

HOOD AERODROME

AERONAUTICAL CHARGES REVIEW

May 2025



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WHAKAORIORI
DISTRICT COUNCIL

The Need for the Review

- Need to Meet the Requirements of the Civil Aviation Act 2023
- No longer than 5 Year review periods – 14 years since the last review.
- Required to operate commercially.
- **MDC Funding Policy**
 - Seeks to limit rates input to 40% - current actual is circa 64%.
 - To recover 60% of the aeronautical costs – the charge would be circa. \$55 per landing.
- **Desire to Achieve Equity**
 - User Pays – more used, more paid
 - Current regime variable from \$0.33 to \$10 per landing within lower groups.
 - Current Charges are behind the market.



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The Need - continued

- Achieving higher levels of transparency of charging
- Current includes direct charges, group discounts, fixed charges for high volume users and informal agreements
- Aeronautical revenue covers only 8% of operational costs.
- While recent works were majority Crown funded, MDC have to fund ongoing maintenance
- Development of a model for the future as a Part 139 Airport.

The Law

- The Airport is governed by the provisions of the Civil Aviation Act 2023 (operative from 5 April 2025).
- Unless MDC resolve to do otherwise, the airport must operate on a commercial basis – Sec 226 (1) (a) (ii). *NB: No such resolution has been made.*
- A review of charges is required within 5 years of fixing or altering – Sec 230 (2) & (3).
- Last review of charges was over 14 years ago.



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Guidance

- The 2006 KPMG Pricing Methodology document produced for the Ministry of Transport was used as a guidance document for the review.
- A Dual Till model was used– only Aeronautical Activities under review. Leases and commercial activity was not included.
- The previous review did not appear to follow any particular methodology.



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Principles followed

The following Principles were followed as the basis for developing the Charge Setting Model:

- **Equity** – Service used is the same for everyone, no one user should have an advantage over another.
- **User Pays** – The more you use it, the more you pay.
- **Heavier Aircraft Create More Wear & Tear** – Heavier aircraft pay more.
- **Fenced Grassed Areas are Safety Areas** – Cost of maintenance included in operational costs.
- **Airport Management & Compliance Activities Benefit All** – All users share that cost.
- **Fee Collection Should Be Administratively Simple** – Minimal effort required to recover charges.
- **Terminal Users Pay for Terminal Use** – Passenger capable commercial AC pay for the use of the terminal.

The Challenges

- **Current Landing Fees income**

- Between \$22,000 and \$28,000 per annum.
- Approx \$9,000 from annual charges

- **The challenges of low utilisation**

- Hood has a low utilisation rate, average 14 landings a day
- Hood services light aircraft – 83% weighing less than 1,500kg, therefore lower income from landings than many airports

- Other airports have worked to diversify and grow usage – Whanganui being a good example. Over 85% of their activities relate to flight training where daily average movements exceed 200+.

Development of the Model

In developing a model to set the charges, the following aspects were considered:

- Only recovery of operational costs was considered – no depreciation
- Basis of the model is the total kgs of all aircraft landing divided into the \$ to be recovered – this gives a \$/kg rate
- Per kg rate is manipulated into approximate groups based on the **Maximum Certified Take-Off Weight (MCTOW)**
- Groups are based on CAA classification for microlights, then groups reflective of industry groups
- Commercial acceptability – nationwide fee schedules are considered

Other Considerations

- Council wants movement towards 60% External Revenue – reduce ratepayer's share
- Hood fees should fit within the market.
- Recognition that Landing Fees will not generate additional income to meet the 60% user contribution without more activity, but some increases are needed

Pricing Model Decisions - continued

- No differentiation between grass or sealed runway use.
- Market driven.
- Endeavour to move income towards MDC private good criteria (60% of costs).
- MCTOW as the basis of charges.
- MCTOW weights to be grouped.
- Heavier aircraft pay more per kg.
- Flat rate for groups below 6,500kg MCTOW (generally GA aircraft).
- Helicopters treated as Fixed Wing.

Pricing Model Decisions - continued

- Above 6,501kg charge calculated individually based on MCTOW.
- Charge adjusted for touch & go:
 - *charged as applicable, every 5 T & G charged as one landing.*
- Group & individual bulk payments are discontinued.
- Discounts for Pre pay and On Line payments.
- Going forward, more regular review of the the charges

Pricing Model Decisions - continued

- No radio aircraft (NORDO) required to provide records
- Touch & Go Policy – 1 in 5.
- AIMMS System continues to record all aircraft movements and provide basis for charging
- Admin charge for invoices below \$20.
- Aeronautical Conditions of Use to be developed and to reflect pricing model.



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How Does Hood Compare?

