

## Milford aerodrome landing charges review: Questions and answers

### Why do charges need to increase?

- Current landing charges at Milford Aerodrome are too low to cover the aerodrome's costs.
- The charges haven't changed since 2011.
- Inflation has driven up costs across the board, and current landing charges don't generate enough revenue to cover costs such as runway repairs, new toilets, and the fees we pay the aerodrome managers (Invercargill Airport and QAOSH).

### What are the costs that need to be covered?

- Since the aerodrome became CAA certificated it has had to meet higher standards of management.
- In addition, inflation has driven up costs since the landing charges were last revised in 2011. If the 2011 charges had risen in line with the producer price index, they would be approximately 40 percent higher today.
- The aerodrome needs investment to maintain assets (e.g. by rejuvenating the runway) and respond to safety issues at the aerodrome (e.g. helipads to reduce congestion on the apron and fencing to prevent unauthorised access).
- In addition to the necessary future capital investment in the aerodrome, the Ministry pays for the utilisation of all existing funds invested within the aerodrome. This is included in the costings as depreciation and a capital charge.

### What are the new charges?

- From 1 April 2025 the charges are:

	<b>New landing charge (Steady State scenario)</b>	Current landing charge	Difference	% Increase	Consultation landing charge (Constant Growth / Steady State scenarios)	Consultation: % Increase compared to current (Constant Growth/ Steady State scenarios)
Fixed wing <1500kg	<b>\$64.82</b>	\$23.47	\$41.35	176%	\$64.11 / \$74.27	173% / 216%
Fixed wing 1500-2000kg	<b>\$105.32</b>	\$38.15	\$67.17	176%	\$106.56 / \$123.46	179% / 224%
Fixed wing 2000-3999kg	<b>\$202.52</b>	\$73.36	\$129.16	176%	\$205.90 / \$238.54	181% / 225%
Helicopters	<b>\$69.62</b>	\$25.22	\$44.40	176%	\$71.20 / \$82.48	182% / 227%

### **When will the increase take effect?**

- The new landing charges will take effect from 1 April 2025.
- We have taken the approach of keeping the charges low for as long as possible, until after the end of the busy summer period, rather than raising them sooner in staggered increases.

### **Can we scale back the planned work at the aerodrome to cut costs and reduce the scale of increases to the landing charges?**

- Most of the planned projects respond to safety issues at the aerodrome.
- In terms of capital works, we intend to build toilets at the aerodrome to respond to years of complaints from aerodrome users and their customers about the lack of toilet facilities.
- The impact of the capital expenditure on the landing charges is less than might be expected because it is spread out over 4-25 years (depending on the type of asset).
  - For example, the cost of the helipads will be depreciated over 10 years, and the toilet building will be depreciated over 25 years.
- Unfortunately, projects at Milford are expensive. The aerodrome's remoteness adds cost.

### **Can aerodrome users have more say over projects (and costs) at the aerodrome?**

- We're always interested to hear views about the aerodrome's operations.
- Operators also have a voice on the Milford Users' Group run by IAL/QAOSH.

### **When will the next landing charges review take place?**

- It is good practice to review the landing charges every 3 years.
- More frequent reviews will reduce the likelihood that landing charges will change significantly.
- If unexpected events (e.g. a big change in tourism patterns) were to lead to significant over- or under-collection, we would consider reviewing the landing charges earlier.