considers the users' opinions to be well-founded in so far as the system is not up to date. Since Schiphol has updated the allocation system in this respect, the Board sees no reason to withhold approval of the allocation system on this point.

³³ In this regard, see the discussion of the integrality requirement in the addendum to this decision under section 2 on the allocation of costs.

99. With regard to the opinions submitted by users in relation to the allocation of energy tax to other internal users, the Board considers the users' opinions to be well-founded in so far as the allocation of energy tax is not proportional due to the failure to take into account the consumption of other internal users (other than SRE and APM),³⁴ which together with the terminal fall under a single assessment. Schiphol has amended the allocation system in this respect by allocating the energy tax based on the last-mentioned assessments under the Valuation of Immovable Property Act in proportion to KWh consumption to all users who fall under this assessment. Since Schiphol has amended the allocation system in this way, which is acceptable in accounting terms, the Board sees no reason to withhold approval on this point.

7.7 Allocation of maintenance costs for electricity installations (onward charging key d20 OU Aviation)

7.7.1 Users' opinions

100. With regard to the onward charging of maintenance costs, the users know that the maintenance costs for energy are already included in the transmission costs. The costs specified under transmission costs are intended, for instance, for maintaining the vital cables (mains). According to the users, it is not clear whether these costs are charged twice or settled under 'onward charging key d20').

7.7.2 Assessment by the Board

101. As was stated, allocation key d20 relates to the maintenance by US of the installations of other departments. The maintenance costs of US's own network are charged by means of the allocation key d7 (OU Aviation). There is therefore no reason to assume that the maintenance costs are charged twice.³⁵ The Board considers the opinions of the users to be unfounded.

7.8 Allocation of the cost of parking places (d8 OU consumers)

7.8.1 Users' opinions

102. The cost of parking is passed on by means of the allocation key d8. According to the users, it is not clear whether and to what extent the costs of Sternet, that is the connection between the other parking areas, is allocated through the cost per parking place. If this is not the case, according to the users, the costs are incorrectly allocated to the aviation activities. In addition, the method by which the cost of parking places for personnel is passed on is unclear. Most

³⁴ SRE and APM are charged separately for energy tax.

³⁵ The audit carried out by the auditor also ensures that costs are not charged twice.

parking places for personnel, according to the users, are used by more than one person. It is unclear why this is not taken into account in calculating the cost price. The cost price per parking place must be calculated, according to the users, on the basis of the cost price per parking area, divided by the number of persons entitled to park there rather than by dividing this by the number of parking places in the respective parking area, as stipulated in the allocation system.

7.8.2 Assessment by the Board

103. The costs charged in accordance with the respective allocation key relate exclusively to the costs of parking as such. This is sufficiently clear from the description of the allocation key. The costs of personnel transport outsourced to Sarnet are not allocated through the parking places to the aviation activities, but through the costs of the landside infrastructure. This is stated in the allocation system.³⁶ Schiphol treats the cost of personnel transport by Sarnet as a facility within the landside infrastructure, the cost of which is allocated on the basis of traffic data to the aviation activities and the non-aviation activities. The Board considers this linkage to Schiphol's landside infrastructure to be realistic because the transportation of personnel by Sarnet occurs within the landside infrastructure. The subsequent allocation of these costs on the basis of traffic data provides an adequate measure of the use of the facilities within the landside infrastructure for the allocation of costs to aviation activities and non-aviation activities. The users did not criticise the allocation key in relation to traffic data within the landside infrastructure as such. The Board considers the users' opinions to be unfounded.
104. With regard to the calculation of the costs of parking places for personnel as such, the Board considers the users' opinions to be unfounded. In calculating the costs, the number of people who use the parking places must be taken into account. Schiphol has adjusted the allocation system with regard to this point. Since Schiphol has amended the allocation system in relation to this point, the Board sees no reason to withhold approval on this point.

7.9 Allocation of project management costs (d1 OU PRO)

7.9.1 Users' opinions

105. Schiphol does not charge for project management using a standard calculation based on an hourly rate plus overhead, but charges an hourly rates plus a so-called NFC index. According to the users, it is not clear whether double allocation occurs here, namely allocation through the NFC index and allocation by other means.

³⁶ Schiphol's contribution to Sarnet is part of the cost of the landside infrastructure (see the description of allocation key A5).

7.9.2 Assessment by the Board

106. In the case of this allocation key, a standard tariff is used with a standard surcharge for, for instance, overhead. Partly as a result of this, an operating result is realised. This operating result is "restituted" through the onward charging key d2 OU PRO to the operating units in such a way that on balance the operating result is nil. There is therefore no question of double allocation. This is described in the allocation system. In this case, the Board considers the users' opinions to be unfounded.

8 Individual allocation keys

8.1 Allocation of the cost of removing snow and ice (a1a OU Aviation and a12 OU Aviation)

8.1.1 Users' opinions

107. With regard to the cost centre of the department "Airside Operations", it is unclear, according to users, whether this also includes removing snow and ice on the landside. According to users, it is not clear whether vehicles used for removing snow and ice, sweeping equipment, cleaning equipment, trailers and compressors are used exclusively for aviation activities. Alternatively, according to the users, allocation to the landside infrastructure would also be incorrect because costs would be allocated to aviation activities for ice removal on the landside.

8.1.2 Assessment by the Board

108. The Board considers these opinions with regard to the lack of clarity to be well-founded. Schiphol has provided the Board with clarity on this point. The costs of removing snow and ice (man hours and equipment costs) in relation to the landside infrastructure are also allocated to the landside infrastructure. In addition, Schiphol has explained that the equipment referred to under Fleet Management (a12 OU Aviation) relates to the vehicles and that the equipment referred to under airside infrastructure (a1a OU Aviation) relates to specific equipment, such as shovels. Schiphol has stated in the allocation system that the costs of removing snow and ice in relation to the landside infrastructure is passed on through the onward charging key d11 of the Airside Operations Department (including the Fleet Management equipment). Since Schiphol has amended the allocation system in this way, the Board sees no reason to withhold approval of the allocation system on this point.

109. With regard to the alternative opinions submitted by the users in relation to the allocation of costs of the landside infrastructure to aviation activities as such, see paragraphs 24 up to and including 26 of this addendum to this decision.

8.2 Allocation of the cost of facilities in relation to accessibility for SRE (a 1b OU Aviation)

8.2.1 Users' opinions

110. The question arises, according to the users, as to why no costs in relation to the accessibility of premises rented on the airside are passed on, including "the maintenance of facilities in relation to accessibility". The roads on the airside, according to the users, fall mainly under the aviation activities. However, commercial users also make use of these roads, according to the users.

Nevertheless, according to the users, the costs of this infrastructure are not passed on to the non-aviation activities, or at least are not reflected in the allocation system.

8.2.2 Assessment by the Board

111. The rental relates to areas which are partially accessible exclusively through the airside. The respective areas are situated along the roads on the airside. These areas are situated, for instance, beneath the piers and are used, for example, as accommodation or offices for, among others, ground services staff or as storage for aircraft parts. The areas are therefore partially used as a base for activities in relation to the aircraft on the platforms. Some of the airline companies carry out these activities themselves and are therefore lessees of the respective areas. (Through SRE) Schiphol charges rental for the use of these areas. The rentals by SRE on the airside do not fall within the definition of aviation activities, in terms of the Decree.³⁷
112. Leaving aside the question as to whether the use of the roads on the airside to gain access to these facilities does or does not fall under aviation activities—it is realistic, for instance, to consider the use of these roads for traffic moving between the aircraft on the platforms and these facilities as used for aviation purposes³⁸—the Board considers it practically almost unfeasible to determine which part of the traffic ought not to be regarded as aviation activity.³⁹

³⁷ See the explanation per section of the Decree in relation to section 2.

³⁸ In section 2 of the Decree, reference is made to the operator's activities in relation to the taking off and landing of the aircraft, including, in any event, the use of platforms by aircraft.

