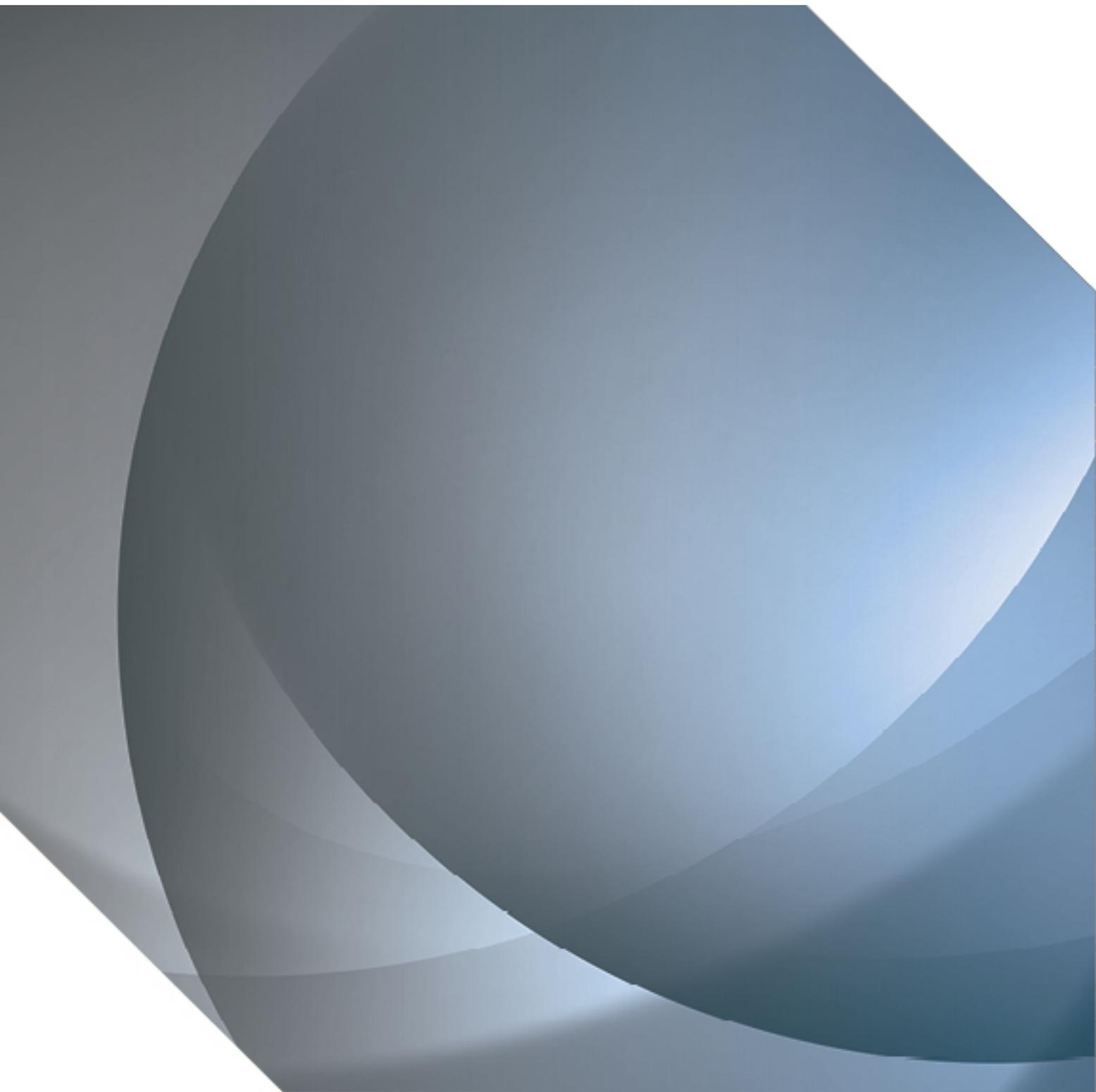


The Airport Charges Regulations Annual Report 2014 - 2015

CAP 1342



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Introduction

1. The Airport Charges Regulations 2011 (ACRs) implement European Directive (2009/12/EC) on airport charges into UK law. The Directive covers airports that handle more than 5 million passengers per annum, and:
 - introduces common principles of transparency and consultation for airports in determining charges levied on users;
 - stipulates that airport charges should be non-discriminatory;
 - allows differentiated charges based on relevant, objective, transparent and non-discriminatory criteria;
 - requires Member States to appoint an independent supervisory authority (ISA) to ensure the correct application of the Directive; and
 - sets up mechanisms for resolving disputes about the level of airport charges, unless satisfactory procedures already exist under national law to assess whether airports are subject to effective competition¹.
2. The ACRs require the CAA, as the UK ISA, to publish an annual report concerning the exercise of its functions (Regulation 32). This is our third annual report and covers the period from 1 April 2014 to 31 March 2015. Our previous annual reports are available on our website².
3. During the period of the report we had the following functions under the ACRs:
 - to give notice to an airport operator that the ACRs apply in relation to that airport for that year (Regulation 5);
 - to publish a list of regulated airports for the following year (Regulation 6);
 - to investigate whether an airport operator is failing, or has failed to comply with an obligation under the ACRs (Regulation 20);
 - to impose a compliance order on an airport operator that is failing, or has failed, to comply with an obligation under the ACRs (Regulation 21); and
 - to consider imposing a penalty on an airport user (Regulation 16) for failing to provide prescribed information to an airport operator under Regulation 7(4).

