



TE MANATŪ WAKA  
MINISTRY OF TRANSPORT

# Milford Aerodrome Fee Review Consultation

27 March 2024

## Why we are reviewing landing charges

- We operate Milford Aerodrome on a cost-recovery basis.
- Landing fees haven't been increased since December 2011.
- Costs have risen – and the aerodrome needs capital investment.
- Current landing fees are inadequate to cover costs.
- Fees need to increase to cover costs and ensure the aerodrome is financially sustainable.
- We want your feedback on the proposed fees, and which landing numbers scenario is most realistic.

## Plan for the review

Time	Step
Late 2023 until now	Modelling, briefing the Minister
March-April 2024	Consult stakeholders
April-May 2024	Finalise proposals
May 2024	Minister decides on new charges
May 2024	Communicate new charges to stakeholders
Approx July 2024	New charging regime in place
July 2027	Revise charges again

## Relationship to Milford Opportunities Project (MOP)

- MOP is an independent unit in DoC, tasked to feasibility test the MOP masterplan.
- The project work will culminate in a report through Ministers to Cabinet in the middle of the year.
- Ministers have not made decisions on any aspects of the masterplan, including when any changes to the aerodrome might take effect - and are unlikely to until they receive the MOP report.
- While these decisions unfold, the aerodrome still needs to operate safely and cover its costs in the short to medium term.

## We are working to a higher safety standard now

- An aeronautical study at the aerodrome identified safety issues.
- We're responding to the safety issues, and meeting higher standards.
- We needed a different way of managing the aerodrome to meet that standard.
- That comes at a cost.

## Aerodrome costs have risen

- Forecasted annual costs for 2025-27 are roughly three times higher than they were in 2018/19, before the pandemic.

### Cost drivers:

- Costs associated with meeting higher standard
- Necessary capital expenditure
  - To maintain aerodrome infrastructure, improve safety
- Inflation

## Projects included in the modelling

The most significant projects included in the landing charges costings are:

- **Runway rejuvenation** (\$300k) – this will extend the life of the runway by 5-8 years
- **Apron linemarking** (\$30k) – to resolve some compliance issues and create more parking by creating a new apron layout
- **Airfield drainage** (\$40k) – to help extend the runway's life
- **Fencing** (\$105k) – to improve safety by preventing unauthorised access
- **Helipads** (\$115k) – to improve safety by reducing congestion on the apron
- **Toilet/pilots' room building** (\$153k) – to address users' complaints about the lack of toilets.

## Aerodrome costs

	Forecast			3-year average
	2025	2026	2027	
<b>Expenses</b>	\$1,103,608	\$755,386	\$792,090	\$883,695
<b>Depreciation</b>	\$42,882	\$35,382	\$35,382	\$37,882
<b>Capital Charge</b>	\$9,250	\$28,915	\$28,915	\$22,360
<b>Total Costs</b>	\$1,271,314	\$901,651	\$942,026	\$943,937

## Current landing fees

Aircraft	Current Landing Fee (GST exclusive)
Fixed wing <1500kg	\$23.47
Fixed wing 1500-1999kg	\$38.15
Fixed wing 2000-3999kg	\$73.36
Helicopters	\$25.22

## We have modelled 2 aircraft movements scenarios to test with you

### “Steady State” scenario:

- Assumes aircraft movements remain at 2023 levels.

