



## Media Release

**Immediate Use  
20 November 2007**

### **“Regulator rewards airports for failure” say UK airlines**

UK airlines are shocked by the proposals to increase prices charged to airlines at Heathrow and Gatwick published by the CAA today. A spokesman for the trade body representing most of them, the British Air Transport Association (BATA) said:

“The CAA’s proposals for the next five years are unacceptable. If implemented they would mean a massive inflation-busting hike in charges and they are far more generous to the airports than the recommendations of the Competition Commission.

“The regulator continues to reward the airports for their failure to meet basic standards of service and an inability to operate efficiently. Why should delivering a basic service result in a performance bonus with airlines paying twice?

“The continued over-generous treatment of BAA reinforces the need for stronger economic regulation to protect airlines and the traveling public at Heathrow and Gatwick, whether these airports continue in common ownership or not.”

Continued/...

BATA airlines will study these proposals carefully and continue to seek a fair settlement which balances the acknowledged need for investment with our reasonable expectations for service quality and efficiency improvements.

## **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 CAA's proposals are published today (20 November 2008) for a final round of consultation. All parties will be able to submit further written evidence to the CAA up to 21 January 2008.
- 4) The Competition Commission (CC) report was published by CAA on 3 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 proposals are £11.97 and £6.70 respectively. The CC also recommended that prices at Gatwick should not exceed RPI -0.5% for the following four years. The CAA's proposal for Gatwick is RPI + 2%.
- 5) The CAA's proposals on incentives include a bonus to BAA of up to 3% of airport charge revenue for "good passenger service performance above targets". This is worth up to around £25m at LHR in 2008/09, and £6m at LGW. The CC recommendations did not include performance bonuses.