

STANSTED AIRPORT CONSULTATIVE COMMITTEE (STACC)

Response to the Civil Aviation Authority (CAA) consultation on issues affecting passengers' access to UK airports: a review of surface access

Background

1. On the 18th of January 2016 the CAA published a consultation document on the above-mentioned subject. It invited responses by the 22nd of April 2016.
2. The review is concentrated primarily on road and forecourt access, 'focussing around two main topics:
 - The first is to understand the market structure for surface access, in particular how competitive conditions for road and forecourt access at individual airports affect outcomes for consumers. This includes interactions between airport operators and surface transport providers such as independent car parking operators, taxi/minicab operators, bus operators and car hire operators.
 - The second area of interest is transparency in terms of the extent to which consumers are well informed about the options they have to access UK airports and the charges they face. This includes how surface access products are distributed.'
3. The CAA has stated 'Surface access to UK airports can account for a sizeable proportion of the cost of any air journey and forms a significant part of the aviation value chain. The CAA is reviewing this element of airport operations in order to better understand how effectively it is operating and serving the interests of consumers.'
4. The CAA has explained that it is conducting this review in part at least in fulfilment of a commitment it gave in response to a submission it received from the Independent Airport Parking Association relating to the CAA's review of Heathrow and Gatwick. It is also undertaking it, under its competition powers, to consider whether airports are abusing 'their dominant position in an upstream facilities market by adversely affecting competition in downstream markets e.g. by protecting their own road access products from competition or by extracting higher commission from third party operators that have access to facilities at the airport.'
5. The CAA has also noted 'passenger interest in the 'hidden costs' of using airports' saying that it has received some complaints that passengers are not aware of various costs of accessing airports, such as drop-off fees, car parking costs etc.. As part of this, the CAA's consultation covers how parking products are distributed on-line.
6. The CAA has specifically asked for information about the surface access needs of vulnerable and disadvantaged consumers.
7. Finally, the CAA has been advised by its Consumer Panel that there may be an issue that inbound (foreign) passengers, infrequent flyers and less engaged consumers, including those without easy access to the internet, 'may be unduly disadvantaged by a lack of information'.
8. The CAA has, apparently already undertaken parts of its review prior to embarking on this consultation exercise. This has taken the form of consultation with 'some key stakeholders' which are stated to include airport operators, *consumer organisations*, and representatives of independent surface access operators. **It is very disappointing to find that the key consumer groups listed as having been**

consulted are Transport Focus, London TravelWatch and Which?. Neither UKACC, nor the individual Airport Consultative Committees were consulted at this initial stage, but initial stage conclusions have been reached, which this consultation exercise wants to confirm, amend or reject.

CAA's Initial Views

9. The CAA's initial views are that, 'in general, the sector appears to be a dynamic one, with a variety of parties active in providing surface access services of different types to consumers. These different modes, to a varying extent, compete with each other.' The CAA concludes that the choice varies from airport to airport, with, not surprisingly, more choice at larger airports than smaller ones. The CAA finds that a key driver of passenger choice is the time it takes to get to airports and the cost. It thus concludes that consumers are actively engaged in this aspect of the market. However, it also concludes that 'there is some evidence that passengers are not always able to find the best service at the best cost that suits their needs. Also, some categories of passengers may not be in a position to make fully informed decisions.'
10. The CAA has identified that there are some aspects of surface access provision where airports control 'a large proportion of the required facilities needed to run surface access operations'. They control the forecourt and often the land suitable for car parks. They also provide some services directly to passengers, sometimes in competition with independent operators. Crucially the CAA acknowledges that surface access is one of the few areas where airports have a direct commercial relationship with passengers and that surface access revenues are an important part of the airport operators overall revenue. The CAA notes that these revenues 'may help keeping airport charges (paid by airlines) low, potentially boosting the connectivity at the airport and, depending on the extent to which reductions in airport charges are passed on to passengers, lower passenger air fares. Depending on the strength of this mechanism, it may be that passengers may or may not be indifferent on whether they pay for airport services through their airfare or through the price of their surface access products.'
11. It is clear from the CAA's initial findings that there is scope for passengers, particularly infrequent travellers and inbound (foreign) passengers, to find that they have bought more expensive options being unaware that cheaper options exist. The CAA refers to these cheaper options as 'the unknown unknowns'.
12. An interesting initial finding relates to regulated v unregulated airports. At regulated airports (Heathrow and Gatwick), because they operate under a single-till form of economic regulation which would take surface access revenues into account to lower the revenues airport operators are allowed to make from airlines, the airports 'seem more likely to base their charges to surface access operators on the basis of cost recovery.'

