



13 November 2020

Director Policy & Statistics
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport, New Delhi – 110003

Dear Sir/Madam,

SUBJECT: IATA RESPONSE TO AERA'S CONSULTATION PAPER FOR THE DETERMINATION OF AERONAUTICAL TARIFF FOR TIRUCHIRAPPALLY INTERNATIONAL AIRPORT (TRZ) FOR THE FIRST CONTROL PERIOD

Thank you for giving IATA an opportunity to present our views during the virtual stakeholder consultation meeting organised on 3 November, 2020. We would also like to commend AERA's efforts in investing a significant amount of time and effort for its analysis which can be seen through the consultation paper. Through this submission, we would like to share some of our feedback on specific aspects of Capital Expenditure (CAPEX); Operational Expenditure (OPEX); and the issue of Differential Charges.

- CAPEX

In the backdrop of the demand shock on account of COVID19, IATA is recommending a freeze on capacity enhancing projects until accurate, airport level traffic forecasts are available; agreed in consultation with the airline community via the AUCC to inform a revised phasing plan to balance capacity with demand.

IATA also appreciates the rational view taken by AERA (in Paras 7.10 - 7.11) in recommending a phased approach for the construction of new terminal, given the COVID-19 impact. However, we would like to seek further information on the stage of construction and level of completion at this point and time. We agree with AERA's recommendation about investment made only on the portion of building which will be put to use, should be included in the RAB for tariff determination in this (current) Control Period.

On other elements of CAPEX, the Authority has considered CISF Barracks, Hostel and Dog Kennel amounting to about Rs. 15 crores as 100% Aeronautical. We would like to seek clarity if these CAPEX should be funded through Aviation Security Fund which has been increased recently.

- OPEX

Referring para 12.15, we note Authorities' consideration in analysing payroll expenses for FY 20-21 and FY22-23 to increase by 5% and 17% respectively. However, we would like to state that there is a further scope of rationalising this expenditure considering the realised traffic growth and usage of terminal capacity. In the same way, a 100% increase in electricity charges holds scope of further rationalisation.



- Differential Landing Charges

IATA would also like to urge the Authority to consider eliminating the difference in landing fees between international and domestic flights. Uniformity of charges is in line with ICAO-compliant model and is also consistent with how airlines registered in India are charged at other airports outside India. Given that AAI has earlier proposed similar non-discriminatory charges at Guwahati (GAU) Airport among others, the same should be implemented for Tiruchirappalli (TRZ) as well.

IATA looks forward to AERA's favourable consideration of our concerns and recommendations highlighted above. We are available should AERA require further clarification during the review process of the stakeholder submissions.

Yours sincerely,

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Country Director – India

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