



## Media Release

**Immediate Use  
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### **“Passengers to pay for failure” say UK airlines**

UK airlines are appalled by the CAA’s decision today to allow BAA to increase prices charged at Heathrow and Gatwick. A spokesman for the trade body, the British Air Transport Association (BATA) said:

“The CAA’s decision to allow prices to almost double at Heathrow over the next five years and increase by over 50% at Gatwick is a clear indication of a failure of the regulation of this airport monopoly.

“CAA has rewarded BAA for its failure to perform in recent years and passengers now faced with having to pay for BAA’s continued inefficiency. If BAA deliver a basic service, passengers will even have to pay them a bonus!

We suspect that the CAA has been influenced by the financial position of BAA’s new owners, Ferrovial, whose purchase of BAA left them with high levels of debt. Passengers may now have to pay for Ferrovial over-extending itself.

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“The regulator has not ensured that customers get the right level of service in a cost effective and efficient way. They have over compensated the airports and now they must ensure that funds are not diverted to pay off Ferrovial’s debt”.

The CAA pricing decisions also far exceed the recommendations of the Competition Commission that were published in October last year.

**ENDS**

## **Contacts**

For more information and to arrange interviews contact Neal Weston, Head of Policy & Communications on 07855 736 487 or 020 7222 9494 or Roger Wiltshire, Secretary General on 07767 660 658 or 020 7222 9494.

## **Notes to Editors**

- 1) BATA represents UK-registered airlines and BATA members represent 85% of UK airline output.
- 2) The maximum prices that the UK’s regulated airports can charge are set every five years by the CAA. The next five year period for Heathrow and Gatwick starts in April 2008. Price controls are presented as the average charge per annum, per passenger using the airport.
- 3) The Competition Commission (CC) reported on the price regime at the two airports in October 2007. It recommended that maximum airport charges at Heathrow rise to £10.96 in 2008/09 and at Gatwick to £5.48. The CAA’s decision is £12.80 (+17%) and £6.79(+24%) at Heathrow and Gatwick respectively. The CC also recommended that prices at Gatwick should not exceed RPI -0.5% for the following four years. The CAA’s decision at Gatwick is RPI + 2%.
- 4) The CAA’s has decided to give a bonus to BAA of up to 21/4% of airport charge revenue for “good passenger service performance above targets”. This is worth up to around £20m at LHR in 2008/09, and £5m at LGW. The CC recommendations did not include performance bonuses.