¹ Article 6(5)(b) of the Directive.

² [The Airport Charges Regulations 2011 – CAA Annual Report 2012](#) and [The Airport Charges Regulations 2011 - CAA Annual Report 2014-15](#).

Structure of report

4. The rest of this report is structured as follows:
 - chapter 1 looks at how we have exercised our functions under the ACRs; and
 - chapter 2 looks at other issues concerning the ACRs, including our published guidance on how we would implement our powers under the ACRs, and the Thessaloniki Forum of Airport Charges Regulators established by the European Commission.

Chapter 1

The CAA's work under the ACRs

Qualifying airports

- 1.1 We have a function under Regulation 5(1)(b) to give notice to an airport operator that the airport will be subject to the ACRs in a particular year. In 2014, we gave notice to the nine airports that had over 5 million passengers in 2013 that they would be subject to the ACRs in 2015. In 2015, we gave notice to the same nine airports that had over 5 million passengers in 2014 that they would be subject to the ACRs in 2016.
- 1.2 We have a function under Regulation 6(2) to publish the list of airports which it considers are regulated airports in each year. The lists are shown below.

Regulated airports in 2015 and 2016

| Airports covered by Regulations | 2015 | 2016 |
|---------------------------------|-------------------------------------|-------------------------------------|
| | Passenger numbers in 2013 (million) | Passenger numbers in 2014 (million) |
| Heathrow | 72.232 | 73.371 |
| Gatwick | 35.429 | 38.094 |
| Manchester | 20.680 | 21.950 |
| Stansted | 17.849 | 19.958 |
| Luton | 9.693 | 10.482 |
| Edinburgh | 9.775 | 10.159 |
| Birmingham | 9.114 | 9.698 |
| Glasgow | 7.358 | 7.709 |
| Bristol | 6.125 | 6.333 |

Source: CAA Airport Statistics

Provision of information by airport users

- 1.3 In the period covered by this report it was not drawn to our attention that any airport users had failed to provide the necessary information to any of the qualifying airports. Consequently, we have not considered imposing any penalties on airport users for failing to provide information.

Compliance with obligations by airport operators

- 1.4 We have a function under Regulation 20 to investigate whether an airport operator is failing, or has failed, to comply with an obligation imposed on it under the ACRs. We may do so at any time but if we receive a complaint from a person on whom airport charges have been levied at the airport, or from another airport operator which claims its business has been materially harmed by an alleged failure to comply with the ACRs, we must investigate that complaint.
- 1.5 We have not received any complaints that an airport operator has not complied with an obligation under the ACRs, nor have we investigated whether an airport operator was failing to comply, or had failed to comply, with an obligation under the ACRs during the period of this report.
- 1.6 If we are satisfied that an airport operator is failing to comply, or has failed to comply, with an obligation under the ACRs, we may impose a compliance order on the airport operator under Regulation 21. As follows from paragraph 2.5 we have not imposed any compliance orders during the period of this report.

Chapter 2

Other issues

Guidance on the application of our powers under the ACRs

- 2.1 With the repeal of section 41 of the Airports Act 1986, the ACRs are now the main sector legislation in this area. In April 2015 we consulted on how we would, in future, interpret, monitor and enforce the obligations on airport operators and airport users. During the consultation period we met each of the airport operators who are subject to the ACRs in 2015 and IATA. We received nine written responses, from airport operators, an airline, IATA, and a private pilot. We published a consultation response document and final guidance on the application of our powers under the ACRs in October 2015.

Thessaloniki Forum of Airport Charges Regulators

- 2.2 In 2014, the European Commission established a new expert group to advise it on airport charges. The group met for the first time in Thessaloniki in June 2014. The CAA attended the meeting as the UK ISA and presented on its experience of handling airport charges issues: in particular its market power assessments of Heathrow, Gatwick and Stansted airports and its decisions on allegations of discriminatory charging by Heathrow and Gatwick.
- 2.3 The second meeting of the group was in Brussels in April 2015. The CAA also attended this meeting, presenting on the methodology it used for its market power assessments. At the meeting, the Commission expressed its intention to set up a working group to consider issues around transparency and consultation between airport operators and users.