

# **NATS Price Control Review 2006-2010**

## ***BATA response to Initial Consultation Document March 2004***

The British Air Transport Association (BATA) welcomes the opportunity to respond to CAA's Initial Consultation Document on the price control review of NATS. BATA represents UK registered airlines some of which are part of the Airline Group (AG) who are part owners of NATS.

In general we support the approach being taken by CAA and have therefore only responded to those questions where wish to make a particular point.

### ***Approach***

BATA believes that CAA is correct to base its approach to the review on the principles developed by the Better Regulation Task Force. The most weight should be given to ensuring that regulatory proposals take into account the particular circumstances of NATS' customers – the airlines. CAA should seek positive support from airlines for its decisions since, unlike NATS who can refer decisions to the Competition Commission, airlines have no statutory remedy against poor decisions.

CAA should present its decisions, and the reasoning behind them, in non-specialists' terms as far as possible.

### ***Ownership***

We do not believe that NATS' ownership structure is a cause of concern. All airlines want to see NATS incentivised to reduce delays, increase flexibility and increase capacity ahead of demand. It is in these areas that the review should be focussed. NATS' incentives to reduce delays should certainly be reviewed.

### ***Main Issues for the Review***

We believe that CAA has chosen to concentrate on the right issues. However the scope of the price control should be extended to cover monopoly Terminal Approach services.

### ***Price Structure***

We believe that the current basis on which the maximum revenue from the Eurocontrol business of NATS En-route (NERL) is calculated is a reasonable compromise. The fact that the volume/revenue relationship does not reflect NERL's cost structure particularly well is a feature which is common to many businesses - including airlines. However we would not object to a review of this issue should CAA choose to do so.

June 2004