³⁹ The issue is extremely complex. The roads on the airside can be accessed at various places and it would be necessary to determine at each place which traffic does or does not originate from the platform, if this is the

in the light of this and the fact that there is probably a relatively small cost difference—the users also indicated in their opinions that the roads largely fall under aviation activities—the Board does not consider it appropriate to withhold approval on this point and declares the users' opinions on this point to be unfounded.

8.3 *Allocation of costs of the Marketing & Account Management Department (a1g, aviation)*

8.3.1 *Users' opinions*

113. The Marketing & Account Management Department, referred to in Addendum 4, works for everyone, in other words for the airline companies, ground services and other aviation related parties. According to the Aviation Act, the activities of the ground services and aviation-related parties, according to the users, do not fall under the legally defined concept of 'aviation activities' of the airport operator. This means, according to the users, that the costs caused by these parties are not part of the costs which must be allocated to aviation activities.

8.3.2 *Assessment by the Board*

114. In the description of the allocation key, it is clear that the activities directed towards airline companies, ground services and other aviation-process related parties fall under the account management of this department. With regard to whether the activities fall within the definition provided in section 2 of the Decree, it is necessary not to consider the activities of ground services and the aviation-related parties, as such, but to consider the activities of Schiphol itself.⁴⁰ The allocation system and the respective allocation key relate to this.

115. It appears from a further explanation⁴¹ given by Schiphol in relation to this point that Schiphol's account management within this department relates to maintaining relationships with parties in their capacity as (sub)contractors of the airline companies. The account managers' tasks relate, for instance, to maintaining a standby service to provide information to the above-mentioned parties during operational disruptions or incidents. The purpose of

basis for making the distinction, or has the platform as its destination and the distances which they cover to reach the platform or the leased premises. In addition, there is also "internal" traffic which uses the roads to move between the leased premises on the airside without stopping at the platform. If this traffic were also to be considered non-aviation traffic, it would be necessary for Schiphol to ascertain at the various entry and/or exit points of these leased premises whether the traffic which arrives at these points originates from other leased premises (or, alternatively, has these as its destination) or originates from the platform (or, alternatively, has the platform as its destination) and the distance covered by this traffic.

⁴⁰ See also chapter 1 of this decision.

⁴¹ This is a classification of the respective account management function.

this type of contact is to ensure that an important link in the handling of passengers and their baggage is present at the airport and operates optimally. The Board considers this activity of Schiphol to be an activity "in support of" the use of the airport by users, as defined in section 8.25d(1) of the Aviation Act. This is in contrast to Schiphol's activities as the provider of accommodation (SRE rentals) to these parties. The costs are therefore allocated entirely to aviation activities. The Board considers the users' opinions on this point to be unfounded.

8.4 Allocation of miscellaneous costs of the Passenger Services Department (a1h aviation)

8.4.1 Users' opinions

116. According to the users, the information counters (which, in their opinion, are used not only to provide flight information, but also to provide information on commercial services) are wrongly allocated entirely to aviation activities. According to them, the floor management bears full responsibility for managing the total flow in all parts of the terminal. According to the allocation system, these costs are allocated entirely to the aviation activities. according to the users, this is incorrect, because the floor management's activities are also used for non-aviation activities.
117. The operating costs of the VIP centre are allocated entirely to the aviation activities, while the physical centre is allocated to the management and therefore to all PMCs. It is not clear, according to the users, why this strange dual construction was chosen. It would be in line with the market if the operating costs were also allocated to the respective PMCs.
118. Furthermore, according to the users it is not clear whether the departments referred to carry out non-aviation activities in addition to aviation activities, at least activities for parties other than the passengers of airline companies. The defibrillators are an example of this, according to the users. According to them, these have also been installed in Schiphol Plaza.

8.4.2 Assessment by the Board

119. With regard to the information counters, the Board considers the users' opinions to be unfounded. It has emerged from a further declaration by Schiphol that a significant number of the questions asked relate to non-aviation activities. The attributable costs are allocated in proportion to the number of requests for aviation and non-aviation activities. The amendments have been included in the allocation system in the new allocation key a9e (OU Aviation) and the existing allocation key a10 (OU Aviation) with regard to the information

counters.⁴² Since Schiphol has already amended the allocation system, the Board has no reason to withhold approval on this point.

120. With regard to the users' opinions in relation to the VIP centre, the following applies. In the allocation system, it is stated under the corresponding onward charging key d13 (OU Aviation) that part of the costs of the VIP centre are allocated to all the other company activities through the group staff because Schiphol regards these activities as representative activities on behalf of the company (Schiphol Group) as a whole. The allocation system therefore clarifies why this dual construction was chosen. The Board considers the users' opinions in this regard to be unfounded. The allocation of the remaining operating costs of the VIP centre in this way is allegedly incorrect in accounting terms. These remaining costs (charged to the users who have to pay for them) are paid separately on the basis of full costing. In so far as an operating result arises as a result of a difference between the costing in advance and the retrospective settlement, the Board considers it permissible in this entire constellation of factors that this is allocated to the aviation activities, provided this is not in conflict with the settlement rules set out in the Decree. A VIP centre at an airport such as Schiphol is, after all, consistent with an activity involving the handling of passengers.⁴³ This is in contrast to other services offered at the airport, such as the infrastructure of the Business Lounge of an airline company, which has a clearly commercial character. The Board considers the users' opinions to be unfounded.
121. With regard to the lack of clarity, referred to by the users in general terms in relation to the other departments which fall under this allocation key, the following applies. In so far as the users have stated that it is unclear whether non-aviation activities also fall under the respective activities, the Board cannot concur with the statements made by the users. The Board has given closer consideration to the descriptions in the allocation system. It follows from the description of the activities, as given by Schiphol, that this relates unequivocally to aviation activities. This also applies to the activities of the Floor Management Department. On the above grounds, the Board sees no reason to withhold approval for the system which describes the principles applicable to the allocation. In so far as the users refer more particularly to a supposed lack of clarity in relation to defibrillation equipment in the hall of Schiphol Plaza, in the sense that this equipment could also be used for non-aviation activities, the Board notes the following. The cost of this equipment, located in the Plaza, allocated to the airline companies is almost nil.⁴⁴ Under the circumstances it would not be reasonable to

⁴² The information counters are part of the equipment of the building.

⁴³ A VIP centre offers, for instance, a quiet place for celebrities.

⁴⁴ There are approximately 60 apparatuses of this sort in Schiphol's terminal complex. According to Schiphol's statements, one apparatus is freely accessible in Schiphol Plaza. The depreciation costs of this amount to approximately EUR 600 per annum. The full onward charging of this amount and the cost of capital divided

withhold approval of the allocation system on this point. The Board considers these opinions to be unfounded.

8.5 *Allocation of the costs of the TRE Department (a2a, Aviation)*

8.5.1 *Users' opinions*

122. In the case of this key, it is not clear, according to the users, which costs are actually passed on to PMCs other than the PMC Aviation within the framework of the departments referred to in this overview.⁴⁵

8.5.2 *Assessment by the Board*

123. The costs of this cost centre, which are passed on to the other PMCs, are referred to in the onward charging key d18. Reference is also made to this in the allocation system under this allocation key. The costs charged to other PMCs through this onward charging key have been explained adequately. In the Board's opinion, this allocation has been adequately explained in the allocation system. The Board considers the opinions to be unfounded.

8.6 *Allocation of the costs of the Security Department (allocation key a3 OU Aviation)*

8.6.1 *Users' opinions*

124. With regard to Automatic Border Passage (ABP), the yardstick used for the attributable revenues of automatic border passage is "*the amount of the costs of automatic border passage calculated on the basis of the revenues*" of Privium. In this regard, in the opinion of users, only taking into account the equipment is incorrect. This means that the remaining costs, namely those of the square metres of the passages, are allocated to aviation activities, without being offset against revenues from Privium. With regard to the other costs, the users refer to the costs of the security cluster. In addition, the users also added that personnel capacity deployed for border control is also deployed for ABP activities. Finally, with regard to the development costs of hardware and software for the Privium project, it should be noted that these have been allocated to the aviation cost centre, although it is not clear whether additional revenues from the commercial Privium project also flow back to the aviation cost centre.

amongst all the airline companies (approximately 90%) results in an onward charge of less than EUR 10 per airline company per year. In applying an allocation key, part of this amount could still be allocated.

