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*Welcome to this latest edition of the BAR UK Newsletter.*

*As occasionally happens, there can seem to be an emphasis in our articles on one particular issue or organisation.*

*This time round, it appears that the CAA has the focus on it. That's not by design, merely the way that events are currently happening!*

*Mike Carrivick  
Chief Executive*

## **1. CAA REGULATORY PRICING DECISIONS**



### **HEATHROW AND GATWICK**

The CAA, on 11 March, announced its decisions in respect of regulated charges at Heathrow and Gatwick Airports, for the five-year period 1 April 2008 to 31 March 2013.

The airline community had feared that the authorised pricing regime would be costly, but not to the extent that the decisions allow for.

In brief, Heathrow costs per passenger are increased in the first year by a staggering 23.5%, to £12.80, after which each of the successive four years can be increased by Retail Price Inflation (RPI) + 7.5%. Costs in the five-year period are therefore expected to increase by 50%, on top of a similar set of increases between 2003/8.

At Gatwick, the story is similar. The first year's increase is a massive 21%, to £6.79, and allowed to increase by RPI+2% for the following four years.

The airlines had expected substantial increases because of the investment plans that are due to be implemented. However, these authorised levels are staggeringly high.

Major stakeholders are scathing in their responses:

**IATA Director General and CEO, Giovanni Bisignani "Failure is the only word to describe the CAA's decision."**

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bmi and Virgin Atlantic jointly *"Airport regulation is failing the customer and needs to be changed."*

British Airways *"We suffer from very poor regulation and the whole process needs a root and branch review."*

BAR UK *"The CAA's decisions not only reward BAA for past failures, but even give them a bonus for exceeding minimum standards."*

The CAA does not accept the criticism, but does acknowledge that the form of the regulatory framework has shortcomings that need to be overcome. BAR UK certainly concurs on that point.

We believe that there has been a breach of process, in spirit if not in law, by the late and very substantial additions to expenditure made by BAA which were accepted into this process.

On a broader level, the datelines used in this regulatory process are impractical. It is nonsensical that airlines engage with BAA and the CAA for a couple of years, and yet only get advised of the decision a couple of weeks before the effective date of the new charges.

This is not only bad practice from a financial management point of view, but gives no time in which to debate and challenge the sorts of issues that arose in November last year.

### STANSTED

Pricing at Stansted is subject to a different set of influences.

Originally, the CAA had proposed that Stansted be de-designated, so leaving the airport operator free to make its own pricing decisions.

However, the Department for Transport decided that Stansted should remain a designated airport, so regulated pricing is retained there.

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For 2008/09, the CAA extended the previous 'RPI-O' price control into a sixth year. After adjustment (and before allowing for additional security costs) the price cap in 2008/09 is around 1% higher than in 2007/08.

For 2009/14, the CAA published a consultation document in January, for which the closing date was 17 March. The consultation was seeking views on whether or not the standard 'building block' methodology used elsewhere was appropriate, or if another method was required; four other options were offered.


The responses received by BAA are now subject to study, and further deliberations.

## 2. NEWS AT BAR UK

Here, we publicly say farewell to some delegates, and welcome to their successors. Recent moves feature:

<u>Airline member</u>	<u>Farewell</u>	<u>Welcome</u>
Air Zimbabwe	Mr Tesfaye Bekele	Mr David Mwenga
Iran Air	Mr Seyed Mehdi Ghaffar	Mr Daryoush Niknam
Jet Airways	n/a	Mr Duncan Gambrill
SriLankan Airlines	Mr Johann Wijesinghe	Mr Chanaka Olagama

## 3. QUICK REOPENING OF HEATHROW'S SOUTHERN RUNWAY

**BAA**  Most readers will be aware that there was a major incident at Heathrow in mid-January when a Boeing 777 crash-landed, fortunately without any serious injuries.

In the process, significant damage occurred to the landing lights, and other electrical installations, for the southern runway, as well as contamination of the ground area, all of which required that runway to be shut for arriving aircraft.

