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BUSINESS AIRCRAFT OPERATORS ASSOCIATION

Ref. No. BAOA/AERA/06/2017-18

September 20, 2017

To,

Secretary,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport
New Delhi – 110 003

Subject:- Comments on AERA Consultation Paper wrt. Aeronautical tariff at Kolkata, Goa, Nagpur, Srinagar and Pune

Madam,

Please refer discussions during Stakeholders Meeting held on 18th September 2017 at AERA's office. Following is the gist of comments, as covered during the meeting:

- i) **Ground Handling (GH) Charges:-** Though the income from GH charges and FTC has been considered as aeronautical revenue, the GH charges for various such services undertaken at all these five public airports have not been proposed as part of the aeronautical tariff. The issue of GH charges to be treated as aeronautical services at an airport, as defined in AERA Act, has been repeatedly discussed in MoCA in the presence of AERA's representatives. It is, therefore, requested that separate proposal for GH charges at these five airports may please be immediately sought from airport operators as part of MYTP.
- ii) **Housing Charges:-** As brought out during discussions on 18 September 2017, all the five airport operators be asked to specify the aeronautical assets being provided for housing of the aircraft, which attracts double the tariff than parking in the open on the tarmac. This is to ensure adherence to provision of AERA Act (para 2(a)(iii)) wherein housing or parking an aircraft, in the hangar, or any other ground facilities offered in connection with aircraft operations, is an aeronautical service at public airports.
- iii) **Fuel Throughput charges (FTC):-** While FTC charges both at Goa and Pune are Rs. 112.1 per KL, the same charges at Kolkata are Rs. 1478.94 per KL. On querying from public sector oil companies supplying ATF at these public airports, it has been learnt that these charges are not for any additional services provided by the airport operator. Therefore, FTC happens to be the illegal royalty being charged by airport operator at public airports. This is in contravention with NCAP 2016 and the recent AERA's Order 08/2017-18 (para 5b) on GH services prohibiting charging of royalty or revenue share in any form for aeronautical services.



Rohit Kapur
President

Pradeep Agarwal
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Gp. Capt. Rajesh K Bali (Retd.)
Managing Director

Mr. Harsh Vardhan Sharma
Treasurer

Therefore please do not allow any FTC charges at these airports, in view of the fact that separate lease rentals are already being paid by all companies for using the premises of the airport for supplying fuel.

- iv) **Yearly increase of lease rentals for GH agencies.** It has been seen that yearly increase of lease rental for the space provided at terminal building to GH agencies is 7.5% and 10%, respectively for Pune and Goa. Since GH services are aeronautical in nature, the annual increase should be aligned with RBI forecasted inflation of 4.2%, as already decided in Consultation Papers, for other aeronautical services.
- v) **Para 12b of Consultation Papers (waiving of landing and other charges to RCS flights):-** Please refer common provision for all airports in this regard referring AERA's Order no. 20/2016-17 dt. 31 March 2017. It is pointed out that, due to delayed development of airport facilities at many major airports, this Order becomes non-implementable by airport operators citing reasons of congestions. Therefore, it is imperative for AERA to immediately monitor timely development of aeronautical infrastructure at all major airports to ensure all public airports continue to perform as per standards and deliver quality, continuity and reliability of the service as specified by Central Government (MoCA). Development expenditure is duly considered while deciding tariff thus, necessitating close monitoring.
- vi) **Annual review of development activities at major airports by AERA.** In order to discharge its duties, as mention in para 13(1)(d) of the Act, AERA must do annual review of approved development plans for all the major airports, post approving the MYTP. In addition to the AAI managed airports, the other PPP model airports at major metros also fall under the same provision of AERA Act. The Operations, Management, Development Agreement (OMDA) signed with the PPP model public airports, would also require AERA to critical monitor the development part of the agreement as economic regulator. The operations and management part of OMDA would continue to be monitored by DGCA for annual review of 'airport license' for these public airports. Please ensure a mechanism is in place for monitoring the development of these airports, as per the approved master plan, to enable AERA perform its duties stated at AERA Act para 13(1)(d). This has become all the more necessary after shifting from 'single till' to 'hybrid till' to provide more non-aeronautical revenue for faster and timely development of aeronautical infrastructure at all these public airports.

It is submit that any unauthorised charge or delayed development at public airports would ultimately lead to unfair charges being levied to the fare paying public. We are available for any further clarification on the above.

Thanking you

For **Business Aircraft Operators Association**



Gp. Captain R.K. Bali (retd.)
Managing Director

Copy:- Chairperson, AERA