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FINAL DETERMINATION ON AERONAUTICAL FEES AND CHARGES

AIRPORTS FIJI LIMITED

Date Issue: 13 December, 2012

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Promoting Competition in the Fiji Markets

1.0 Introduction

- 1.1 On 4 January 2012, the Fiji Commerce Commission ("Commission") released the final determination for aeronautical fees and charges by Airports Fiji Limited ("AFL"). The determination authorized the specified charges for the period ending 31 December 2012 except for Air Navigation charges which has the validity till August 2013.
- 1.2 On 6 November 2012, the Commission formally notified AFL that the authorized charges for terminal navigation fee, airfield charges on domestic landing fee and international landing fee and incinerator charges authorized by the Commission will expire on 31 December 2012.
- 1.3 The Commission requested AFL to make a formal submission with all documentary evidence(s) and justifications by 20 November 2012 and as per the determination dated 30 September 2010, to furnish the mandatory Capital Expenditure information which was provided by AFL as the basis for the price review for the 2010 Determination. The Commission advised AFL that based on the submission, the Commission will review and authorize the aeronautical fees and charges to be effective from 01 January 2013.
- 1.4 On 14 November 2012, AFL requested for extension of time till 07 December 2012 to make the complete submission to the Commission.
- 1.5 On 20 November 2012, AFL provided the summary of the 2012 CAPEX update as at 20 November 2012.
- 1.6 On 7 December 2012, the Commission received a detailed submission from AFL requesting for the Commission's approval on the aeronautical fees and charges till 31 December 2013 based on the following:
 - Agreement between AFL and the airlines in 2008 on the aeronautical charges.
 - Airline companies using smaller aircrafts and increasing passenger load factors which reduce the landing tonnage at airfields;
 - The 2013 budgeted total revenue based on the 2012 forecasted revenues will increase while increase is also noted in expenditure of staff cost, contract and operating cost and depreciation; and
 - Major capital expenditure will be incurred for airports maintenance and upgrades.
- 1.7 On 7 and 10 December 2012, the Commission received the following information from AFL:
 - Capital projects completed or are in progress in 2012 (with completion certificates) and forecast for 2013; and
 - Income Statement, Balance Sheet and Cash Flows for the financial year ending 2011 and forecast for 2012 and 2013.
- 1.8 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 Commission's Determination

The Commission has authorised the following respective charges for AFL to be effective from 01 January 2013 to 31 December 2013. The Commission will release a new determination on 01 January 2014 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.

Description	Current Tariff (VEP)	Commission's Authorized Tariff (VEP)	
	Sept 2011- Aug 2012	Sept 2011- Aug 2012	Sept 2012- Dec 2013
Enroute Service Unit fee	\$3.45	\$3.45	\$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)
		1 Jan 2013- 31 Dec 2013	1 Jan 2013- 31 Dec 2013
Cost per MCTOW (International & Domestic)	\$4.02	\$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)
Tonnage		1 Jan 2013- 31 Dec 2013	1 Jan 2013- 31 Dec 2013
Cost per MCTOW	< 15	\$2.53	\$2.53
	15 < 25	\$4.11	\$4.11
	25 < 50	\$5.99	\$5.99
	50 <	\$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.

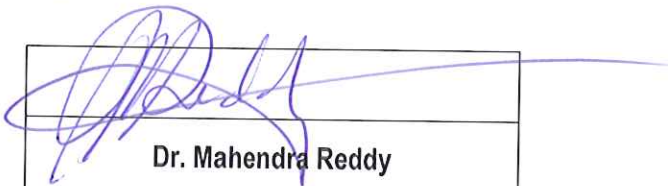
Description	Current Tariff (VEP)	Proposed Tariff	Commission's
			Authorized Tariff (VEP)
Tonnage		1 Jan 2013- 31 Dec 2013	1 Jan 2013- 31 Dec 2013
Cost per MCTOW	< 15	\$3.25	\$3.25
	15 < 25	\$5.27	\$5.27
	25 < 50	\$7.80	\$7.80
	50 <	\$16.46	\$16.46

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 Authorized 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
Chairman
13 December 2012

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