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No: 33/2018

Memorandum for Executive Council

SUBJECT

Aerodrome Charges (Amendment) Regulations, 2018

Memorandum by the Chairperson of the Economic Development
Committee

ADVICE SOUGHT

1. **Council is asked to consider and approve the attached Aerodrome Charges (Amendment) Regulations 2018, to come into force on a date fixed by the Governor by notice in the Gazette.**

**BACKGROUND &
CONSIDERATIONS**

2. Members will be aware that fees and charges should be reviewed on an annual basis as part of the budget process to determine whether they are appropriate and recovering the cost of service.
3. As a result of increasing pressure for upwards movements in expenditure budgets, it is necessary to increase revenue generation where possible and appropriate in order to maintain expenditure in other priority areas for SHG.
4. The Passenger Service Charge is payable when the passenger leaves the aerodrome (by air) for a place outside St Helena. The Passenger Service Charge is payable by all leaving the aerodrome including local residents and is incorporated within air fares. Based on Population Statistics between October and June the majority (70%) of departures were by people who were not St Helenian.
5. It is recommended that the Passenger Service Charge is changed from £17 to £20 for people over 12 and changed from £8.50 to £10 for people aged 2-12. It is recommended that the cost of The Passenger Service Charge for people less than 2 years of age is maintained at £0. This represents an increase of only 0.3% on a return ticket fare.
6. The date for the Regulations to come into force is to be on a date fixed by the Governor by notice in the Gazette. This is in order to allow for the IATA ticket system to be updated before the increase comes in to effect. This prevents a situation where the increase is in force but can't be collected.

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7. The Regulation also contains a provision so that tickets purchased before the increase are not effected even if they are for flights on dates after the increase is in effect.

FINANCIAL IMPLICATIONS

8. Based on projected 4,000 people departing per year requiring to pay the Passenger Service Charge it is estimated that an additional £12,000 of revenue could be raised by approving the change to the Passenger Service Charge.

ECONOMIC IMPLICATIONS

9. The proposal increases the benefits realised by SHG from investment in the air service and the associated tourism generated.
10. The price increase is very small (the price of a coffee) and will not have any effects on demand for the service. £3 represents an increase of only 0.3% on a return ticket fare. It does, however, generate revenue which can be used to co-fund important public services in St Helena.

CONSISTENCY WITH INVESTMENT POLICY PRINCIPLES

11. Not applicable.

PUBLIC / SOCIAL IMPACT

12. There will be a small increase for those people using the aerodrome of £3 per departure, whilst this £3 will be added to the ticket price it is considered to be a modest increase when considering the total cost of the ticket.

ENVIRONMENTAL IMPACT

13. There are no environmental impacts identified.

PREVIOUS CONSULTATION / COMMITTEE INPUT

14. The changes were agreed with the Economic Development Committee on 5th April 2018.

PUBLIC REACTION

15. There is likely to be some negative public reaction, but it will have to be explained as part of the overall need to balance the budget.

PUBLICITY

16. The decision should be mentioned in the ExCo Report and associated broadcast.

17. The change in fees will also be published via the appropriate channels.

SUPPORT TO STRATEGIC OBJECTIVES

18. This paper supports all of the National Goals and strategic objectives as revenue generation is necessary in order to maintain expenditure in priority areas.

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**LINK TO
SUSTAINABLE
ECONOMIC
DEVELOPMENT
PLAN GOALS
OPEN/CLOSED
AGENDA ITEM
Corporate Services
DATE OF MEMO**

19. Improve Infrastructure:
Using tax revenue and other funding streams for investments to improve health, education, water, electricity, transport, risk management and other infrastructure.

Open

14 June 2018

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