⁴⁵ The Board refers to page 18 of Addendum 4 of the allocation system of 20 December 2006.

8.6.2 Assessment by the Board.

125. ABP relates to a border crossing which only differs from staffed border crossings in the sense that ABP equipment has been installed. Schiphol (therefore) does not deploy its own personnel for this.⁴⁶ The situation is therefore that in the case of a traditional border crossing government personnel is deployed for border control purposes at the government's expense. ABP is offered to Privium passengers,⁴⁷ who pass an apparatus for the purpose of border control. In the case of ABP, the only cost that Schiphol does not charge to the aviation activities is the cost of the security equipment. By analogy with staffed border control, this allocation implies that only the costs of border control as such are not allocated to the aviation activities, in the given situation where Privium passengers pay for ABP. The Board is of the opinion that the approach adopted in this case is consistent with the definition in section 2 of the Decree, whereby the other facilities for border passage within this constellation are allocated to the airline companies and considers the opinions with regard to the allocation of cost categories other than the cost of equipment to be unfounded. The Board considered the opinion of the users to be well-founded only in so far as this relates to charging aviation activities for the costs of developing equipment. These costs are part of the equipment costs. Schiphol has amended the allocation system in such a way that the development costs associated with the equipment used for Privium passengers are also included in the yardstick for attributable revenues from Privium. Since Schiphol has already amended the allocation system in this way, the Board sees no reason to withhold approval on this point.

8.7 Allocation of costs for landside infrastructure (a5 OU Aviation)

8.7.1 Users' opinions

126. With regard to the allocation of the operating costs of landside infrastructure, the allocation of depreciation costs and maintenance costs in relation to green areas and the pumping station or areas, whose use cannot actually be determined, to the other areas is assumed. However, in so far as costs are allocated to access roads, in terms of section 2 of the Decree, this is in conflict with the statutory requirement that only the costs which are actually incurred for aviation activities may be allocated to these, according to the users.

127. Furthermore, according to the users, it is not sufficiently clear which costs of the landside infrastructure Schiphol deems to be directly attributable to aviation activities.

⁴⁶ Government personnel is deployed to staff border control posts.

⁴⁷ This is a service provided by Schiphol to aviation passengers. At a fee, passengers may make use of premium facilities such as automatic border passage and preferential parking.

128. Finally, the allocation of access roads on the basis of traffic intensity, averaged on an annual basis, should be replaced, according to the users, by an allocation on the basis of representative capacities on an hourly basis. The users explain in more detail that the aviation activities do not cause peak traffic on the access roads and that the traffic, linked to the increasing construction of office premises at Schiphol, on the other hand, is susceptible to peaks.

8.7.2 *Assessment by the Board*

129. The areas referred to, the use of which cannot be determined, relate to part of the green areas, the so-called 'Jarea'⁴⁸ and the pumping station. These are areas or functions for general use. They can therefore be characterised as functions which support the remaining landside infrastructure.⁴⁹ It may therefore be considered reasonable and consequently acceptable in accounting terms that the costs of these facilities are allocated to the other areas and that these costs are then passed on to the aviation activities in proportion to the use of the areas which qualify for this. The Board considers these opinions submitted by the users to be unfounded.

130. With regard to the opinion of users that it is not clear what costs are attributed directly to aviation activities, the Board considers the users' opinions to be well-founded. Schiphol has explained which costs of the landside infrastructure are allocated directly to the aviation activities. Since the allocation system offers the necessary clarity in this regard, the Board sees no reason to withhold approval on this point.

131. With regard to the demands which the access roads make on capacity, the following applies in relation to the allocation key applicable to the access roads. The users in fact would prefer the demand on capacity at the moment that office staff arrive or leave to determine the allocation of costs. To start with, the capacity of the access roads is not demonstrably greater than the parameters taken into account to absorb a peak of arriving and departing office staff. Schiphol has stated on request that a large proportion of office staff make use of parts of the landside infrastructure other than access roads, which are used by passengers. A large proportion of office staff park in the staff parking areas which are not located along the Schiphol Centre access road system.⁵⁰ In addition, Schiphol has also explained that there are also peaks of

⁴⁸ The so-called Jarea is an area to the north west of the Schiphol Tunnel, which is used as a buffer platform for aircraft, according to Schiphol.

⁴⁹ The purpose of the pumping station, for instance, is to keep the area dry.

⁵⁰ Personnel are then transported to the centre of Schiphol by bus. Only the costs of the roads to *Schiphol Centrum* (*Centrum Hoog* and *Centrum Laag*) are allocated to the aviation activities as access roads.

departing travellers which do not coincide with the arrival and departure times of office staff. The question which arises is which activity causes peak load. Schiphol has provided sufficient justification and has substantiated the above, and the Board considers the allocation key applied in this respect to be acceptable in accounting terms. The Board considers the users' opinions to be unfounded.

8.8 *Costs of the works council (a7b OU Aviation)*

8.8.1 *Users' opinions*

132. According to the users, the full cost of the works council has wrongly been allocated to aviation activities.

8.8.2 *Assessment by the Board*

133. Schiphol has explained this and stated that this relates to the decentralised works council of the Business Area Aviation. This is a works council which exists specifically for staff of Schiphol who are involved in aviation activities. The costs of Schiphol's central works council are allocated to the various PMCs through the allocation key a5 (central staff) and are therefore not allocated to aviation activities. Schiphol has clarified the latter point in the allocation system. Furthermore, the allocation system reflects the fact that the costs of the works council of BA Aviation are not allocated entirely to aviation activities. These overhead costs are allocated partially through onward charging keys to other non-aviation customers, which make use of services within BA Aviation.⁵¹ The Board considers these opinions to be unfounded.

8.9 *Cost centres of the Aviation Management Department (a9d, OU Aviation)*

8.9.1 *Users' opinions*

134. The costs referred to in this allocation key (costs of public security), according to the users, cannot be allocated to aviation. Maintaining public security, according to them, is a responsibility of the government and not an aviation activity.

135. According to the allocation system, the allocation key must be determined for each activity for the cost centre of the 'Security' Department. As a result, according to the users, how the costs will be allocated remains undecided. This lacks due care and is not transparent; by doing so, users are not provided with clarity in relation to the allocation key used.

⁵¹ In this regard, see the general introduction to Addendum 3 of the allocation system.

8.9.2 Assessment by the Board

136. The Board considers the users' opinions with regard to the failure to allocate Schiphol's costs for public security to be unfounded. In this regard, see paragraph 28 of this addendum to this decision.
137. The Board considers the users' opinion that the allocation key for the remaining costs of the department is not clear enough to be well-founded. In its explanation, Schiphol has added a statement to the effect that this allocation key for these specific activities is equal, in general, to that of the staff (OU staff a5), since this relates to activities carried out on behalf for the entire company. The Board considers this allocation key to be acceptable in accounting terms and considers the description to be sufficiently precise, given the fact that this is a residual category of activities of this department. Since Schiphol has amended the allocation system, there is no reason to withhold approval on this point.

8.10 Allocation key for the costs of buildings (a10 aviation and other allocation keys in which this allocation key is applied or on which it has an impact)

8.10.1 Users' opinions

- General

138. The allocation of Schiphol on the basis of square metres (S-NEN 2580), according to users, wrongly assumes that the entire complex is used, in principle, for aviation activities, with the exception of the other parts which are not used for aviation activities. On this basis, a larger surface area would be allocated to aviation activities than is justified on the basis of use by aviation activities. The standard S-NEN 2580 is not generally publicised.
139. The national standard, NEN 2580, is a generally applicable standard, according to users, for measuring areas in shopping centres. By deviating from this nationally accepted standard, according to the users, Schiphol has acted contrary to the principle of market conformity. According to NEN 2580, general (traffic areas) and dispatch areas are deemed to be included in the rental of shop premises. The users state that the latter is not the case at Schiphol and that in allocating general areas, the principle applied is that these general areas should (largely) be allocated to aviation activities.⁵² The users regard the departures hall, the piers and the lounges situated between these as general areas, in terms of NEN 2580. The

⁵² According to the users, this would only be consistent with NEN 2580 and compliant with the Act if a *pro rata* part of the revenues from the leasing of shop premises were to be allocated to the aviation activities.

allocation of the (general) traffic areas in Schiphol Plaza, adjacent to the shops, restaurants and a railway station, to the aviation activities is allegedly also not consistent with the standard NEN 2580, according to which these costs are deemed to be included in the rental of the shops. According to the users, both aviation activities and non-aviation activities take place in these areas. These areas should be allocated to both categories of users according to both NEN 2580 and S-NEN 2580 on a *pro rata* basis and not largely to aviation activities.

