

# Proposal for the supply of an Aerodrome Flight Information Service (AFIS) at Kapiti Coast Airport

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Bryan Lau Young

Services and Pricing Manager

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## Contents

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1	Background .....	3
2	Cost of Service .....	3
3	Proposed changes to Airways Charges at Kapiti Coast Airport.....	4
4	Consultation Process .....	6
5	Submissions Address .....	7
	Appendix 1 – Analysis of Expected Revenue and Examples of Charges .....	8

# 1 Background

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- 1.1 The Civil Aviation Authority of New Zealand has determined that an Aerodrome Flight Information Service (AFIS) is required at Kapiti Coast Airport (previously Paraparaumu Airport) to:
  - a. meet the future operational requirements at the Airport allowing for scheduled IFR traffic; and
  - b. enhance the safety of the environment at the Airport.
- 1.2 Under Civil Aviation Rule Part 139, the aerodrome operator is responsible for providing the AFIS. In the case of Kapiti Coast Airport, the Aerodrome operator is Kapiti Coast Airport Limited (KCAL).
- 1.3 KCAL has appointed Airways Corporation of New Zealand Limited (Airways) to provide the AFIS at Kapiti Coast Airport for a minimum period of three years, commencing 22 August 2011. Airways has agreed to provide the service in accordance with the requirements of Civil Aviation Rule Part 172.
- 1.4 The AFIS service to be established at Kapiti Coast Airport will provide advice and information to pilots operating at the Aerodrome, for the purpose of the safe and efficient operation of:
  - a. aircraft flying in the vicinity of an aerodrome; and
  - b. aircraft operating on the manoeuvring area; and
  - c. aircraft landing and taking off; and
  - d. aircraft, vehicles, and persons, on the manoeuvring area; and
  - e. aircraft on the manoeuvring area and obstructions on that area.
- 1.5 Airways is now embarking on the process of consultation with operators at Kapiti Coast Airport in respect of the introduction of proposed new charges to recover the costs of services to be provided at the airport. The proposed charges for AFIS and the analysis of cost are detailed under Section 2 below, and the Appendix.

## 2 Cost of Service

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Staffing required to provide the AFIS includes 1 Senior Flight Service Officer and 3 Flight Service Officers. Hours of operation would primarily encompass hours of IFR operations. The proposed hours of operation are 6.25 am to 7.55 pm.

Airways operating costs in the first year of operation of the AFIS are forecast at \$583K. Future annual operating costs are expected to remain at a similar level but will increase with general inflation. A breakdown of the costs is detailed below:

<b><u>Cost Type</u></b>	<b><u>\$'000</u></b>
Employee Related	314
Operating Costs	190
Depreciation	51
Cost of Capital	29
<b>Total Operating Costs (excl GST)</b>	<b>583</b>

### 3 Proposed changes to Airways Charges at Kapiti Coast Airport

#### 3.1 Airways' existing Charges at Kapiti Coast Airport

Aircraft operators currently flying into Kapiti Coast Airport under instrument flight rules (IFR) are subject to the following Airways' approach charges:

##### **Kapiti Coast Approach Charge**

	<b>Glider &amp; Single Engine Agriculture</b>	<b>0 – 680 Kgs</b>	<b>681 – 1,999 Kgs</b>	<b>2,000 - 5,000 Kgs</b>	<b>5,001 – 7,999 Kgs</b>	<b>8,000 – 30,000 Kgs</b>	<b>30,0001+ Kgs</b>
Base Charge	N/A	\$2.70	\$2.70	\$19.69	\$18.88	\$18.88	\$18.88
Weight Charge	N/A	N/A	N/A	\$0.00719	\$0.00691	\$0.00691	\$1.15220

#### 3.2 Proposed changes to Airways' Charges at Kapiti Coast Airport

In order to recover the cost of providing the AFIS service, Airways proposes to introduce an aerodrome charge at Kapiti Coast Airport. The proposed aerodrome charge will apply to aircraft operators at Kapiti Coast Airport in addition to the existing approach charge (which applies to aircraft flying IFR).

