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Subject: **Reply to the Comments on AERA Consultation paper**
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Date: 10/10/17 06:59 PM
From: Ranjit Kumar Das <ranjitkdas@AAI.AERO>

IATA AERA (3).docx (46kB)

Dear Somani

Please find attached the reply to the Comments on AERA Consultation paper on Goa , Pune , Srinagar and Kolkata Airport.

R.K.Das
AGM(F&A)
AAI/CHQ

Reply to the Comments on AERA's Consultation Paper w.r.t. Kolkata, Goa, Srinagar and Pune.

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.	AAI has considered GHA as Aeronautical Revenue. The charges of GHA is regulated by AERA. AERA will separately fix the charges of independent service provider.
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.	AAI has considered Hangar Charges as Non-Aeronautical Revenue. If Hangars are used for rent/leases to the Airlines, it is to be considered as Non-aeronautical income Whereas if Hangars are used for only housing of Aircraft and not let out for rent or lease then it is to be considered as Aeronautical income.
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. 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.	Fuel Throughput Charges are considered as Aeronautical Charges. It reduces the revenue requirement of a particular airport.
iv)	**Yearly increase of lease rentals for GH agencies.** It has been seen that yearly increase of lease rental for the space provided at	The yearly increase of lease rental for the space provided at terminal building to GH agencies is 10% for

	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.	Pune and Goa Airport .The annual escalations are fixed by AAI only for all airports and are part of contract agreement with the party.
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.	The Query pertains to AERA.
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.	The Query pertains to AERA.

IATA's Queries and AAI's Reply on Kolkata Airport

<table>
<tr>
<td></td>
<td>Usage of the Hybrid till
We see that once again AERA has adopted the hybrid till approach for setting charges. This approach not only increase costs to consumers, but also goes against the well-reasoned position that AERA took when defining its regulatory philosophy. AERA has adopted the usage of the hybrid till approach solely because the NCAP said so, without discussing the merits of such a change. We urge AERA to revisit this issue, as the latest chosen path causes harm to consumers.</td>
<td>The Query pertains to AERA .</td>
</tr>
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<td></td>
<td>First control period true-up
We observe that in its true up calculations, AERA has used lower non-aeronautical contributions than it originally envisaged for the period. This is a matter of concern, since adopting lower figures gives very little incentives to meet such targets. We have also noted that for the second control period AERA does mention that it would need proper justifications from the airport if non-aeronautical revenues are lower than expected. However, we do believe that some action would need to be taken for the first control period as well.</td>
<td>AERA in its CP has mentioned that "The Authority proposes that non-aeronautical revenues will be trued up if it is higher than the projected revenues. In case there is a shortfall, true-up would be undertaken only if the Authority is satisfied that there are reasonably sufficient grounds for not realizing the projected revenues"
In the First control period the Non-Aeronautical Revenue in most of the cases are more than initial projections .</td>
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<td>Traffic Forecasts

To more accurately predict future growth trends and ensure a comprehensive approach to forecasting is taken, we recommend the following in addition to taking account of historical trends over 10 years:

Consultation with airlines currently operating at the airport to understand and their plans over the next 5 years, including route development and aircraft acquisitions. This should be an integral part of the consultation process to inform the airports and AERA's thinking from an early stage in the process and a pre-requisite to forecasts being agreed i.e. when forecasts are initially being revised or formed for the net 5 year period. The airport authority can then aggregate the information from multiple airlines and consider its impact on forecasts.
We also request AAI consults on its traffic forecast assumption in more detail than the high level information provided. For instance:

Are any demand shocks built into the baseline?
A more detailed explanation of why a shift to

