

**31 March 2023**

Dear Airport Users

### **Adelaide Airport - Changes to aeronautical fees effective from 1 July 2023**

Adelaide Airport Limited (AAL) has recently completed a review of the fees required to provide the necessary infrastructure and meet the service levels expected by the passengers and airlines we serve. This review has included airline consultation to understand current and forecast infrastructure constraints and requirements, changing operating and regulatory requirements, and ongoing service level requirements. We have also sought to provide infrastructure and services that allows airlines to operate efficiently and minimise their own costs, while challenging ourselves to find efficiencies to keep our fees as competitive as possible to support the growth of our businesses together.

The outcomes of this review have formed the basis of our new fees using a building block model consistent with previous resets. The review also coincides with the conclusion of the current Passenger Facilitation Charge (PFC) and the commencement of the Terminal Expansion Fee (TX) for international passengers as summarised below:

- The current Passenger Facilitation Charge (PFC) was established to recover the initial investment in the terminal and is scheduled to conclude by 30 June 2023 subject to any final over or under recovery adjustment. This charge will be replaced by a new Terminal Fee (TF) which will recover the terminal operating costs previously recovered through the PFC, as well as establish the mechanism for recovering future capital investments in the terminal through a building block model that allows for ongoing capital investment.
- An additional Terminal Expansion Fee (TX) will commence for recovery of the terminal expansion project undertaken predominantly between 2018 and 2022 to improve the international passenger experience through addressing capacity constraints in secondary passenger screening (LAGs), outbound emigration, inbound immigration and baggage collection. This project and cost recovery was pre-agreed with airlines and the Board of Airline Representatives of Australia (BARA) prior to the commencement of the project, however, the fees were deferred until the conclusion of the PFC to minimise the price increase for airlines. This component of the fee will be applicable to international services only.
- The Landing Fee (LF) which recovers airfield and overhead costs has been re-set based on revised capital investment, operating expense, and passenger forecasts using a building block model consistent with previous landing fee resets.

The enclosed Schedule of Fees lists the aeronautical fees (comprised of the components described above) effective from 1 July 2023 for all categories of users of Adelaide Airport. Changes to Aeronautical Fees (excluding the Government Mandated Fees) are summarised below:

- Fees for Domestic Passengers (the sum of the relevant LF and TF only) will increase by \$0.38 or 3.3% excluding GST
- Fees for Regional Passengers (the sum of the relevant LF and TF only) will increase by \$0.41 or 8.8% excluding GST
- Fees for International Passengers (the sum of the relevant LF, TF and TX only) will increase by \$8.43 or 35.8%. The larger increase for international passengers reflects the commencement of the previously agreed TX following the completion of this project and improvement in infrastructure for international airlines.
- Fees for General Aviation (the sum of the LF and the TF only) will increase by 7.8% in line with inflation as calculated by the Australian Bureau of Statistics at December 2022



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AAL welcomes any further feedback on the updated Schedule of Fees and can provide further information and supporting materials upon request.

**Government Mandated Fee**

AAL is currently reviewing the Government Mandated Fee. The Schedule of Fees will be updated once the costs for the coming year which are recovered by this component of the fee are known. AAL will provide as much notice as possible and at least one months' notice of the change in fees in accordance with the Adelaide Airport Terms of Use.

Thank you for your ongoing support and the services you provide through Adelaide Airport - we look forward to continuing to grow this market together.

In the meantime, please do not hesitate to contact me with any queries in relation to the above.

Yours sincerely



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