140. Finally, the users noted in general that also making buildings suitable for use (in advance) for non-aviation activities supposedly results in excessive costs being allocated to aviation activities.⁵³

- Specific

141. Specifically in relation to Schiphol Plaza, the users have stated that in so far as the costs of Schiphol Plaza have already been allocated to aviation activities (which, as was stated earlier, ought not to be the case, according to the users), the area which now qualifies for allocation of costs is supposedly too large. According to the users, Schiphol should only base the allocation on the corridors or paths marked in the area which aviation passengers require to move through the area.⁵⁴ The yardstick applied by Schiphol to allocate the allocated areas, whereby the area is allocated on the basis of foot traffic, and a distinction between aviation and non-aviation pedestrians, is as such unsound, according to the users. People fetching or bringing passengers and aviation-related personnel are supposedly also included in the category of aviation-related pedestrians. With regard to the Terminal West and Skyport offices, the users

⁵³ The users have explained this as follows. The allocation of the terminal on the basis of historic expansion results in a situation where the costs which arose in relation to the original investment allocated to the PMC to which the original investment related, even if this investment was greater than necessary for the PMC, but was prompted by a desire to invest in other functions at a later stage. Primary investments are often aviation related, while later extensions often relate to commercial activities. An example of this is the investment in baggage storage in the basement of the south terminal. The concrete construction of this was designed in such a way that it could also carry the office building which was realised on top of it. The additional cost of this stronger construction, however, was allocated to aviation and not to Schiphol Real Estate, which operates the office building. Commercial areas, for instance, require a higher level of quality than areas purely related to aviation. For instance, a higher level of ventilation is required for bars and restaurants than for piers; fire prevention installations require a greater investment as a result of the greater fire risk of shops, restaurants, cafes etc. As a result of this, relatively high costs are therefore allocated per square metre to aviation, while these higher costs are caused by non-aviation activities.

⁵⁴ Areas which are taken into account in the allocation of costs, according to the users, are also disproportionately large because they include the toilet blocks and overhead and technical areas within this part of the building.

have also argued that if allocation were to be permitted, they would alternatively be of the opinion that the costs of the lifts (staircases) and other general and technical areas in these buildings ought not to be allocated to aviation in so far as they have been installed for floors which are not used for this purpose.

142. Furthermore, the users also specifically stated that the so-called 'reserve capacity', in the form of areas temporarily not or not yet used for aviation activities (vacant premises) are wrongfully attributed to aviation activities by Schiphol. This supposedly also applies to (areas for) artworks and areas for plants, partially extendable shops, advertising columns on a small stand and displays of shops and terraces of restaurants outside their "territories", toilets in the general lounges, which are also used by persons other than passengers, the general areas of lounges and the areas for stocking shops. In addition, the users argue that there is no conceivable reason why an additional metre is taken into account as commercial space for shops with a closed facade. The users also stated that according to Schiphol 21% of the flow area is apparently used for stocking shops. Terminal 3 is apparently also used for staff who work in the offices above Terminal West. The costs of artworks and sculpture, according to the users, should at least partially be allocated to aviation activities. Partly on the basis of photographic material, users illustrated three situations in which it is apparent that Schiphol causes its passengers to take detours unnecessarily, as a result of which an unnecessarily high number of square metres are allocated to aviation activities. Furthermore, users asked what the value is of the measurement certificate issued by Bureau Bouwcoördinatie Nederland (BBN) with regard to the application of the standard, why this is mentioned in the allocation system and what this certificate entails.

8.10.2 Assessment by the Board

- General

143. Before discussing the users' opinions, the Board notes that the users' opinions are tested against a proportional approach to the allocation of the costs of buildings. This proportional approach is based on the *de facto* use of the building and on the opinion that the building in its practical use serves numerous primary functions. In this approach, it does not accord with reality to determine an (original) main function to which the costs should primarily be allocated.
144. Translated to Schiphol, the building is a multifunctional building with various primary functions, such as a station building serving the aviation industry, a shopping function and commercially rented office premises, and not primarily an airport building. Translated to cost allocation, the first step is that all non-shared costs of the building (for instance interior walls of shops and offices) are allocated to specific users. With regard to the allocation of the

remaining shared costs (for instance, foundations, the shell of the building, the exterior walls, the shared use of installations), the building is measured, for instance, on the basis of square metres of floor space and these are then allocated to particular uses. Square metres of floor space used only for aviation are allocated entirely to aviation and square metres of floor space which is only used for other purposes are allocated entirely to these other purposes. Square metres of floor space which support numerous functions (such as general (traffic) areas and technical areas, are not taken into account in the allocation of square metres. The costs of the building are then divided by the total number of square metres comprising all non-shared areas. The total shared costs of the building are then divided in proportion to square metres required for the latter areas. As a result, the costs of the shared areas are allocated to the primary functions in proportion to the square metres used by the primary functions. This approach corresponds to the statutory requirements and is (therefore) acceptable in accounting terms. Despite the above, in practice this generally also exerts a considerable downward pressure on the costs of the building which are allocated to aviation activities because the shared costs of the building are allocated to various functions.⁵⁵

145. The Board considers the remark made in general terms in the users' opinions, namely that Schiphol's allocation of square metres wrongfully assumes that the entire complex is, in principle, used for aviation activities with the exception of those parts which are used for other activities, to be unfounded. Schiphol's principles can certainly not be regarded as a residual approach or an "aviation-activity-unless" approach, in the sense that all areas which are not used for purposes other than aviation activities are allocated to the aviation activities.
146. Within the building, Schiphol distinguishes between shared areas, which as such can clearly be regarded as supportive of the main functions of the building. The costs of these shared areas are allocated on a *pro rata* basis and are therefore not only allocated to aviation activities. In areas which are used for numerous purposes (for instance, floors with shops which also have a throughflow of passengers), Schiphol applies the general principle that residual areas which are logically inaccessible, due to the location of a commercial function, and as a result are not functional for the flow, are allocated to the function which causes the inaccessibility. Within Schiphol Plaza, passages which can specifically be regarded as shopping malls are allocated entirely to the shop function. A study of the drawings of the parts of those buildings which are in operation, in which the implementation of the standards

⁵⁵ The following example is given to illustrate this. A building with 10,000 square metres of floor space is initially realised and used as a building for aviation activities. Due to this, the annual cost level is 10,000. At a certain moment, shops are realised within the building and account for 350 square metres of floor space. The costs of the building as such may be regarded as shared as of this moment. The allocation of the costs of the building in proportion to square metres results in the allocation of the shared costs of the building amounting to 6,500 allocated to aviation activities and 3,500 to the shop function.

applied by Schiphol have been made visible, do not confirm the "aviation-activity-unless" approach. The Board concludes that Schiphol's approach complies with acceptable accounting principles.

