



Consultation: Review of price and service quality regulation at Heathrow, Gatwick and Stansted airports: Setting the Scene for Q6

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Contact: Scott Kennerley

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The Consumer Council for Northern Ireland response to the review of price and service quality regulation at Heathrow, Gatwick and Stansted airports: Setting the Scene for Q6 consultation

The Consumer Council welcomes the opportunity to respond to the CAA consultation on the review of price and service quality regulation at Heathrow, Gatwick and Stansted airports. The response focuses on chapter 3, "Passenger-focused economic regulation".

The Consumer Council is an independent consumer organisation set up in legislation to safeguard the interests of Northern Ireland consumers, particularly the vulnerable and disadvantaged. We work to promote and protect consumer interest and bring about change to benefit consumers. Our aim is to make the consumer voice heard and make it count.

We represent consumers in the areas of transport, water and energy. We also have responsibility to educate consumers on their rights and responsibilities and to equip them with the skills they need to make good decisions about their money and manage it wisely.

Northern Ireland has air services to Heathrow, Gatwick and Stansted airports. Approximately 7.1 million passengers travelled through Northern Ireland's airports in 2010, 2 million of which travelled to or from the three designated airports, representing 28% of all Northern Ireland air passenger movements.

The Consumer Council has welcomed the Government's intention to give the CAA a new primary duty to promote the interests of present and future passengers. The Consumer Council agrees that competition, if designed correctly, can be a key mechanism in delivering lower prices and choice to consumers.

However, to be viable, competition must improve the customer experience for passengers, including all passenger sub-groups and it will only do this by:

- Providing good value to passengers
- Providing better customer service
- Being available to all passengers
- Providing increased and targeted protection to all passengers

Where competition fails to promote the interests of consumers the Consumer Council supports regulatory intervention to protect consumers.

Northern Ireland's Heathrow services provide the region's consumers with direct links to the UK's largest hub airport, supporting development of the Northern Ireland economy by facilitating business growth, inward investment and trade. Access to Heathrow and Gatwick enables passengers to access a large number of global destinations by transferring onto connecting flights.

As a result of Northern Ireland's geographic location consumers in the region are more reliant on air travel than their counterparts in GB. The Consumer

Council has previously brought to the attention of the CAA its view that the significant increase in Heathrow Airport's 2011/12 Departing Passenger Charge (DPC) had a disproportionately heavy impact on Northern Ireland passengers given their dependence on regional air services to access GB.

The Consumer Council raised concerns that the increase in DPC for domestic passengers would have the potential to impact negatively on the number of passengers travelling between Belfast and Heathrow, undermining the economic sustainability of Northern Ireland's Heathrow services. A reduction in the frequency of services as a result of lower demand by domestic passengers would limit the amount of choice available to passengers wishing to travel to Heathrow and then connect to services travelling further afield.

Heathrow Airport explained that the increases to its DPC were implemented within the price controls established by the CAA, justifying the change by stating that on average the cost to passengers using the airport would not increase as a result. The Consumer Council believes that the Q6 price control should prevent the implementation of such increases in instances where changes to airport charges impact disproportionately on any specific sub-group, which in the case outlined above are passengers dependent on regional services to access the UK's major hub airport. We therefore support the CAA's intention to intervene where the interests of certain passenger sub-groups are not well served from current models because there is insufficient commercial pressure, effective competition or capacity.

The consultation document outlines the CAA's intention to develop an evidence based understanding of what matters to passengers and how they value certain aspects of service. The Consumer Council is willing to support the CAA in this regard and provide access to its air passenger research data where required. The Consumer Council also recognises the value of drawing intelligence from other sources of data including passenger complaints.

The Consumer Council believes it is essential the regulatory regime incentivises efficient planning and responses to major disruption events. UK airports should be required to develop plans for ensuring operational resilience during periods of disruption for example instances of industrial action and severe weather.

If you wish to discuss this response in more detail, please do not hesitate to contact Scott Kennerley on 028 90674818 or skennerley@consumercouncil.org.uk.



The Consumer Council

Making the consumer voice heard and making it count

Elizabeth House
116 Hollywood Road
Belfast
BT4 1NY

Telephone: 0800 121 6022
Textphone: 028 9067 2488
Fax: 028 9065 7701
E-mail: info@consumercouncil.org.uk
Website: www.consumercouncil.org.uk