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FINAL DETERMINATION FOR AERONAUTICAL FEES AND CHARGES

AIRPORTS FIJI LIMITED

Date Issue: 29 December, 2011

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Promoting Competition in the Fiji Markets

1.0 INTRODUCTION

- 1.1** On 30 September 2010, the Fiji Commerce Commission ("Commission") released the final determination for aeronautical fees and charges by Airports Fiji Limited ("AFL"), which authorized the specified charges to be fully effective until 31 December 2011 except for air navigation charges till August 2013.
- 1.2** On 2 May 2011, the Commission made a determination on the following fees and charges:
- i. incineration charges;
 - ii. airport development charges;
 - iii. airport security charges, ground & baggage handling services and
 - iv. airline offices.
- 1.3** On 08 December 2011, the Commission formally informed AFL that the authorized charges on terminal navigation fee, airfield charges for both domestic landing fee and international landing fee expires on 31 December 2011. As such AFL was requested to make submission a formal submission and provide information as per the determination dated 30 September 2010.
- 1.4** On 20 December 2011, the Commission received a new submission from AFL requesting for the approval of charges for terminal navigation fee, international landing, domestic landing and incinerator till 31 December 2012 based on the following:
- Airline companies using smaller aircrafts and increasing passenger load factors which reduce aeronautical revenue drivers;
 - Airlines namely Virgin Australia and Continental Airlines ceasing operations on routes to/from Fiji;
 - Increase in departure tax will allow AFL to recover its social obligation cost and the approval of the domestic passenger charge will enable expansion of the Nausori airport;
 - Increase/decrease in other revenue will have a positive as well as a negative movement;
 - For the 2012 (budget) financial year, increase in staff cost, contract and operating cost is forecasted whereas savings in administration and depreciation cost;
 - Major capital expenditure will be incurred for airports maintenance and upgrades; and
 - Agreement between AFL and the airlines in 2008 on the said aeronautical charges.
- 1.5** On 20 December 2011, the Commission received the following additional information as requested by the Commission via the letter dated 08 December 2011:
- Brief report on Job Evaluation Exercise and allocation of staff salary and recruitment process;
 - Capital projects completed or are in progress in 2011;
 - Two year (2012 and 2013) capital expenditure budget;
 - Nausori Airport development plan (2012- 2022); and
 - Income Statement, Statement of Financial Position and Cash Flows for the financial year ending 2010 and forecast for 2011, 2012 and 2013.
- 1.6** Based on the submission made by AFL, its independent research and computation, the Commission has made this determination.

2.0 LEGAL FRAMEWORK

- 2.1 The Commission is empowered under the **Commerce (Control of Prices for Aeronautical Services) Order 2009** to control and /or regulate the aeronautical services in Fiji.
- 2.2 Paragraph 3 of the said Order specifically authorises the control and/or regulation of prices for the supply of aeronautical services in Fiji
- 2.3 The Commerce (Control of Prices for Aeronautical Services) (Amendment) Order 2010 authorises the Commission to regulate and control prices for three (3) years which expire on 21 June 2013.

3.0 FIJI COMMERCE COMMISSION'S DETERMINATION

The Commission has authorised the following respective charges for AFL to be effective from 01 January 2012 to 31 December 2012 except for Air Navigation charge till August 2013. The Commission will release a new determination on 01 January 2013 after an annual review.

3.1 Air Navigation Charges

The air navigation charge is also called En-route charge which is applied to all aircrafts flying in Nadi Flight information Region (FIR), whether landing or not.

Based on submission of review of fees and charges, September 2008, page 40, AFL stated that with the introduction of a proper user pay charging system, the En route services fee would reduced by eighteen percent (18%) to eliminate the cross subsidy between the FIR and the Terminal Area Service unit fee will be revised down.

Description	Current Tariff (VEP)	Commission's Authorized Tariff (VEP)	
		Sept 2011- Aug 2012	Sept 2012- Aug 2013
Enroute Service Unit fee	Sept 2011- Aug 2012 \$3.45	Sept 2011- Aug 2012 \$3.45	Sept 2012- Aug 2013 \$3.45

3.2 Terminal Navigation Fee

A Terminal Navigation Fee is paid for a flight in a terminal control area, control zone or flight information zone of an aerodrome and using air traffic control services and or flight information service.

Description	Current Tariff (VEP)	Proposed Tariff	Commission's Authorized Tariff (VEP)
Cost per MCTOW (International & Domestic)	\$4.02	1 Jan 2012- 31 Dec 2012	1 Jan 2012- 31 Dec 2012
		\$4.02	\$4.02

Note: MCTOW: Maximum Certified Take-off Weight

3.3 Airfield Charges - Domestic Landing Fee

Domestic Landing fee is the landing charges, which is based on the weight formula for domestic flights, using the Maximum Certificated Takeoff Weight (MCTOW) as indicated in the certificate of airworthiness.

Description		Current Tariff (VEP)	Proposed Tariff	Commission's Authorized Tariff (VEP)
Cost per MCTOW	Tonnage		1 Jan 2012- 31 Dec 2012	1 Jan 2012- 31 Dec 2012
	< 15	\$2.53	\$2.53	\$2.53
	15 < 25	\$4.11	\$4.11	\$4.11
	25 < 50	\$5.99	\$5.99	\$5.99
	50 <	\$12.99	\$12.99	\$12.99

3.4 Airfield Charges - International Landing Fee

International Landing fee is the landing charges, which is based on the weight formula for international flights, using the Maximum Certificated Takeoff Weight (MCTOW) as indicated in the certificate of airworthiness.

Description		Current Tariff (VEP)	Proposed Tariff	Commission's Authorized Tariff (VEP)
Cost per MCTOW	Tonnage		1 Jan 2012- 31 Dec 2012	1 Jan 2012- 31 Dec 2012
	< 15	\$3.25	\$3.25	\$3.25
	15 < 25	\$5.27	\$5.27	\$5.27
	25 < 50	\$7.80	\$7.80	\$7.80
	50 <	\$16.46	\$16.46	\$16.46

3.5 Incinerator Charges

Incineration fees is levied on aircrafts for the safe removal and disposal of excrement, refuse, water, waste, unused and condemned food and other dangerous materials to health.

Aircraft Capacity	Current Rate (VEP)	Proposed Rate	Commission's Authorised Rate (VEP)
For aircraft carrying passengers up to 100	\$20.00	\$20.00	\$20.00
For aircraft carrying passengers up to 101 to 200	\$37.00	\$37.00	\$37.00
For aircraft carrying passengers from 201 to 300	\$52.00	\$52.00	\$52.00
For aircraft carrying passengers over 300	\$75.00	\$75.00	\$75.00

Commissioners:

		
Dr. Mahendra Reddy	Leba Mataitini	Sepeti Tagilala
Chairman	Commissioner	Commissioner
29/12/2011	29/12/2011	29/12/2011

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