147. With regard to the users' opinions that Schiphol ought to use the NEN 2580 standard, this does not do justice to a proportional allocation of the costs of the buildings based on the various primary functions of the building, whereby the function of a station building is also one of the primary functions. The analogy with a shopping centre cited by users does not correspond to reality at Schiphol. Applied to a shopping centre, the NEN 2580 standard results in a situation, put briefly, where the costs of general areas, which are used, for instance, for the throughflow of the public between the shops in a shopping centre, are allocated on a *pro rata* basis to the shop owners and are accordingly passed on in the shop owners' rent. Within this approach, these areas are regarded as general areas which serve the shops.⁵⁶
148. The peculiarity of the situation at Schiphol is that the public thoroughfares largely support the use of a different primary function, namely the function of the building as a station building serving an airport. Treating the departures hall, the piers and the lounges situated between them and the above-mentioned (general) thoroughfares in Schiphol Plaza as general areas, in terms of NEN 2580, as advocated by the users, implies that these areas are regarded as supportive of the various primary functions. This does not correspond to reality because these areas clearly have a function within the primary processes of the buildings as part of their primary function as a station building serving the aviation activities. The Board considers the users' opinions to be unfounded.
149. The users' opinions with regard to the allocation of too many costs to the aviation activities, as a result of making the buildings suitable (in advance) for partial use by other primary functions, is considered by the Board to be unfounded in so far as this relates to costs with a purely shared character. The foundations and part of the other facilities mentioned by users are of service to the entire building and all the (primary) functions which occur within it and in this sense may be considered to be production factors whose use is shared. As was stated above, it is acceptable in accounting terms to allocate these costs in proportion to their actual use to the aviation and non-aviation activities. In this regard it should be noted that Schiphol allocates the costs on a *pro rata* basis in the case of shared use and, in the event of later extensions, does not only allocate these costs to the PMC to which the original investment related, which seems to be implied in the users' opinions. Already in the process leading up to the draft decision, NMa noted that if a part of the building, which was originally used

⁵⁶ Dispatched areas are not allocated to the aviation activities by Schiphol. Schiphol has clarified this again in the allocation system.

exclusively for aviation activities, is extended for non-aviation activities, the cost of the extension is added to the costs of the original part. The total costs, calculated in this way, are then allocated on a *pro rata* basis, as a result of which considerable cost advantages are realised for the aviation activities.

150. If the users' opinions were nevertheless to be taken into account in relation to this point, assuming the examples referred to by the users, it would be necessary to investigate what the difference is between the costs which would be incurred if the building were only suitable for aviation activities (stand-alone costs⁵⁷) and the costs which are actually incurred. In so far as there is a difference,⁵⁸ or in so far as this difference can be determined (objectively) in advance or retrospectively, it would have to be allocated to the non-aviation activities for the entire economic life of the building. In the specific example, in which a part of the building is extended for non-aviation activities, in accordance with this logic the specific costs of this would also not be taken into account in the allocation of the costs to aviation activities and non-aviation activities. In this case, in essence and "aviation-activity-unless" approach would be applied which would mean that only the stand-alone costs of the building relating to aviation activities would be allocated to the aviation activities.⁵⁹ Furthermore, in accordance with the principle that a consistent method of calculation an allocation should be applied, this approach would have to be applied throughout the allocation key, with all the disadvantageous

⁵⁷ Standalone costs are costs which are incurred in any event to realise a building which serves a single main function.

⁵⁸ For instance, the basements and their foundations are often relatively expensive facilities due to the fact that it is necessary to excavate (to considerable depth) for these.

⁵⁹ This approach differs conceptually from the proportional approach. In this "incremental" approach, the question asked is which user can be identified as the primary cause of certain costs. All the costs which would in any event be incurred to realise the production factor for the primary user are allocated to this user in terms of this approach, even if a different function clearly and measurably also uses the production factor and causes costs. Possible additional costs which are specifically incurred by other functions are allocated to these functions. If this approach were to be applied at Schiphol—and the view were to be adopted, for instance, that the aviation activities must be regarded as the primary cause or "driver" because Schiphol was built first and foremost as an airport—this would mean that all construction costs which would be incurred to realise the building as an airport building would be allocated to aviation activities (the so-called 'standalone costs'). Only the additional costs of the building, which are incurred specifically for non-aviation activities, would be allocated to non-aviation activities. The full application of this principle in this manner would result in all probability in a situation where a larger proportion of the costs of the buildings, compared to the proportional approach, would be allocated to aviation activities because large parts of the building probably would have had to be built to deal with the large flow of passengers.

consequences of this for the outcomes of the calculation of costs attributable to aviation activities.⁶⁰

151. For the sake of clarity it should be noted that in so far as (commercial) facilities exist which are not part of the shared facilities, these must be allocated to the specific (commercial) user. To this extent, the users are correct. This principle was already included in the allocation system. On the basis of the users' opinions, Schiphol included a further clarification in the allocation system explaining which cost components of the parts of the buildings are allocated as shared costs.

- Specific points

152. This does not detract from the fact that the standards applied by Schiphol in the light of the users' opinions require revision for a number of specific situations in order to meet the requirement that they provide for the most precise possible allocation of the costs of this key to the aviation activities, on the one hand, and the non-aviation activities, on the other hand, partly because this key has an impact on various other parts of the allocation system, and to ensure that Schiphol applies principles consistently in its allocation system. These matters are discussed below.

153. With regard to the opinions submitted by users in relation to the allocation of the costs of the Schiphol Plaza building, the Board declares that the users' opinions are unfounded. Defining corridors within the central hall of Schiphol Plaza in order to arrive at the square metres, the cost of which qualify for allocation to aviation activities, implies the divisibility of this production factor, which does not correspond to reality. In practice, the hall is also used in its entirety by aviation-related pedestrians, and such use is not limited to corridors or paths. The possibility of not (partly) allocating the shared areas and toilets within the Plaza is also not feasible. These areas support the functions of this part of the building and therefore also support the function which this building has in relation to aviation activities and may therefore be allocated proportionally. In the Board's opinion, Schiphol's allocation key complies with the requirement of acceptability in accounting terms.

⁶⁰ There is considerable evidence that the costs of a building, expressed as a cost price per square metre, have a degressive development as the floor space increases. For instance, in general the size of the outer shell of a building becomes relatively smaller as the contents of a building increases. Specifically in relation to aviation, areas which are specifically designed for aviation account for the largest proportion of the building's volume. Areas which cover a large surface area (for instance, lounges or departure halls), for instance, have high ceilings to give passengers an overview of the part of the building in which they are situated. Extending the building by adding areas with lower ceilings (for instance, floors for offices) may therefore have the effect of reducing the costs of the building calculated per square metre.

154. With regard to which pedestrians should or should not be included in the allocation of costs attributable to aviation activities, the Board considered the users' opinions to be unfounded. The Board considers it unrealistic to assume that station buildings, serving airports, such as Schiphol, exist, in which no people travel who fetch and bring passengers and in which aviation-related personnel are to be found in the transfer areas. The area used for this may be allocated to the aviation activities. The capacity of the building used for this falls within the processes described in section 2 of the Decree.
155. With regard to the Terminal West and Skyport office buildings, the users argued that if the allocation were to be permitted, then they would alternatively be of the opinion that the costs of the lifts (staircases) and other general and technical areas in these buildings may not be allocated to aviation in so far as they were constructed for floors which are not used for this purpose. The Board considered these opinions to be well-founded, because these areas are indeed not used for aviation activities.⁶¹ There are therefore areas within the building which are considered to be shared areas, which cannot be regarded as areas shared by aviation activities and non-aviation activities. It should be noted that the opinions relate to the general principle stated in the allocation system and applicable to all parts of the buildings, namely that areas of this type do not belong to the rentable floor space and are therefore regarded as shared areas. From the perspective of consistency within this allocation key (acceptability in accounting terms) and the principle that the most precise possible allocation of costs to aviation activities must be made, as referred to in the Decree, this also means that similar areas which are used specifically for aviation activities must in future also be allocated specifically to aviation activities. These areas can be identified clearly. Since Schiphol has amended the principles in the allocation system to comply with the above, the Board sees no reason to withhold approval of the allocation system on this point.
156. With regard to the opinions submitted by users (including the examples given in this regard by the users) in relation to the incorrect allocation of areas which are temporarily not used or are not yet used for aviation activities, these opinions were submitted as an extension to the opinion that the allocation of square metres used by Schiphol wrongfully assumes that the entire complex is used, in principle, for aviation activities, with the exception of those parts which are used for other activities. The users' explanation on this point relates to areas which

