

Tony Kershaw
Honorary Secretary

County Hall
Chichester
West Sussex
PO19 1RQ

Telephone 033022 22543
Website: www.gatcom.org.uk



Gatwick Airport Consultative Committee

If calling ask for
Mrs. Paula Street
e-mail: paula.street@gatcom.org.uk

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Dear Mr. Griffiths

RESPONSE TO CAA'S CONSULTATION ON ECONOMIC REGULATION AT GATWICK FROM APRIL 2014: INITIAL PROPOSALS

Thank you for providing GATCOM with the opportunity to comment on your initial proposals for the economic regulation of Gatwick Airport.

GATCOM has considered the CAA's views on the range of options it has considered for the future economic regulation of Gatwick. GATCOM has confirmed its previous view that the current price cap regulation is inflexible and costly and that a lighter touch, more flexible regulatory regime is needed for a period of time beyond 2014. In view of this GATCOM supports the CAA's view that a commitments and limited licensing framework could be the preferred form of regulation for GAL going forward if this properly protects the interests of passengers.

It is noted that the market power determinations will not be announced until early in 2014. If it is decided that Gatwick should no longer be subject to economic regulation GATCOM hopes that the progress made on GAL's suggested framework of contracts and commitments can still be taken forward as there is a need to provide airlines and passengers with assurances on what they can expect from the airport in the more competitive London airports market.

GATCOM's detailed comments on certain aspects of the initial proposals are as follows:

- **Licence development** – The outline framework of the draft licence, based on the requirements of the Airport Charges Regulations 2011 and Civil Aviation Act, is noted. However, GATCOM is concerned that the requirements of Act and Regulations do not include a requirement to consult the statutory airport consultative committee (GATCOM and its Passenger Advisory Group (PAG)). It is hoped that reference is made in the provision of the licence to ensure that GATCOM (and its PAG) is one of those organisations to be consulted on future investment plans/projects and service quality performance targets. The formal involvement of GATCOM at some stage in the process would help to ensure that passengers' interests are better represented. It would also help to ensure that environmental considerations are considered locally and in a fair and balanced way (for example by highlighting the need for the provision of bunds to shield the

Tim Griffiths
Economic Regulation
CAA
CAA House
45-59 Kingsway
LONDON
WC2B 6TE

impact of airport development/airfield noise or effective differential charges to discourage the use of noisier aircraft types).

- **Pricing** - GATCOM is not in a position to comment in detail on this aspect of the framework but the potential distortion that the RAB based approach may have has been noted. GATCOM is anxious that the CAA continues to negotiate with GAL on how to overcome the issues to ensure the price cap is set at the right level to avoid distortion in the investment incentives at Gatwick, particularly in respect of accommodating the need to accelerate investment as and when necessary. GATCOM encourages the CAA to build into the regulatory framework enough flexibility which will resolve any investment distortion issues.
- **Service Quality Rebate Scheme** - Overall, GATCOM welcomes the proposed continuation of the Service Quality Rebate (SQR) Scheme in an enhanced form, and the inclusion of FEGP usage targets (such targets also have the benefit of reducing on-airfield noise and emissions). GATCOM also welcomes the proposal to measure passenger satisfaction at security rather than the queue measurement measure included in the SQR scheme. The treatment of passengers during the security check process is an area that is raised in passenger feedback to the airport. Including satisfaction levels in the monitor will help to support GAL's efforts in continuing to improve the security check process and in raising staff awareness of how they are performing.

GATCOM, through its Passenger Advisory Group, wishes to have the opportunity to input to the setting of annual performance measures included in the scheme to ensure that the views of passengers are taken into account in the process of setting annual performance targets. The CAA is asked to consider this request for participation.

In addition to this, GATCOM hopes that within the performance measure for flight information that the availability of wifi is a feature that can be built into the measure. It is understood that this issue is also being considered by the airlines. GATCOM fully support efforts to improve wifi availability at the airport.

We note the CAA's further work on the possible extension of the scheme to cover airline service quality targets in respect of check-in and arrivals baggage. Over many years GATCOM has encouraged GAL to address with the airlines and their handling agents queuing and waiting times at check-in and baggage reclaim. GATCOM therefore fully supports GAL's proposal to place service standards on the airlines to improve service for passengers. We also highlight that GATCOM has urged the CAA to address these areas as part of the SQR scheme for many years now and these issues were raised when the SQR scheme was first developed. The need to avoid the potential to reduce competition between airlines is acknowledged but GATCOM believes that it is reasonable for the airport operator, in the interests of passengers, to indicate baseline levels of service expected from all airlines at the airport which takes into account the different levels of service provided at the airport. Check-in and arrivals baggage are two key passenger facing areas of service provision where there is a need to improve passenger queuing/waiting times. GATCOM is therefore disappointed that GAL's proposal has not been included in the CAA's initial proposals and urges the CAA to ensure that these are areas that feature in the commitments and limited licensing framework.

GATCOM also supports the CAA's further work on taking forward GAL's proposed publication, for monitoring purposes, of the UK Border Force (UKBF) immigration performance. The monitoring and publication of UKBF performance will aid transparency for passengers and encourage continued improvement in performance. This is also an issue that GATCOM will be raising as part of its response to the CAA's Statement of Policy in relation to its information provision powers.

- **Aerodrome Congestion** – The proposals under consideration to address airfield efficiencies to replace the current aerodrome congestion term are noted. Whilst GATCOM is not in a position to offer views on how this metric should be developed it wishes to be kept informed of its development as it is important that environmental considerations are addressed as well as airfield/terminal availability. It is also hoped that the development of a new metric will not hinder GAL's ability to continue to develop initiatives to further improve the efficient use of the runway and airfield.
- **Operational Resilience** – GATCOM is pleased to note that measures to support and strengthen GAL's operational resilience to help reduce the negative impacts on passengers from service disruption are to be included in the airport licence. GATCOM agrees with the conclusions of the CAA's Consumer Panel that the importance of performance during times of disruption should be recognised. GATCOM therefore suggests that service performance during times of disruption be an issue addressed in contingency plans.

An important element of resilience planning is in lessons learned from past experiences. GATCOM therefore suggests that there is a requirement for the airport and relevant third parties to report on/review the effectiveness of contingency plans after an incident of severe disruption to ensure that lessons learned are addressed in subsequent plans, including a review of service level performance during times of disruption.

We hope our comments can be taken into account.

Yours sincerely,



Assistant Secretary