Impact of Airport Privatisation on Infrastructure and Charges

Contemporary issues in Air Transport, Air Law & Regulation
Best results are obtained when priorities of both public and private Partners are mutually addressed.

**Key traits of successful PPPs:**
- Enabling regulatory environment.
- Performance risks borne by private players.
- Commercial risks shared by parties best positioned to bear them.
- Promotes competition among best players.
- Policies that ease access to low-cost, long-term capital.

**Priorities:**
- Bankable projects with returns commensurate with risks involved.
- Fair and transparent processes.
- Policies neutral to political changes.

**Priorities:**
- Best-in-class and timely infrastructure creation.
- Good end-user services.
- Acceptable user charges.
- High public acceptance.
- Focus on public good.
Public Private Partnership - story so far

<table>
<thead>
<tr>
<th>Airport</th>
<th>Passenger Traffic Rank</th>
<th>Annual Passenger (millions)</th>
<th>%age of Indian air passenger traffic</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cochin</td>
<td>7&lt;sup&gt;th&lt;/sup&gt;</td>
<td>2.6</td>
<td>2.7%</td>
<td>2002</td>
</tr>
<tr>
<td>Delhi</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt;</td>
<td>20.4</td>
<td>22.2%</td>
<td>2006</td>
</tr>
<tr>
<td>Mumbai</td>
<td>1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>22.3</td>
<td>23.1%</td>
<td>2006</td>
</tr>
<tr>
<td>Hyderabad</td>
<td>6&lt;sup&gt;th&lt;/sup&gt;</td>
<td>5.8</td>
<td>6.0%</td>
<td>2008</td>
</tr>
<tr>
<td>Bangalore</td>
<td>4&lt;sup&gt;th&lt;/sup&gt;</td>
<td>8.1</td>
<td>8.4%</td>
<td>2008</td>
</tr>
<tr>
<td>Sub Total</td>
<td></td>
<td>59.2</td>
<td>62.4%</td>
<td></td>
</tr>
</tbody>
</table>

Traffic based on 2006-07
Air Traffic Projection - 1996-97

Was achieved in 2005-06 – 73 million
Passenger Traffic Growth

Million Pax p.a.

<table>
<thead>
<tr>
<th>Year</th>
<th>Million Pax p.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>40</td>
</tr>
<tr>
<td>2002-03</td>
<td>44</td>
</tr>
<tr>
<td>2003-04</td>
<td>49</td>
</tr>
<tr>
<td>2004-05</td>
<td>59</td>
</tr>
<tr>
<td>2005-06</td>
<td>73</td>
</tr>
<tr>
<td>2006-07</td>
<td>96</td>
</tr>
</tbody>
</table>

Percentage Growth

- 0%
- 5%
- 10%
- 15%
- 20%
- 25%
- 30%
- 35%
Airport Growth Story – 2006-07

Total Passenger Traffic (FY2006-07 in Millions)

Port Blair Airport has increased by 146.6% in the FY 2006-07 as compared to FY 2005-06.
Desired state
Capacity Catch-up story

Traffic Capacity

Traffic
Capacity

0 5 10 15 20 25 30 35

1 2 3 4 5 6 7

Airports | Agri - Business | Energy | Foundation | Highways | Urban Infrastructure
HIAL traffic dynamics

- Pax p.a.
- Planned Capacity

*FY*: Financial Year

*FY 02* to *FY 08 (est)*

*million pax p.a.*
Phase 1 plan

- New Runway/Expanded T1 & T2 to be ready
- New Integrated Terminal T3 with 34 million pax capacity to be ready
- 60-65 Aircraft Movements on Runway
- High speed rail link city center connectivity to be achieved

2008
2008
2010
2010
NEW TERMINAL – 2010

- New Terminal Building
- New Code F Runway
- 55 New Contact Stands
- 30 New Remote Stands (in addition to existing 64 stands)
- 4 new cargo stands
- Cargo Complex Expansion
- Multilevel Car Park - 9000 Cars
- Widening of existing Roads
- New Fire Stations
Saturation Plan - 2030
A world class city deserves a world class airport.

- A city’s airport creates the first impression of the city and the country on any international traveler. They are the first window to the country!
- A world class airport, equipped with state of the art facilities and systems, portrays an image of prosperity, development and economic potential.
- This coupled with a strong service attitude creates a feeling of being welcome and 'at ease'
- On the other hand, a congested airport with poor facilities and systems portrays a picture of neglect and apathy.
- Globally, world class cities boast of best-in-class airports that are an icon of the city’s and country’s economic progress.
- An increasing number of developed and developing economies are making significant investments in airport projects, in an effort to create global benchmarks.