The proposed charges have been set at a level that will enable Airways to recover:

- a. Airways operating costs of the AFIS at Kapiti Coast
- b. Airways set up costs (depreciated over a period ranging between 5-10 years)
- c. Airways cost of capital

For Aircraft weighing less than 5 tonnes, the proposed Aerodrome Charges are the same as Airways current charges for users at other attended regional aerodromes. This excludes Wellington, Auckland, Christchurch and Milford where different rates apply. Whilst the AFIS is scheduled to commence on 22 August 2011, the changes to Airways' charges are proposed to start from 1 October 2011.

The new proposed charges which will only apply to aerodrome AFIS service are detailed below:

**Kapiti Coast Aerodrome Charge**

	Glider & Single Engine Agriculture	0 – 680 Kgs	681 – 1,999 Kgs	2,000 - 5,000 Kgs	5,001 – 7,999 Kgs	8,000 – 30,000 Kgs	30,0001+ Kgs
Base Charge	\$3.15	\$3.80	\$7.50	\$6.40	\$46.52	\$46.52	\$46.52
Weight Charge	N/A	N/A	N/A	\$0.00232	\$0.01692	\$0.01692	\$2.82658

**Note: The Approach service charge will remain unchanged (as in section 3.1 above) at Kapiti Coast.**

The proposed charges will be applied in accordance with the formula set out in Airways' published Standard Terms & Conditions for the provision of Airways Services (the Standard Terms)). For further information on this formula please see the Standard Terms and accompanying Explanatory document on Airways' website (airways.co.nz).

**3.3 Expected Airways' Revenue**

Airways expects to receive the following revenue with the proposed charges:

	<u>\$'000</u>	<u>Assumptions</u>
<b>Expected Annual Revenue</b>		
Aircraft > 5 tonne	452	18 flights per week
Aircraft < 5 tonne	118	16,080 billable movements p.a.
<b>Total Revenue</b>	<b>570</b>	

Any charge ultimately implemented will increase at the same rate as Airways previously notified general price increase on 1 July 2012 (refer “Pricing Changes – 2011/12 & 2012/13 Financial Years” section in the Standard Terms & Conditions Explanatory document on Airways’ website (airways.co.nz)).

## 4 Consultation Process

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Airways is committed to a consultative process which will commence on 5 July 2011. The key steps in the consultation process are set out in the table below.

Task or Milestone	Date
Issue Proposal	5 July 2011
Closing Date to Request Additional Information	22 July 2011
Deadline for Submissions	29 July 2011
Submissions Review, Analysis & Follow up	1 – 5 August 2011
Decision on Proposal	9 August 2011
Publication of any Changes	27 August 2011
Implementation of Charges	1 October 2011

## 5 Submissions Address

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Airways invites interested parties to make submissions on this Proposal or lodge enquiries to:

Kapiti Coast AFIS Service Proposal  
Airways Corporation of New Zealand  
100 Willis St  
PO Box 294  
Wellington, 6140.

**OR**

**Email:** [Submissions@airways.co.nz](mailto:Submissions@airways.co.nz)

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# Appendix 1 – Analysis of Expected Revenue and Examples of Charges

## Key Pricing Calculation Assumptions

Aircraft Grouping	Number of Arrivals Per Year	Expected Revenue
Single Engine & Gliders	3,929	\$12,376
681 - 1,999 Kgs	182	\$1,362
2,000 - 5,000 Kgs	11,970	\$104,375
>5,000 Kgs	936	\$451,639
<b>Total</b>	<b>17,017</b>	<b>\$569,752</b>

## Examples of Expected Total Charge (i.e Approach & Aerodrome) for an IFR Flight by Aircraft Type

Aircraft Type	Aircraft Weight	Existing Approach Charge	Proposed AFIS Aerodrome Charge	Total Charges
Dash 8	19,504	\$139.83	\$342.69	\$482.52
Beech 190	7,765	\$41.10	\$144.06	\$185.17
Cessna 208	3,977	\$11.87	\$10.99	\$22.85
PA28	1,156	\$2.70	\$7.50	\$10.20
TB10	1,150	\$2.70	\$7.50	\$10.20
Cessna 152	757	\$2.70	\$7.50	\$10.20
R22	621	N/A	\$3.80	\$3.80
Glider	544	N/A	\$3.15	\$3.15

Note : Approach service is not affected by the new AFIS aerodrome service therefore the charge remains the same as before.