

Email**rajan gupta****IATA Comments / Kannur International Airport**

From : khoslaa@iata.org Fri, Dec 15, 2023 08:26 PM
Subject : IATA Comments / Kannur International Airport
To : RAM KRISHAN <director-ps@aera.gov.in>, rajan gupta
<rajan.gupta1@aera.gov.in>, Suyash Narain
<secretary@aera.gov.in>
Cc : bakshiu@iata.org, tanr@iata.org

Dear Sir,

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IATA COMMENTS ON AERA'S CONSULTATION PAPER FOR THE DETERMINATION OF AERONAUTICAL TARIFF FOR KANNUR INTERNATIONAL AIRPORT, KANNUR (CNN) FOR THE SECOND CONTROL PERIOD

The International Air Transport Association (IATA) is the trade association for the world's airlines, representing some 320 airlines or 83% of the world's air traffic. Many of our member airlines operate in the Indian market including Air India, IndiGo, SpiceJet and Vistara. We support many areas of aviation activity and help formulate industry policy on critical aviation issues.

IATA commends AERA for the close scrutiny of the proposal put forward by the Airport Operator (AO). We would like to submit the following points:

First Control Period

- We support the Authority's treatment of the true-up of CAPEX, as well as its scrutiny in validating the allocation of assets.
- Appreciate the exclusion of Return on Land, as well as expenses on CSR given that there have been losses.
- We welcome the revision of the Terminal Building Ratio from 95:5 to 92:8 based on the independent study. We expect that the percentage of non-aeronautical should increase over time in line with the projected traffic growth.
- We would like to seek clarity on the obligation of the Airport Operator for security expenses following the introduction of the ASF.
- We agree with the proposed rationalization of aeronautical O&M expenses by AERA, particularly the employee-related expenses that did not reflect the required optimization of operations and costs during the pandemic.
- We commend AERA for correctly re-classifying some of the costs as expenses, such as the ORAT expenses, and not adding to the RAB. It is important as returns are already provided for RAB.
- It should be noted that OPEX by Airport Operator remained constant even during the pandemic, which is not ideal.

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Second Control Period

- We appreciate the rate of inflation being adjusted to 4% by the Authority.

- We also support the proposal by AERA to carry forward a portion of the ARR to the next control period, in alignment with considerations stated in the CP.
- The MYTP proposed by the Airport Operator is exceptionally steep at the start of 2nd Control Period. We suggest that the increases be moderated across the entire control period.

Regards,

Amitabh KHOSLA
Country Director - India

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