Rob Hughes

Head of Customer & Stakeholder Management

Airways Corporation

Christchurch

By email to submissions@airways.co.nz

1 April 2025

Dear Rob

Re: Consultation for proposed pricing for the 2026-2028 period

Thank you for the opportunity to feedback into your consultation over your proposed charges for the coming three year period.

There are three key matters identified from our review of your proposal that we wish to raise:

1 We are sympathetic to the impact of cost increases on the aviation sector over the past few years, however we are concerned that Airways target revenue for FY28 has been proposed at $332.7 million, compared to $183.1 million proposed in FY23 at the last pricing consultation. This represents an increase of 82% over six years. Setting aside your rationale, this far exceeds any market inflation indices for the same period, further noting Airways is not actually proposing any fundamental change in levels of services such as numbers of towers operated.

From a customer perspective, there is ultimately no change in the service being provided/received so it is incomprehensible to accept such a high increase in charges which are out of step with market.

Accordingly we urge Airways to revisit assumptions and provide a lower-cost solution to customers as cost levels and increases of this nature will be detrimental to the overall aviation industry.

2 We note your assumptions around the weight-based volumes of activity forecast at each Airport based on the 2023-2024 financial year. We concur

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with the amount reported for Hamilton Airport during that period after having compared that to our own records.

From June 2025, Jetstar will commence daily A320 international services, resulting in an additional 28,000 tonnes landed in Hamilton per annum. This represents a 27% increase in landed tonnes at Hamilton, corresponding to a 4.5% increase of the same across the current regional group Hamilton is allocated to. There is no incremental change to level of service/hours of service required in response to this, and accordingly, no impact on operating costs.

We would therefore expect Airways to reforecast its assumptions for aircraft weights and movements based on this material known change with an expectation charges will reduce by this amount.

3 Hamilton Airport notes the continued use of a mechanism that groups regional towers. While we are accepting this logic for relatively homogeneous operations, our challenge to the current groupings is that no allowance has been made for the fundamental differences in Airways' exposure at airports who have/are/will be completing the APLE process.

As Airways completes an APLE transfer to an airport, its pricing benefits from reduced operating costs, reduced capital base and savings in future investments needed. We believe the current grouping allocations to now be fundamentally flawed. Under the current grouping allocations, an operator flying in Nelson will continue to receive the benefit of Hamilton and Tauranga Airports in the same group having relieved Airways of its obligations to their airfield power and lighting at these airports; or rather Hamilton and Tauranga Airports are now subsidising flight operations at Nelson Airport.

We support the continued use of the regional towers group system but urge Airways to re-allocate Airports within groups as outlined above.

Please do not hesitate to contact the writer should you require clarification of the above points

Kind Regards

Scott Kendall

GM Finance & Commercial