Congratulations are due to BAA for undertaking full repairs within a matter of days, so bringing the airport back up to full capacity in very quick time.

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#### **4. AIRLINE TERMINAL RELOCATIONS AT HEATHROW**



The opening of Terminal 5 on March 27<sup>th</sup> was the trigger date for a relocations programme that will see over 50 airlines move between terminals, and the demolition of Terminal 2 and Queen's Building.

Details of the moves can be found at BAA's website: [www.baa.com](http://www.baa.com), and then clicking 'Check your terminal'.

Briefing material can also be found on our own website [www.bar-uk.org](http://www.bar-uk.org) where there is a dedicated 'Relocations' page.

#### **5. e-BORDERS**



The e-Borders programme has moved into the implementation phase which is, right now, less than clear.

Clarity is required in respect of implementation by country, and by airline, and in respect of some significant inequities that have arisen. This important matter remains the subject of ongoing dialogue with the e-Borders team.

Separately, several other substantial matters have been outstanding for excessive periods, and were most recently the subject of a formal complaint by BAR UK to the Home Office. They are currently being addressed at a very senior level, for which responses are now due very shortly.

#### **6. CONSULTATIONS - COMPLETED AND IN PROGRESS**

BAR UK is involved in a number of consultations already this year.

One has already been completed, and is of vital strategic importance to our members. It is:

- Adding extra capacity at Heathrow

Consultations, for which responses are being assessed, are (in date order):

- HM Treasury - Aviation Duty (A replacement for Air Passenger Duty)

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- Soil Association - Ethical Air Freight
- DfT - Reform of the National Aviation Security Committee
- Home Office - Compulsory ID Cards for Foreign Nationals (airport workers)
- CAA - Allocation of Scarce Capacity

## 7. CAA THROUGH AIRPORT EXPERIENCE



In recent years, the experience of passing through the UK's two largest airports has often been less than pleasant.

The CAA is now undertaking a wide review of the passenger experiences encountered at Heathrow and Gatwick, and which will also include runway resilience. BAR UK looks forward to contributing to that review.

## 8. CAA - A STRATEGIC REVIEW

The Government has commissioned an independent strategic review of the Civil Aviation Authority (CAA), in response to the House of Commons Transport Committee inquiry into the CAA's work.



The Review aims to ensure that the UK's arrangements for regulation and policy making are fit for purpose going forward. The Secretary of State for Transport, Ruth Kelly, has asked Sir Joseph Pilling to lead the review.

The terms of reference can be found at:

<http://www.dft.gov.uk/pgr/aviation/domestic/caareview2007>.

Written responses have already been solicited from interested stakeholders, since when a series of workshops was held more recently.

The review will conclude this year, and its report will be made available on the Department for Transport website. It is complementary to (but separate from) the Competition Commission enquiry into BAA, which may comment on CAA's specific powers for the economic regulation of airports.

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## **9. UK VISAS WEBSITE**



The regime for obtaining a visa to enter the UK is undergoing very substantial changes.

New procedures can apply, including interviews and the provision of biometric data before a visa is obtained.

Full details are now on a new UK Visas website. This can be found at:

<http://www.ukvisas.gov.uk/>

## **10. BAR UK - NEXT MEETINGS**

**1. The next meeting for all members is on 20th May.**

It comprises the Annual General Meeting at 10.00, to be immediately followed by the General Meeting. The venue is the Business Design Centre in Islington, at the Eye4Travel Show, whose organisers are generously providing the room and its equipment, plus the all-important coffee!

### **2. IMPORTANT CHANGE OF DATE LATER IN THE YEAR**

The date of the third general meeting has been changed *from* Friday 26 September *to* Tuesday 28 October. The meeting is kindly being hosted by the CAA, at their Head Office in Kingsway, London.

More details will be announced in due course.

*The next BAR UK Newsletter will be published by 30 May*

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