⁶¹ In the case of Skyport, this does not probably play a role. For allocation purposes, Skyport is dealt with as a separate part of the building. This part of the building, according to Schiphol, is used entirely for non-aviation activities. Since the allocation occurs for each part of the building, according to the allocation system the shared areas are also allocated entirely to the non-aviation activities. This is in contrast to the offices in Terminal West. These are part of a part of the building which is also used for aviation activities.

are used both by aviation activities and non-aviation activities which have been used with increasing intensity over time.⁶²

157. On the basis of the users' opinions, the Board notes the following. This relates to assets which are already in use and already have a purpose. An investment in a building is made for a lengthy period. In taking this investment decision, future growth is taken into account. It is neither realistic nor does it correspond to actual practice to extend a building (an asset with a long economic life) annually by, for instance, the annual projected growth in passengers.⁶³ At a conceptual level, an analogy may be drawn with the Board's considerations with regard to the opinions submitted by users in relation to the allocation of operating risks: at Schiphol, the use of production factors for both aviation activities and non-aviation activities is shared, and the total attributable cost of these production factors does not vary entirely with changes in the volume of production in the short term.
158. In so far as the last-mentioned costs include costs relating to the capacity of buildings, with the objective of accommodating the growth in aviation activities, it is therefore acceptable in accounting terms to allocate these costs to the aviation activities. In so far as the areas within these buildings are used temporarily for rentals for commercial activities, the respective square metres are allocated to the non-aviation activities for the duration of this use. The allocation system already contains the last-mentioned principle. To this extent, the Board considers the users' opinions to be unfounded.
159. If capacity is permanently reserved for non-aviation activities, in other words the building is not only constructed with a view to the growth in aviation activities, but also with a view to the growth of non-aviation activities, the Board considers the users' opinions to be well-founded. With regard to the ability of this capacity to be allocated, the Board requested Schiphol to consider amending the allocation system in such a way that capacity which is permanently reserved for non-aviation activities in the buildings, which are used for shared activities, and is therefore not shared capacity of the buildings, is not allocated to aviation activities. This is clearly identifiable and planned capacity which was already provided for in, for instance, the building plans or investment decisions. Since Schiphol has amended the principles in the allocation system in accordance with the above, the Board sees no reason to withhold approval of the allocation system on this point.

⁶² If a (part of a) building or any other asset is not used at all for aviation activities (for instance, because it has not yet been delivered), it cannot be allocated in accordance with section 8(3) of the Decree. In this regard, see the considerations in paragraph 80 of chapter 5 of this decision.

⁶³ In the event of future investment decisions by Schiphol, users will be given the opportunity to present their opinions on this within the framework of Schiphol's consultation in relation to the new tariffs. This will be the case despite the operator's primary authority to take decisions in this regard.

160. With regard to the other specific opinions submitted by users in relation to various areas in the terminal building, the square metres of which are allocated incorrectly to aviation activities, the Board considers the users' opinions to be partially well-founded. The additional square metres used for extendable shops in their extended form, advertising columns on a small stand, plants and artworks, areas in the terminal which are necessary for stocking shops and the shared use of the arrivals hall in Terminal West for office staff do (partially) restrict the capacity of the buildings available for aviation activities. In so far as this relates to non-aviation activities, the users are correct.
161. In the first two cases, Schiphol has stated that this is taken into account in the allocation in the sense that the square metres mentioned were not allocated to aviation activities. Partly to ensure consistency with other situations in the allocation of the costs of buildings, Schiphol amended the allocation system for the remaining cases, in which the demand on capacity was not taken into account, by applying a (partially) fixed discount (to be determined once) to the square metres attributable to aviation activities.⁶⁴ The fixed portion of the discount is calculated on the basis of *de facto* use and applies for the entire period of validity of this decision. The Board considers the application of a (partial) discount which is determined once to be possible in these cases and to be adequate as a means of satisfying the statutory requirement that the costs of buildings be allocated as precisely as possible in proportion to their use to aviation activities and that the principles be applied consistently. The Board has reached this conclusion because it may be assumed that the (relative) shared use of the buildings for these specific functions is not subject to such fluctuations that these would lead to significant differences in the costs attributable to aviation activities in accordance with this allocation key.⁶⁵ Since Schiphol has amended the allocation system in this respect and the way in which the discounts are calculated is acceptable in accounting terms, the Board sees no reason to withhold approval from Schiphol on this point.
162. With regard to the allocation of the costs of plants, the Board considers the users' opinions to be well-founded in so far as the allocation system is not clear in this regard. The Board is of the opinion that these costs should be regarded as costs shared by the aviation and non-aviation activities. The purpose of plants is to decorate the entire building (as the artworks do) and these costs are therefore attributable to all the functions in the building. Schiphol has

⁶⁴ Square metres for artworks and plants are treated as shared areas in the calculations. This is analogous to the allocation of plants and artworks themselves.

⁶⁵ This is the case, for instance, in relation to the measurement of the demands which the stocking of shops makes on the flow area. If the demand made on space in the flow area for stocking shops increases or decreases as a result of an increase or decrease in passengers, the pressure which passengers exert on the capacity of the flow area will increase or decrease respectively.

accordingly amended the description in the allocation system in this regard. Since Schiphol has amended the allocation system in this manner, the Board sees no reason to withhold approval of the allocation system on this point.

163. With regard to the opinions submitted by users in relation to be unnecessary detours which passengers have to make in three specific situations and the subsidiary allocation keys for the allocation of the costs of toilets in the terminal building, the areas used by the displays of shops and the terraces of restaurants outside their "territories", the Board considers the users' opinions to be unfounded. In relation to all these situations, either the commercial functions do not make demands on the capacity of the building or there are situations in which this does occur and Schiphol takes these into account adequately.⁶⁶

- Transparency of the allocation key for buildings

164. The allocation system must provide the necessary transparency with regard to this allocation key, as users must be given the necessary clarity and it should also be possible to make this allocation for the purposes of regulation. If these matters are not determined, this will result in uncertainty with regard to the application of the principles and the outcomes of these in the future. Furthermore, this affects the ability to assess the acceptability in accounting terms of the key. This relates to an important allocation key, the outcome of which also has an impact on other keys.

165. The Board considers the users' opinions that the S-NEN 2580 standard as such is not generally publicised to be unfounded in so far as users mean by this that Schiphol has not

⁶⁶ With regard to the three examples of a possible unnecessary detour by passengers, the Board has not ascertained in any of the three situations mentioned that a situation exists where passengers are demonstrably required *to cover longer distances* to the aircraft as a result of *the carrying out of commercial activities* within areas of the building whose use is shared. This also applies to the situation where it is supposedly necessary to take a detour through the square in lounge 1. The detour there is not meant to guide pedestrians passed the shops, but to avoid congestion as a result of flows of passengers crossing each other between the Schengen area and the non-Schengen area. The detour therefore has a logistical and not a commercial reason. Despite this, if the reason were commercial in these three situations, this does not detract from the overall picture of the airport in this regard. With regard to the toilets, Schiphol has already included a weighting by allocating the toilet blocks on the second floor exclusively to non-aviation activities, although these are also used by aviation passengers. With regard to the use of display areas by shops and terraces outside the additional square metres, there are different situations in which the additional metre in front of the shops is not used at all by the shops because the shops have open facades which have been cleared entirely to allow passengers to enter. In these situations, additional refinement would not make a (significant) difference to the total picture which these subsidiary keys provide.

publicised the standard. As such, the standard is described in the allocation system.⁶⁷ This does not detract from the fact that the description of the standard applied by Schiphol requires more precise formulation in a number of respects for the above-mentioned reasons, in the Board's opinion. These points are discussed below and have arisen in the light of the users' opinions.