</td>
<td>The traffic growth projected by AAI for the F.Y 17-18 to 20-21 are as under:
<table>
<tr><th>Particulars</th><th>PAX</th><th>ATM</th></tr>
<tr><td>DOM</td><td>10%</td><td>6%</td></tr>
<tr><td>INTL</td><td>7%</td><td>5%</td></tr>
</table>
The traffic growth projected by AERA on the basis of last 10 years CAGR for the F.Y 17-18 to 20-21 are as under:
<table>
<tr><th>Particulars</th><th>PAX</th><th>ATM</th></tr>
<tr><td>DOM</td><td>11%</td><td>7%</td></tr>
<tr><td>INTL</td><td>11%</td><td>8%</td></tr>
</table>
The traffic growth rate would be trued up based on actual traffic in 2nd control period while determining tariffs for the 3rd control period .
The negative growth in FY 2016-17 for international ATM traffic of -5% is due to shift to larger aircrafts from smaller</td>
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	larger aircraft has resulted in negative INT carrier growth, as we would usually expect this to increase capacity unless there is a reduction in frequency. ▪ Will the loss of United Bangla airlines from Kolkata be an ongoing trend, or will this demand be replaced. o Macroeconomic forecasts should also be considered in addition to historical growth trends to take broader economic factors into account, such as GDP and living standards, and airport demographics. While these factors are more relevant to longer term forecasting, some consideration and weightage should be considered in-line with industry best practices. o At larger airports we would generally recommend a Baseline, High and Low forecast is plotted to account for any depressions or shocks in the market, or account for any unforeseen elements. Similarly, what if traffic forecast growth materialises at a faster rate of growth than the agreed base? We suggest this information is provided and consulted upon before any final decision is taken by AERA on traffic forecasts for the second control period.	aircrafts operated by airlines at Kolkata Airport. The basis for traffic projection of Passenger and Aircraft Traffic of AAI are as under: a) **Past trends.** b) **Econometric analysis & Regression analysis.** c) **Considering various Economic factors & Policy framework etc.**
	Cost allocation We have raised concerns about cost allocation throughout all our submissions to AERA, and this is no exception. While the proposed adjustment for the terminal building cost allocation is better than that proposed by AAI (92.1% to aeronautical vs 94% proposed by AAI), we still strongly believe that common assets should be allocated in a more equitable way (i.e. 50:50) rather than the 92.5/7.5 ratio assumed by AERA. To put things into perspective, and based on the figures provided for 2015-16, and based on AERA's cost allocation we have calculated that the return on non-aeronautical activities (before tax) are higher than 40%.	The expenses and assets of Non-Aeronautical activities are not considered while calculating tariff of second control period (1/4/2016 to 31/3/2021). AAI has projected Aero and Non-Aero Allocation taking into proposed Non-Aero activities as 6.56% as Non-Aero and 93.44% as Aeronautical activities .AERA has allocated Aero vs Non-Aero activities as 92.5% and 7.5% respectively .The common assets have been allocated on suitable ratios such as Terminal Building ratio, Employee ratio & Quarter ratio etc
	Capital Expenditure We appreciate AERA's efforts to hold AAI and airports to account in the consumer and Users interests, however meaningful consultation with the airline community from an early stage in the design process is a critical element that has been lacking in every capital investment programme to date that IATA has been involved with or made aware of. As per our previous meetings and comments, we implore AERA to fulfil its duties and	Airport Users Consultative Committee (AUCC) meetings are conducted at Airports for discussion of Major capital works of that Airports. All the stakeholders of that Airport including AERA are invited for the meeting . AERA has followed Normative approach