Airports will shape business location and urban development in the 21st Century as much as highways did in the 20th century, railroads in the 19th And seaports in the 18th
NEW TERMINAL BUILDING - T3
ENTRANCE CANOPY
T3- Departure Concourse Artists Impression
T3 - Check In Hall Artists Impression
T3-Immigration Counter Area Artists Impression
T3 - Canyon from Departure Level Artists Impression
T3 - Arrival Level Travelators Artists Impression
T3 - Arrival Level Baggage Reclaim Area Artists Impression
T3 - Arrival Level Canyon Artists Impression
DIAL Working on aggressive Commissioning schedule

<table>
<thead>
<tr>
<th>Airport</th>
<th>Capacity</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changi Airport - Singapore</td>
<td>22 Million</td>
<td>76 months</td>
</tr>
<tr>
<td>Heathrow T5</td>
<td>25 Million</td>
<td>60 Months</td>
</tr>
<tr>
<td>IGI Airport</td>
<td>34 Million</td>
<td>37 months</td>
</tr>
<tr>
<td>Beijing Airport New Terminal for Olympics</td>
<td>25 Million</td>
<td>36 months</td>
</tr>
</tbody>
</table>

DIAL also compares favorably on cost
Project Site

Hyderabad Urban Development Authority (HUDA)

Begumpet Airport

GHIAL - 5495 acres

Hyderabad Airport Development Area (HADA)
Connectivity to the New Airport

- Inner Ring Road (West) with number of flyovers
- 4-Lane Elevated Express Way for 11.6 KM with 6 lane at-grade road
- National Highway-7 for 9 KM of 6Lane
- 8-lane Inner Ring Road (East) of around 30 Km
- 8-lane Outer Ring Road for 24.38km
- Srisailam Highway
- New 4-Lane Road(P7)
- Access Road from NH-7
- Access Road from Srisailam State Highway

New Hyderabad International Airport

Inner Ring Road (West) with number of flyovers

4-Lane Elevated Express Way for 11.6 KM with 6 lane at-grade road

National Highway-7 for 9 KM of 6Lane

8-lane Inner Ring Road (East) of around 30 Km

8-lane Outer Ring Road for 24.38km

Srisailam Highway

New 4-Lane Road(P7)

Access Road from NH-7

Access Road from Srisailam State Highway
Going forward, metropolises are giving way to ‘Aerotropolises*’, bolstering economic growth further.

- Aerotropolis is a set of clusters of aviation-linked businesses along with supporting social infrastructure radiating outward from an airport.
- Aerotropolis can stretch up to 15 miles outward from airports along transportation corridors and **attracts various types of connected businesses** ranging from time-sensitive manufacturing and distribution to social infrastructure like hotels, entertainment centers.

KLIA is intended to serve Malaysia’s planned Multimedia Super Corridor, promoted as the information technology center of Asia.

SkyPlaza, opened in 2006 near Hong Kong International Airport, features a mix of retail, entertainment, and office uses.
A massive ‘Aerotropolis’ is being developed around the world’s largest international airport in Dubai.

Dubai World Central (DWC) is a massive, multi-phase development centered around the world’s largest greenfield international airport:

- Planned as a 140 square kilometer city at Jebel Ali, south of Dubai city center.
- Creates the world’s first truly integrated multi-modal logistics platform with all transportation modes, logistics and value-added services
- These include product manufacturing and assembly in a single-bonded free zone environment made up of Dubai Logistics City, Dubai World Central International Airport and Jebel Ali Port.
- Will have a cluster of specialized zones like Residential City, Commercial city, Enterprise Park and a Golf Resort.

Jebel Ali will be an 'Aerotropolis' and will house some 750,000 people eventually.
The current economic scenario is ideal for the development of ‘Aerotropolis’ at major Indian airports.

– India is one of the fastest growing economies in the world today and its aviation sector is growing rapidly.
– The airport infrastructure is undergoing a process of modernization and privatization.
– Large tracts of land maybe available for commercial development adjacent to these airports, especially the Greenfield airports.
– The CBDs in most of the major Indian cities have deteriorating infrastructure and are saturated, with no growth vector available.
– This situation is similar to what other major Asian cities faced a few years earlier.

GMR is evaluating the 'Aerotropolis' concept for both the Delhi and Hyderabad airports.
## Expected investment in sector

<table>
<thead>
<tr>
<th>Development in pipeline</th>
<th>Cost (Rs.billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delhi modernization</td>
<td>89</td>
</tr>
<tr>
<td>Mumbai modernization</td>
<td>58</td>
</tr>
<tr>
<td>Chennai/Kolkata</td>
<td>38</td>
</tr>
<tr>
<td>35 Non metro airports</td>
<td>76</td>
</tr>
<tr>
<td>Greenfield Kannur</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>270</td>
</tr>
</tbody>
</table>
Aero charges are a recovery of cost incurred unless subsidized
Aero charges - 747

US$ per ATM