166. The Board has requested clarity from Schiphol in relation to the following points: 1) a further clarification of the costs of parts of the buildings which are allocated as shared costs in accordance with the square metre allocation key; 2) clarification that the costs relating to plants in the buildings, as in the case of artworks, are allocated to aviation activities and non-aviation activities in the respective buildings in proportion to the square metres which they use; 3) clarification that the costs of shared (white) areas are automatically corrected for traffic in the central part of Schiphol Plaza; 4) a statement that the dispatch areas are not allocated to aviation activities; 5) an explicit statement that the costs of installing and cleaning advertising are not allocated to aviation activities;⁶⁸ 6) in allocating the square metres of extendable shops to non-aviation activities in the allocation system, the size of the shops in their extended state should be assumed and, in principle, this should be made explicit in the allocation system; 7) clarification that 'closed facades' refers to walls without glazing; and 8) clarification that the costs in relation to vacant commercial premises are not allocated to the aviation activities. Since Schiphol has provided the necessary clarity on all of these points in the allocation system, the Board sees no reason to withhold approval of the allocation system in relation to this point.

8.11 Allocation of the costs of OU consumers (general)

8.11.1 Users' opinions

167. In Addendum 4, a distinction is made between a number of allocation keys per cost centre. According to the allocation system, only keys a8 and a9 have an effect on the allocation of the costs and revenues to aviation activities. According to the users, this is incorrect. In their view, the activities under a3, a4, a6 and a7 relate to aviation activities and should be included in the allocation system.

⁶⁷ With regard to the value of the measurement certificate, issued by Bureau Bouwcoördinatie Nederland (BBN) for the application of the allocation keys of this standard, this is a certificate which declares that Schiphol applied its standard at a certain moment in the past. This has no further bearing on whether the principles of the allocation system comply with the statutory requirements.

⁶⁸ An adjustment has been made to allocation key d18 OU Aviation.

8.11.2 *Assessment by the Board*

168. This relates to the allocation keys referred to in the introductory page to section 4.2 of the allocation system. The users' opinions are correct in relation to allocation key a4 (allocation to Privium), in so far as this affects the level of costs and revenues of the aviation activities. This allocation key is also specified in the allocation system. The allocation key is only not mentioned in the summary under the introductory page to section 4.2. Schiphol has accordingly clarified this in the allocation system. Since Schiphol has amended the allocation system adequately in this respect, the Board sees no reason to withhold approval from Schiphol on this point.

169. With regard to the other allocation keys (a3, a6 and a7), the Board refers to chapter 5 of the allocation system, in which Schiphol states that the allocation system relates to the allocation relationships between aviation activities and non-aviation activities and between aviation activities themselves. Since these allocation keys are not worked out in the allocation system, they are accordingly considered by the Board not to belong to these allocation relationships and therefore to belong to the allocation system, in terms of the Aviation Act. Schiphol is not required to publicise these keys. The Board sees no further reason to conclude that these allocation keys may relate to aviation activities.⁶⁹ The Board considers the users' opinions on this point to be unfounded.

8.12 *Allocation of the cost of managing and maintaining the website (allocation key a9 OU consumers)*

8.12.1 *Users' opinions*

170. It is stated that the assets of investments in E-products relate to ICT Systems. The allocation key for the allocation to aviation activities is based on the number of visitors to each part of the site. This allocation key has been selected in such a way that most of the costs of the site are allocated to aviation activities on the basis of the number of hits, despite the fact that the contribution made by aviation activities to the costs of the site are very low, according to the users. Part of the site, such as SRE's, which according to them is considerably more expensive than the links to the arrival and departure schedules, are not taken into account in the allocation as a result. After all, most visitors, according to the users, will only be interested in the current arrival and departure times.

8.12.2 *Assessment by the Board*

⁶⁹ In so far as the departments, which fall under the PMCs referred to in these allocation keys, provide internal services to aviation departments or vice versa, this is described in the allocation system.

171. The Board is of the opinion that the number of hits per page is a good measure of the use of the website *www.schiphol.nl*, to which the management and maintenance costs in this allocation key relate. A more direct allocation of the costs per part of the site is not possible on the basis of the present structure of the administration because Schiphol does not register the costs of maintenance and management for each part of the website. This is stated in the allocation system. In the light of the statement that the contribution by aviation activities to the costs are very low and that the other parts of the site are significantly more expensive, the Board sees no reason to request Schiphol to provide a further breakdown of the costs, in so far as this is possible. The content relating to aviation activities provides, among other things, information on flights, which means that this content is continuously updated. The aviation content also includes a large number of pages which are part of the *schiphol.nl* website itself and also includes aviation information other than current arrival and departure times.⁷⁰ The Board considers the users' opinions to be unfounded.

8.13 Allocation key OU ICT (Addendum 4)

8.13.1 Users' opinions

172. According to users, too much of the ICT hardware costs of the Schiphol Group are allocated to aviation activities, which is not in proportion to the 40% of turnover of the Schiphol Group which originates from non-aviation activities. According to the users, the allocation key is based on the RAB for aviation activities. Since, in their view, this includes relatively many and relatively expensive assets, the costs attributed on this basis for ICT hardware are unjustifiably high.

8.13.2 Assessment by the Board

173. The allocation key for the ICT assets is not based on the RAB of the aviation activities. With regard to the assets attributable by means of the ICT allocation key (hardware), a distinction is made between specific and generic assets. The allocation of specific assets to the various PMCs occurs on the basis of the use which the PMCs make of the respective assets. If the asset is generic and is used by all the PMCs, both the depreciation costs and the value of the assets are allocated according to the "general staff allocation key". This key is only based on the allocation of Schiphol's costs as a whole and not on the allocation of the asset value of Schiphol as a whole. Due to the nature of this hardware (not for specific users), the allocation

⁷⁰ See www.schiphol.nl. Other aviation information, in addition to flight information, includes, for instance, information on safety regulations with regard to baggage, maximum baggage weights, information on checks and security, check-in information and maps. The aviation part of the site also offers additional communication facilities which allow flight information to be sent by e-mail or SMS.

may be considered fair, partly because it is an allocation on the basis of costs in accordance with section 8(10)(b) of the Decree.⁷¹ The allocation of specific assets also occurs in accordance with acceptable accounting principles. To this extent, the Board considers the users' opinions to be unfounded. However, in so far as it is not altogether clear from the description of the allocation system whether allocation does or does not take place by means of an allocation key on the basis of the asset value, the Board considers the users' opinions to be well-founded. Since Schiphol has clarified in the allocation system that the allocation will be based on costs, the Board sees no reason to withhold approval.

8.14 Calculation of the costs of storage and lost property (allocation key a1, subsidiaries/participations aviation)

8.14.1 Users' opinions

174. The costs for specific services provided by Schiphol for storage and lost property do not only relate to aviation activities, according to users. In their view, shoppers also lose property, baggage carts are also used occasionally by people who park their cars and the baggage lockers are a purely commercial activity. The costs of these services and assets are wrongly attributed in full to the aviation activities, according to the users.

175. According to the users it is not clear why the security tasks of this department are not also passed on to the PMCs consumers, parking and the like rather than only to aviation activities.

8.14.2 Assessment by the Board

176. This department provides facilities for persons present at Schiphol in their role as passengers. With regard to the assets and/or services referred to in paragraph 174, all the costs are passed on in the aviation tariffs, with the exception of the costs of baggage lockers.

177. With regard to the concrete example mentioned, namely lost property ("Lost and Found"), this is linked to Schiphol's function as a station building serving the aviation industry. Property is lost in transit. The shop function does not benefit from this in ways other than those considered in relation to the provision of commercial information through the information counters of the Passenger Services department.⁷² By analogy, it is not usual for a shopping centre to have a lost property department while a large railway station does have

⁷¹ This article stipulates that costs which cannot be allocated directly or as directly as possible to a certain activity are allocated proportionally on the basis of the proportion of the costs of the aviation activity relation to the total costs.

⁷² In this regard, see the assessment of allocation key a1h OU Aviation above.

one. On the basis of this, the Board considered it fair not to request Schiphol to provide a further breakdown of the costs of this department, in relation to this point. The Board considers the users' opinions in this regard to be unfounded.