	enforce its Consultation Protocol in the consumers and Users interests. The alternative is to continue with mock consultations when decisions have already been taken by airports, and are subsequently marginally adjusted by AERA that is both ineffective, nor takes passengers or Users interest or requirements into account. The only way consumer and User interests will be taken into account is if AERA supports IATA and the airline community to encourage and oblige Kolkata, and other major airports in India to constructively engage through a consultation process i.e. • Ongoing consultation with subject matter experts on design and business case element (costs and benefits) from an early stage. • A dedicated consultation forum, with regular schedule meetings. • The requirement for transparency and details to be shared in order to enable Users to provide informed feedback • The presence of AERA or it's nominated third party specialists to observe proceedings. • Where no forum exists, setting up an Airport Consultative Committee (ACC) will help to facilitate effective consultation. • As a pre-requisite to investment we strongly recommend Airline support and consensus should be sought for each major project across the airline community as a key objective of the consultation process. This follows best practice consultation (i.e.UKCAA and London Heathrow). • For Kolkata, without a process of consultation or ability to at least review the capital expenditures on a project by project basis it is impossible to comment with any certainty from a User's perspective on the requirement for these investments. It is within this context that we would make the following points: o We support the application of AERA's approach to implement normative cost benchmarks to ensure a degree of capital efficiency and value for money is applied by constructively challenging AAI's cost plans. IATA strongly supports the need for detailed scrutiny from an independent third party to review the costs of major projects, however in addition we again reiterate the need for consultation with airlines, in order to ensure: ▪ Solutions are fit for purpose and meet the needs of airlines i.e. Levels of Service, operational efficiency, asset reliability. ▪ Recognise that it is only through detailed	for construction of Terminal Building and construction of pavements. (Runway, Taxiways and Apron) It has considered 4.2%per year as inflation for the purpose of Normative approach. AERA has further stated that it would give to the expert for study of cost of major capital works of AAI for the purpose of Normative approach. Solar power plant at Kolkata Airport is generating electricity and supplying it to grid in the same line as electricity supplied by the Calcutta state Electricity Company Ltd.. Moreover Solar power per unit cost of generating electricity is lesser than the electricity generated by thermal power. The concessionaires are paying it to AAI on the basis of actual consumption. Hence it is requested to allow 100% of Solar power plant as Aeronautical Asset.

	consultation with Users that discussion on specification can be held. o Regarding airfield works (code F taxi extension, southern apron extension, construction of remote bays) as the airport is growing these projects may be appropriate to invest in, however we request further information to understand the benefits of each project i.e. specific metrics and benefits to demonstrate the need to invest to reduce congestion, taxi time or fuel burn, to support improvement in flow rates or reduce runway occupancy times. o We support AERA's assessment to reduce the capex regarding AAI's high terminal specification – at least until that has been consulted upon with Users in detail, until a Business Case is shared, and airline support secured. o We agree with AERA that costs associated with the construction of 3 new hangars is disallowed. o We would like to understand the Business case regarding installation of a solar power plant and the detailed rationale of its 92.5% allocation to aeronautical capital expenditure before allocating our support to it. Any benefits resulting from a reduction in utilities costs should be passed through to Users funding the investments. o Further comments we would make on capital expenditure that apply to Kolkata, Goa and any other major aeronautical expenditures are: ▪ Inflation costs should be scrutinised by AERA's independent third party as part of its overall scrutiny of costs, as we should expect AAI's procurement team to offset a % of these costs through it's buying power and a competitive tendering process. ▪ As IATA has previously discussed with AERA, we strongly recommend the introduction of incentives to encourage the on-time delivery of major projects to the quality and specification agreed. Well proven regulatory mechanism such as "capital triggers" have been applied and had a positive impact at airports like London Heathrow.	
	Depreciation allowance We agree with the Authority's proposals for adjusting depreciation.	AAI has no comments.
	Cost of capital (FRoR)	