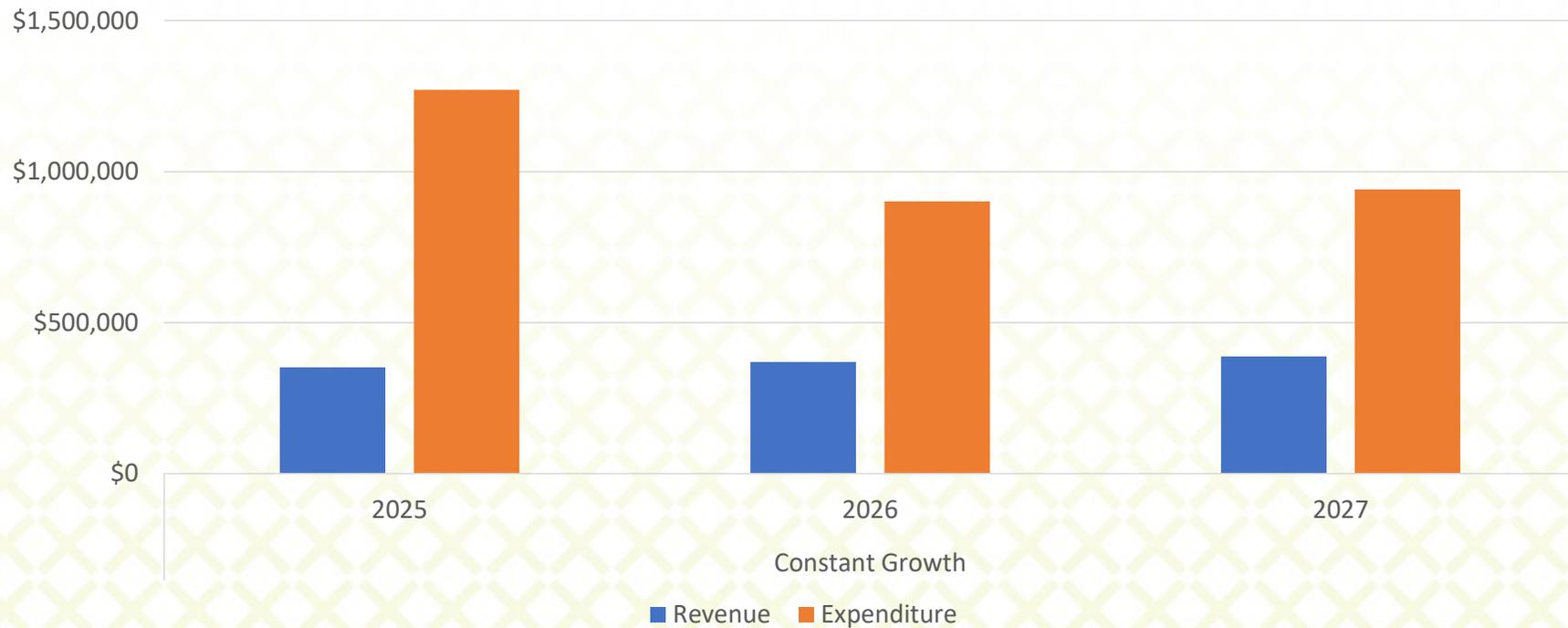
### “Constant Growth” scenario:

- Assumes aircraft movements increase by 5% year-on-year from 2023 levels.

\*\* YEAR ENDED JUNE

## The gap between forecasted revenue and expenditure is significant if we keep current charges in place

Gap between revenue and expenditure under “Constant Growth” scenario



## Fees under the “Steady State” scenario

- Assumes aircraft movements remain at 2023 levels.
- We have calculated what the fees would need to be, to cover costs under this scenario:

	New Cost/Landing	Old Cost/Landing	Difference	% Increase
Fixed wing <1500kg	<b>\$74.27</b>	\$23.47	\$50.80	216%
Fixed wing 1500-2000kg	<b>\$123.46</b>	\$38.15	\$85.31	224%
Fixed wing 2000-3999kg	<b>\$238.54</b>	\$73.36	\$165.18	225%
Helicopters	<b>\$82.48</b>	\$25.22	\$57.26	227%

- No change to how the costs are split between different sizes of fixed wing aircraft, or between fixed wing aircraft and helicopters.

*(GST exclusive)*

## Fees under the “Constant Growth” scenario

- Assumes aircraft movements increase by 5% year-on-year from 2023 levels.
- We have calculated what the fees would need to be, to cover costs under this scenario:

	New Cost/Landing	Old Cost/Landing	Difference	% Increase
Fixed wing <1500kg	<b>\$64.11</b>	\$23.47	\$40.64	173%
Fixed wing 1500-2000kg	<b>\$106.56</b>	\$38.15	\$68.41	179%
Fixed wing 2000-3999kg	<b>\$205.90</b>	\$73.36	\$132.54	181%
Helicopters	<b>\$71.20</b>	\$25.22	\$45.98	182%

*(GST exclusive)*

## Please make a submission – we want your feedback

- Which aircraft movements scenario is most realistic?
  - What information do you have to support this?
- What impact would the proposals have on you/your business?
- Do you have any other feedback?

Please submit your feedback by Wednesday 24 April.

Consultation materials and an online survey are here: <https://consult.transport.govt.nz/>



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Kia Ora  
Thank you