

YOUR LONDON AIRPORT

Gatwick

This is the text for the Gatwick response submitted on 10 December 2010 to the CAA's consultation on CAA charges 2011/12. The response was submitted through a web portal.

Gatwick Airport welcomes the opportunity to respond to the CAA's consultation document on its proposed charges for 2011/12. As recognised by the CAA, the air sector in the UK has been particularly hard hit by the recent economic downturn. Any recovery will be sensitive to increases in underlying costs and it is right that the CAA should be mindful of this when it sets its revised charges.

Gatwick's response is focussed on the proposed charges for the Economic Regulation Group Scheme of Charges and the Aerodrome Licensing and Aerodrome ATS Regulation.

Economic Regulation Group Scheme of Charges

The CAA proposes an increase of 89% for the charges for designated airports, from 2.33p per arriving passenger to 4.41p per arriving passenger. The justification for this increase is given as being due to increased costs resulting from the start of the Q6 airports price control reviews, activities relating to the CAA's input to the reform of economic regulation and associated work streams on competition and alternative forms of regulation.

In addition, the CAA proposes to reinstate the Airport Review Charge to cover the additional consultancy costs associated with the upcoming section 40 review. The CAA proposes these additional charges for the designated airports as follows:

Designated Airport	Charge per arriving passenger (pence)
London Heathrow	3.85
London Gatwick	5.28
London Stansted	1.14

The CAA explains that the level of these additional charges at the different airports reflect the predicted spend in respect of each airport and the ability of these airports to recover the costs through arriving passenger numbers.

Gatwick recognises that the CAA will be undertaking significant amounts of work during 2011/12 and we support that this work should be properly resourced in order that the CAA comes to well informed and evidenced conclusions as to the appropriate future economic regulation of Gatwick in particular and the other designated airports more generally. However, we consider that the consultation lacks sufficient transparency as to how the precise figures above have been arrived at and how the differences between the per passenger charges at the three airports are justified. Moreover, the CAA has presented no analysis of how the differences in charges will impact the airports, in particular, how they might impact competition between the airports and what it considers the impact on airlines and passengers will be.

We would welcome from the CAA, when it confirms its charges for 2011/12, further explanation of the derivation of these charges and for the CAA to publish its impact assessment.

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Aerodrome Licensing and Aerodrome ATS Regulation

The CAA proposes to introduce new Public Safety Zone (PSZ) charges to reflect the transfer of some PSZ matters from the DfT to the CAA. While we recognise the requirement for the CAA to recover its regulatory costs, the CAA provides no detail as to how the proposed level of charges has been arrived at. As noted above, the CAA needs to be mindful of the impact of increased costs on the air sector. We would welcome from the CAA, when it confirms its charges for 2011/12, further explanation of the derivation of these charges.

We also note that the DfT currently requires PSZs to be reviewed every 7 years. However, the CAA should consider whether such frequent reviews are necessary, especially in light of recent years' depressed traffic growth.