	We disagree with the approach taken by AERA for setting the cost of capital at 14%. Despite the fact that AERA concedes AAI's almost 100% equity funded capital structure may not be an efficient one, it is still condoning such practice by rewarding AAI with a higher than necessary WACC (and the higher than necessary tax effects). While we appreciate that AERA indicates that it expects AAI to optimize its gearing over time and that it will also carry out a study on the best FRoR, we believe that AERA should already apply a notional gearing for this regulatory period. Users cannot be negatively affected (i.e. being asked to pay higher charges) by the fact that AAI has not managed its capital structure in an optimal way in the past. At the very least, we urge AERA to set minimum gearing targets (which grow over the regulatory period).	The return on equity considered by AERA in order to calculate Weighted Average Cost of Capital is 16% whereas AERA has allowed only 14% Fair Rate of Return (FRoR) on the investment made by AAI . FRoR calculated by M/S KPMG in the First Control period is 14.96% whereas AERA has allowed only 14% The report has already been submitted to AERA . Normally higher debt proportion in the capital structure is desirable in case where new companies formed for the purpose of undertaking the new projects. This is not the case in case of AAI, which is already in existence and managing the airports and generating the internal resources from the airport operations. As such AAI opted to finance the project mainly from internal resources. Further, in case of higher debt also, there would be outflow on account of servicing the debt.
	Operating costs We do not see how it can be justified to assume a 25% growth in personnel expenses in 2017-18 (even if this is already a lower percentage the originally proposed 40%). Assuming suchlarge growth percentage, with no real justification, does not provide the right incentives to the airport to manage its costs efficiently. At the most, it should be the same percentage as in the rest of the financial years of the regulatory period (i.e. 7%). We note that the authority has allocated CHQ/RHQ related costs in a 88:12 ratio between aeronautical an non aeronautical activities. However, we note that these costs were allocated among airports on the basis of their revenue. Therefore, we don't understand why these costs are not being allocated on a revenue basis among aeronautical and non-aeronautical activities. We request that AERA, for consistency, also allocates these costs between aeronautical and non-aeronautical activities on a revenue basis. We support the removal of financing costs. We also agree with the reduction of energy costs. We note the comments that the authority that it expects AAI to reduce its O&M costs over time. However, the Authority's O&M proposals do not follow these expectations. Particularly, and as commented above, we do not see how allowing a 25% increase in staff costs in 2017/18 is consistent with such a view. We note the Authority's statement that it intends to carry an independent assessment of the reasonableness of O&M	The pay revision takes place once in 10 years . The impact of pay revision is approximately 35% whereas AERA has allowed only 25%. The year on year impact on pay is approximately 9% whereas AERA has allowed only 7%. AERA has used the ratio of 90% to 10% for aeronautical and non-aeronautical allocation for apportionment of admin CHQ/RHQ expenses after excluding cargo employees' costs on revenue basis which is more than the Terminal building ratio provided by AAI. Further AERA has used the ratio of 95% to 5% for aeronautical and non-aeronautical allocation for retirement benefits provided at CHQ in respect of employees at Kolkata airport after excluding cargo employees' costs based on ratio of cargo employees to total airport employees which is more than the actual Non-Aero employees of the total employees i.e 1.7%.

	expenditure and consider the results as part of the true up exercise for the 3rd regulatory period. It would be important that in the future such assessments are carried out ahead of the period, rather than on a ex-post basis. This allows to set challenging efficiency targets on an ex-ante basis, and provides certainty of the regulatory framework.	
	Tax We could not understand how the aeronautical revenues were arrived at in Table 43. We would much appreciate if AERA could provide a more detailed explanation as to how these numbers were calculated. Then we will be better able to provide our views.	Projected Income tax has been calculated on the basis of Projected Aeronautical Revenue , Projected O & M expenses , projected CHQ/RHQ expense and Depreciation calculated on Income tax basis. The Non-Aeronautical Revenue is not considered in calculating Income tax.
	Structure of tariffs We do not see any justification on why there are charges differentials between international and domestic flights. In particular, we do not see why, in terms of landing charges, the same type of aircraft, with the same number of passengers, would pay different charges. This is discriminatory. We urge AERA to take the steps to gradually eliminate differences in charges where there is no justification behind them.	The differential tariff for domestic and International carriers have been worked out considering market conditions. Such practice of charging different rates for domestic and international carriers is prevalent at many foreign airports also. In Indian context, the tariff for domestic and international flights are different in all the private Airport Operators and AAI operated Airports . The turnaround time is more in case of International passengers than the domestic passengers . The common facilities available at the Airports are used more by the International passengers than the Domestic passengers ,so they are charged more than domestic passengers .