		Tomahawk	Cessna 150	Cessna 172	Partenavia	Cresco	Beech C90	King Air 200	SAAB 340A	SAAB 340B	ATR 72
Average - Small		\$ 15.63	\$ 15.63	\$ 17.77	\$ 21.33	\$ 33.14	\$ 56.61	\$ 79.07	\$ 252.84	\$ 264.33	\$ 443.18
	Masterton - Current	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 15.00	\$ 15.00	\$ 65.00	\$ 120.00	\$ 120.00	\$ 300.00
Small Airports with sealed runways	Whanganui Jul 2024	\$ 17.00	\$ 17.00	\$ 17.00	\$ 30.00	\$ 30.00	\$ 49.00	\$ 56.70	\$ 212.70	\$ 216.79	\$ 350.80
	Kapiti Coast	\$ 12.75	\$ 12.75	\$ 14.76	\$ 27.75	\$ 27.75	\$ 40.00	\$ 40.00	\$ 71.11	\$ 177.78	\$ 333.33
	Whakatane	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 20.00	\$ 45.00	\$ 65.00	\$ 144.00	\$ 144.00	\$ 288.00
	Timaru	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50	\$ 31.50	\$ 36.50	\$ 47.50	\$ 315.00	\$ 315.00	\$ 447.50
	Westport	\$ 8.69	\$ 8.69	\$ 17.39	\$ 17.39	\$ 56.52	\$ 56.52	\$ 108.69	\$ 226.08	\$ 226.08	\$ 226.08
	Hokitika	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 45.00	\$ 92.00	\$ 220.00	\$ 220.00	\$ 260.00
	Wanaka	\$ 10.00	\$ 10.00	\$ 10.00	\$ 15.00	\$ 25.00	\$ 45.00	\$ 95.00	\$ 175.00	\$ 175.00	\$ 315.00
	Kerikeri	\$ 11.98	\$ 11.98	\$ 11.77	\$ 19.95	\$ 29.77	\$ 54.51	\$ 67.47	\$ 197.23	\$ 204.28	\$ 420.86
	Gisborne	\$ 17.00	\$ 17.00	\$ 30.00	\$ 30.00	\$ 54.97	\$ 86.12	\$ 106.60	\$ 461.68	\$ 470.22	\$ 854.44
	Marlborough	\$ 35.03	\$ 35.03	\$ 35.03	\$ 35.03	\$ 35.03	\$ 108.11	\$ 133.81	\$ 528.48	\$ 528.48	\$ 1,056.96
	Te Anau	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 34.00	\$ 57.00	\$ 57.00	\$ 230.00	\$ 230.00	\$ 322.00

How Does Hood Compare - continued

- Current fees generally, behind the market.
- Very liberal methodology behind levying fees which creates equity issues.
- Annual Charges for domiciled:
 - Microlites & Helicopters \$80.00
 - Non-commercial \$160.00
 - Commercial \$480.00
 - Informals \$960.00
- Some users paying as little as \$0.33 per landing – is that fair?



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Proposed Aeronautical Charges

	Fixed				
Group	1	2	3	4	5
Weight range (kg)	0	601	2101	3601	5101
	600	2100	3600	5100	6500
Mid-point		1351	2851	4351	5851
Class	Microlights	Small GA	Medium GA	Large GA	Medium Twins
	Bantam	C 172	Cresco, Harvard	Beech C90	Kingair 200
Group MCTOW	600	1,351	2,851	4,351	5,851
% of per kg rate	70.0%	70.0%	70.0%	70.0%	70.0%
per kg rate \$0.01750	0.01225	0.01225	0.01225	0.01225	0.01225
Per kg rate x MCTOW	\$7.35	\$16.55	\$34.92	\$53.30	\$71.67
NZ average	\$5.35	\$15.63	\$21.33	\$33.14	\$56.61
Proposed	\$7.50	\$16.50	\$34.00	\$50.00	\$70.00
Inclusive of GST	\$8.63	\$18.98	\$39.10	\$57.50	\$80.50



Proposed Aeronautical Charges

	Per KG Charge			
Group	6	7	8	9
Weight range (kg)	6501	9501	12501	15501
	9500	12500	15500	up
Class	BAE Jetstream	Lear Jet 75	SAAB 340	ATR 500
Sample Aircraft				
MCTOW	7,058	9,752	12,700	22,000
% of per kg rate	90%	95%	105%	115%
Graded (greater weight, higher cost)	0.01575	0.01663	0.01838	0.02013
NZ small airport average	\$115.91	\$213.45	\$258.59	\$443.18
Proposed	\$111.16	\$162.13	\$233.36	\$442.75
Inclusive of GST	\$128.55	\$194.14	\$272.15	\$509.23

Proposed Charges – General Conditions

- Gliders – no charge – Tow Aircraft pay as per the Landing Fee Schedule.
- Touch and Go (T & G) Charges – A Landing Fee applies for every series of 5 successive T & G's, or part thereof. The Landing/T & G count starts again on a declared full stop landing, or on vacating and rejoining the circuit.
- Aircraft executing missed approaches are liable for a charge of \$5.00 for any sequence of 1-5 missed approaches.
- A \$10.00 administration fee applies to all accounts totally less than \$20.00.
- For aircraft over 6,600 kg, the use of the terminal facility is by prior arrangement with Airport Management.

Charges – Discounts (proposed)

- Prepay of a bulk amount to MDC - Quarterly – proposed minimum amount is 20 landings for single identified Aircraft – 15% discount.
- Landing fees paid online within 2 days of the landing – 15% discount – apply discount at time of payment.
- NODOR Aircraft landing records to be provided quarterly to MDC - 15% discount – no discount for Prepay.



Consultation

- These Charges are PROPOSED and are subject to further consideration by the MDC.
- You have the right to make a submission in respect to the Proposed Charges.
 - Submissions close at 4pm on Thursday 22 May 2025.
 - Complete a submission –
 - email to: submissions@mstn.govt.nz
 - Post to: Masterton District Council, PO Box 444 Masterton 5840
 - Drop into the Queen Street Customer Service Centre
 - Or phone 06 370 6300 (9am to 4 pm Monday to Friday) & make a verbal submission.

Consultation

- Wednesday 28 May 2025 Submissions hearing
- 4 June 2025 Council decision
- 1 July 2025 New charges take effect
- All submitters and users will be informed of the MDC decisions.



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Questions



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