178. The small baggage transport carts enable passengers to transport their hand baggage to the aircraft in the part of the terminal beyond customs. In so far as the carts are used to transport goods purchased in the shops beyond customs, these goods are also hand baggage, which has to be transported to the aircraft. With regard to baggage carts, these are also meant for transporting baggage, in this case up to the check-in counter. In so far as this relates to the use of baggage carts only by people using the parking areas, the Board is equally unable to understand why these costs should not be allocated to aviation activities,⁷³ leaving aside the question of how this shared use could be measured or estimated. The Board therefore considers it correct that Schiphol allocates the cost of these assets entirely as costs incurred for the handling of passengers and their baggage, as referred to in section 2 of the Decree. The Board considers these users' opinions to be unfounded.
179. With regard to the baggage lockers, the costs of these are not passed on to the airline companies. Schiphol has clarified in the allocation system that these are operated in a cost-effective manner. Persons in the airport building who use a locker must pay for this separately, as they do, for instance, at a railway station. The positive operating balance is credited to the aviation activities. The Board considers the users' opinions to be well-founded in so far as the allocation system provides insufficient clarity in this regard. Since Schiphol has clarified the allocation system in this regard, the Board sees no reason to withhold approval from Schiphol on this point.
180. With regard to the security tasks, the following applies. Schiphol has stated that in so far as Schiphol Dienstverlening B.V. carries out tasks on behalf of the Security Department, the costs are passed on to Security (see onward charging key d2 participations OU Aviation). If shared use is then made of Security (security of publicly accessible areas), shared allocation occurs (onward charging key d17 OU Aviation). This is already clear in the allocation system and Schiphol has once again clarified this. Full allocation to aviation activities, but also to other buyers of Security services, therefore does not occur. The Board considers these opinions to be unfounded.

⁷³ Reasons for the use of the baggage carts other than for aviation activities are not self-evident. Baggage carts are used, for instance, by people who park their cars and fetch and bring passengers. The Board is of the opinion that bringing and fetching passengers is inseparably linked to the use of the terminal complex as a station building serving the aviation industry.

8.15 *Allocation of insurance costs (a4, OU staff)*

8.15.1 *Users' opinions*

181. Users have indicated that it is not clear why this allocation key was amended as of 1 January 2007 and what must be understood by the concept of 'property' (*object*) used in this allocation key. In addition, the users found that an allocation key for terrorism cover was lacking.

8.15.2 *Assessment by the Board*

182. With regard to the amendment as of 1 January 2007, the assessment of the allocation system focuses on the contents of the system which is to be approved and not on the background to amendments in relation to the past. The background, however, is explained extensively in section 5.3.5 of the allocation system. Sufficient clarity with regard to what should be understood by 'property' is provided in the description of the allocation key. 'Property' is a commonly used term in relation to insurance and a misunderstanding in this regard is not plausible. The allocation key for terrorism cover is referred to under this allocation key. The Board considers the users' opinions to be unfounded.

III REQUIREMENT OF MARKET CONFORMITY

9

9.1 *Determination of the cost of capital*

9.1.1 *Users' opinions*

183. Chapter 9 of the allocation system states that a comparison is made with five airports. This choice of airports, according to the users, is not substantiated. According to them, it is not clear why, for instance, a comparison is not made with London Heathrow, Munich, Madrid or Barcelona. According to the users, the choice made has to be substantiated before the allocation system can be approved.

9.1.2 *Assessment by the Board*

184. Schiphol's choice to limit itself to the airports referred to in chapter 9 of the allocation system is explained in paragraph 112 of the draft decision.⁷⁴ Needless to say, this choice arises from circumstances and the regulations in the Decree. In general terms, Schiphol's choice was constrained considerably by the limited number of airports within the European Union which were listed at the time that this decision was taken. The question as to which airports are quoted at a stock exchange within the European Union and which are not may be assumed to be public knowledge within the sector and can easily be ascertained. Schiphol itself will only be part of the reference group if it is quoted. This last point also arises from the circumstances and the regulations in the Decree.⁷⁵ The Board declares the users' opinions to be unfounded in relation to this point.

END OF THE USERS' OPINIONS AND THE ASSESSMENT BY THE BOARD

⁷⁴ “With regard to the composition of the reference group, the rules set out in the Decree gave rise to a situation where Schiphol is required to include as many listed airports situated in the EU as possible (at least four) in the reference group, which are as representative as possible. During the assessment, it emerged that at present there are only four listed airports within the EU that can be included. Schiphol has included these four airports in the reference group and, as a result, meets the minimum requirements of four airports.”

⁷⁵ For the regulations in the Decree in Relation to the Determination of the Cost of Capital [*Besluit inzake de vaststelling van de vermogenskostenvoet*], see Part C of the addendum to section 13 of the Decree.

Addendum II to the decision with reference 200057/ 149.BT37

AMENDMENTS AT THE REQUEST OF SCHIPHOL AND AT THE REQUEST OF THE BOARD

1. Schiphol requested the Board to make a number of amendments to the allocation system. According to Schiphol, these amendments are the result of current developments, due to which a number of details in the description are outdated. The Board approved these amendments, which have now been made, in accordance with the following principles:
 - a. The amendments must be consistent with the principles applied to Schiphol's allocation system of 20 December 2006 and with the framework of the Aviation Act.
 - b. The amendments must be prompted by actual developments which occurred *after* submission of the allocation system by Schiphol on 20 December 2006 or as the result of an apparent mistake in the description.
 - c. These amendments must not be disadvantageous to the users.

2. Schiphol only made the following amendments, which were approved by the Board:
 - a. The following passage is added to the general text of chapter 4, under BA Consumers: "The PMC Retail Operations includes the wholesale and retail trade in consumer products at national and international airports."
 - b. The following amendment is made to the general text of chapter 4, under BA Alliances & Participations: "PMC Domestic Participations" is amended to read "PMC Regional Airports". This name will replace the former name at all points in the text. In addition, the following passage is added: "The other participations, which do not fall under regional airports or foreign participations will fall under PMC Other Participations. This includes, for instance, Dartagnan BV, Schiphol Telematics BV and Schiphol Area Development Company NV."
 - c. The following amendment is made to the table in Addendum 4, Allocation key a4 OU Staff Insurance Costs: cost centre "10246" is replaced by "10245"
 - d. Addendum 4 Allocation key a5 OU Staff + OU Group: the following amendments are made under the heading of 'cost centres': "10341 up to and including 10346" is replaced by "10341 up to and including 10344, and 10346".
 - e. Addendum 4 Allocation key a5 OU Staff + OU Group, under the heading of "accounting basis for allocation" the following passage is added: "A number of specific cost items are reported under cost centre 90001 of OU Group, whereby (in contrast to the description given above) the extent to which actual use is made by the various PMCs can easily be determined. This relates to unrealised changes in the valuation and depreciation costs of real estate and a budgeted target at the group level. These cost items are not allocated to Aviation Activities at all."

3. On the basis of the allocation system of 20 December 2006 which was submitted, the Board requested Schiphol to make a number of amendments to the text. These amendments are

consistent with the framework of the Aviation Act and the principles of the allocation system of 20 December 2006 and served to clarify the description and therefore to avoid misunderstandings. The amendments requested by NMa and made by Schiphol are as follows:

- a. Addendum 3 Onward Charging Key d2b OU Aviation: the text under the heading 'accounting basis for onward charging' will be amended as follows: "Based on the actual costs (such as the cost of labour, materials used, depreciation *and* the cost of capital of production factors etc.) plus a surcharge for the overhead of ..." will be replaced by: "Full costing: direct costs (such as the cost of labour, materials used, depreciation *and* the cost of capital of production factors etc.) plus a surcharge for the overhead of ..."
- b. Addendum 3 Onward Charging Key d17 OU Aviation: the text under the heading 'accounting basis for onward charging', a final paragraph, is amended as follows: "Costs = Direct costs (hiring of man hours, no deployment of assets) plus a surcharge..." is replaced by: "Onward charging = Full cost price: direct costs (hiring of man hours, no deployment of assets) plus a surcharge..."
- c. Addendum 4 Allocation Key a7b OU Aviation: after the sentence "...ought to be paid." the following sentence is added: "The budgeted quality level is the basis for the tariff to be applied."

END OF THE AMENDMENTS AT THE REQUEST OF SCHIPHOL AND AT THE REQUEST OF THE BOARD