IATA's Queries and AAI's Reply on Goa Airport

	Usage of the Hybrid till Similarly to our comments on Kolkata, we believe that by deciding to use hybrid till, AERA is going against its well-reasoned conclusion that Single till should be the best mechanism for calculating charges. No proper reasoning has been provided for such a shift.	Ministry of Civil Aviation has in the recently announced Civil Aviation Policy stated that: "To ensure uniformity and level playing field across various operators, future tariffs at all airports will be calculated on a 'hybrid till' basis, unless otherwise specified for any project being bid out in future. 30% of non-aeronautical revenue will be used to cross-subsidize aeronautical charges. In case the tariff in one particular year or contractual period turns out to be excessive, the airport operator and regulator will explore ways to keep the tariff reasonable, and spread the excess amount over the future." AERA vide letter No. F.No. AERA/20010/Civil Aviation Policy/2014-15/9408 dated 4th August, 2016 has requested AAI to re-submit the Multi Year Tariff Proposal for determination of Aeronautical Tariff for the 2nd Control period(01.04.2016 to 31.03.2021) on 30% Hybrid Till basis for Seventeen Major Airports and true up of eleven Major Airports for the First control period (01.04.2011 to 31.03.2016) on single Till basis.
	True up of first regulatory period Similar to all recent determinations, AERA mentions that it will carry out a study on whether to include land on the RAB. We urge AERA to carry out such a study and consult on its results as soon as possible.	The query pertains to AERA.
	Cost allocation Our comments are the same as per Kolkata. We believe that the cost allocation calculations are extremely biased towards aeronautical activities. Based on the AERA's cost allocation assumptions, we have calculated that the return on non-aeronautical RAB was around 140%, which hints that something is wrong in the allocation.	The expenses and assets of Non-Aeronautical activities are not considered while calculating tariff of second control period (1/4/2016 to 31/3/2021). AAI has projected Aero and Non-Aero Allocation taking into proposed Non-Aero activities as 5.34% as Non-Aero and 94.66% as Aeronautical activities . AERA has allocated Aero vs Non-Aero activities as 92.5% and 7.5%

		respectively . ratios such as Terminal Building ratio, Employee ratio & Quarter ratio etc
	Capital expenditure The same points apply to Goa as to Kolkata regarding: · The need to consult with the airline community from an early stage · Support for normative costs recognising the need for third part independent checks · Airline consensus and support before projects are approved · Scrutiny of inflation with a target to off-set construction inflation · Need to consider regulatory incentives to ensure the beneficial use of assets when to the programme and specification selected. In this context we provide the following comments for AERA to consider: · Similar to Kolkata, we are unable to assess or provide any meaningful feedback regarding any of the projects mentioned unless costs, benefits, and designs are shared with Users. · Regarding the terminal extension we request AAI shares information regarding the Levels of Service intended to process the 3,450 passengers during the peak hours. This is an essential measure that should be shared, otherwise Users are not able to understand and assess whether this meets their needs, cost effectively. · We appreciate the terminal expansion details, however are unable to assess whether this option described meet is airline User needs, or is a cost effective solution. IATA suggests the terminal design plans are shared amongst all stakeholders, along with a Business Case so airlines are able to understand the options selection and benefits of the project including capacity enhancement elements. · Regarding the West Side Finger pier extension, we support the principle of high levels of pier service and equal access to contact gates through provision of a Code E gate. The Business Case for investment however needs to be shared and along with the levels of pier service expected to be delivered so Users can understand the costs, benefits and passenger experience to understand whether it meets their needs.	Airport Users Consultative Committee (AUCC) meetings are conducted at Airports for discussion of Major capital works of that Airports. All the stakeholders of that Airport including AERA are invited for the meeting . AERA has followed Normative approach for construction of Terminal Building and construction of pavements. (Runway, Taxiways and Apron) It has considered 4.2%per year as inflation for the purpose of Normative approach. AERA has further stated that it would give to the expert for study of major capital works of AAI for the purpose of Normative approach.

	• A significant concern is AAI's assumption there is a requirement to invest in high end finishes that is likely to result in unnecessary gold plating of projects – were these finishes and the associated costs agreed with airline Users funding the investment? If not, why not? Investment is clearly not at any cost. • IATA supports AERA's suggestion to scrutinise the costs of terminals and other infrastructure, and also supports the principle to split the cost proportionately between the Navy and Civil elements • IATA does however wish to challenge the cost allocations of assets for both electrical installations and the terminal building – what are the underlying assumptions leading to such as high proportion being allocated to aeronautical charges i.e. 92.5% for terminals (despite the revisions).	
	Cost of capital (FRoR) Similar to our comments for Kolkata, we don't believe that it would be appropriate to benefit GOA airport with a cost of capital that resembles an inefficient capital structure. Users are being asked to pay more than what they should and therefore we urge AERA to reconsider its approach, and assume a minimum level of gearing in its calculations	The return on equity considered by AERA in order to calculate Weighted Average Cost of Capital is 16% whereas AERA has allowed only 14% Fair Rate of Return (FRoR) on the investment made by AAI . FRoR calculated by M/S KPMG in the First Control period is 14.96% whereas AERA has allowed only 14% The report has already been submitted to AERA . Normally higher debt proportion in the capital structure is desirable in case where new companies formed for the purpose of undertaking the new projects. This is not the case in case of AAI, which is already in existence and managing the airports and generating the internal resources from the airport operations. As such AAI opted to finance the project mainly from internal resources. Further, in case of higher debt also, there would be outflow on account of servicing the debt.

	Operating costs As in the case of Kolkata, we believe that AERA should also assume revenue as the driver for allocating CHQ/RHQ costs (which would be then consistent with how these costs have been allocated among AAI airports). Again, and similar to the case of Kolkata, we do not understand why AERA should be allowing a 25% increase in staff costs for 2017-18. Such an approach does not provide the company with the incentives to deliver costs in an efficient manner. We would also query as to why AERA is assuming a higher than proposed growth rate for CHQ/RHQ costs. While we see that some ANS staff appears to have been working on airport activities, we would appreciate in having further details as to why 50% (and not a lower percentage) has been allocated to airport costs. The majority of ANS costs usually relate to ATCOs so it is unclear how the 50% was arrived at. As mentioned previously, we believe that using a 95:5 ratio for allocating common costs as extremely high towards regulated activities. We urge AERA to reassess such an assumption. Similar to the comments made for Kolkata, AERA indicates that GOA's O&M costs are on the higher side. We would there appreciate that AERA sets O&M efficiency targets that are consistent with such a view.	The pay revision takes place once in 10 years . The impact of pay revision is approximately 35% whereas AERA has allowed only 25%. The year on year impact on pay is approximately 9% whereas AERA has allowed only 7%. AERA has used the ratio of 90% to 10% for aeronautical and non-aeronautical allocation for apportionment of admin CHQ/RHQ expenses on revenue basis which is more than the Terminal building ratio provided by AAI. Further AERA has used the ratio of 95% to 5% for aeronautical and non-aeronautical allocation for retirement benefits provided at CHQ in respect of employees at Goa airport. The impact of actual retirement benefit is less than 2%.
	Rate card Similar to comments made at previous submission, we request that there are no differential tariffs between domestic and international flights, unless there is a cost that justifies such a differential.	The differential landing charges for domestic and International carriers have been worked out considering market conditions. Such practice of charging different rates for domestic and international carriers is prevalent at many foreign airports also. In Indian context, the tariff for domestic and international flights are different in all the private Airport Operators and AAI operated Airports . .The turnaround time is more in case of International passengers than the domestic passengers . The common facilities available at the Airports are used more by the International passengers than the Domestic passengers , so they are charged more than domestic passengers .