Specific sector issues at Stansted

13. Having considered the CAA's initial findings and the issues raised in the report, the remainder of this paper sets out STACC's comments and concerns.
 - Public transport versus car parking
14. The CAA has noted that 'airport operators may see increased use of public transport as a threat to their own car parking revenues.'
15. This is an interesting issue which may apply at Stansted. STACC supports the Stansted Transport Forum objective to maintain public transport's share of travel to/ from the airport at 50%. This is in line with the local planning authority's goal and has

been maintained in the recent past despite the significant increase in passenger numbers using the airport. Stansted's share of passengers using public transport to/ from the airport is significantly higher than at other Manchester Airports Group (MAG) airports and there was some indication at the time that MAG purchased Stansted that it may not have been wholly committed to continuing to maintain this priority. STACC has been pleased to see that this target remains in place. It accepts that as passenger numbers further increase at Stansted, the 50% target is likely to be more difficult to maintain, partly at least for reasons outside the airport's control such as coach terminal space availability in London and track capacity on the railway between London and the airport.

- Airport control of the bus station and bus services using the bus station

16. Stansted does control and charge for access to the bus station, which is a facility that provides both access to the airport and, as a wider local transport hub, to the railway station and other local and long distances bus and coach services. Its role as a public transport hub was recognised as part of the airport's planning consent.

17. Stansted does provide financial support to widen the range of local bus services, something strongly supported by STACC.

18. Stansted has recently undertaken a tendering process for the provision of coach services between the airport and London. The successful bidders now operate to a wider range of London destinations with additional destinations planned. However, one former operator, which was not successful in the tendering process, has embarked on litigation. Since the litigation is on-going it would be inappropriate for STACC to do any more than draw attention to it and point out that tendering for coach services between the airport and London may be an issue that deserves further consideration by the CAA under competition law. It may also conflict with bus de-regulation legislation. It is also worth noting that the passengers were still turning up at the airport with tickets valid for travel on the operator concerned after it had stopped running services to/from the airport.

- Information about onward travel options

19. There may be issues as to whether inbound passengers (foreign and domestic) are fully aware of the range of bus services operating, particularly to London. It may be that some airlines have commercial arrangements to promote a particular service, which may or may not be the best service to meet the needs of individual passengers.

20. When National Express was both the operator of the rail franchise and the main coach operator between the airport and London the incentive for real price competition between coach and rail transport was less than it is now. The larger range of coach operators and a rail franchise that is unrelated to any of the coach operators provides for real competition, so long as passengers are made fully aware of the options available to them.

21. Rail ticket prices in the UK are complicated even for those in the know! Information as to the best option for individual passengers, particularly those whose first language is not English, is difficult to communicate and, therefore, there is scope for passengers to be sold an easy and perhaps not the best value option. Many fares are regulated as part of wider UK transport policy. Information as to what is available and avoiding passengers being sold tickets before they have the opportunity to find out what is available to them is a key issue.

- Car parking

22. Although in some respects Stansted provides a wide range of car parking options, there are none-the-less serious challenges to competition issues relating to car parking provision at the airport.
 23. Stansted provides a free set-down and pick-up option for passengers and a free bus link to and from the mid-stay car park. This is advertised on the airport's web site and on some signage on the approach roads to the airport. STACC believes that the signage to this facility needs to be improved and was very taken, on a recent fact-finding tour to Dublin airport, to be told there that Dublin recognises that if it does not get the signing for this facility right then passenger stress levels rise and overall satisfaction with the airport falls.
 24. STACC recognises, however, that whilst this free set-down and pick-up option will meet the needs of many airport users, it is very unattractive to others – particularly commuters who use the airport as a daily transport interchange, for whom the additional journey time would be wholly unacceptable. (see below)
 25. The airport has re-introduced a charged-for express set-down area on the forecourt at terminal level, but has recently introduced restrictions to discourage the facility from being used for pick-up. This is a popular and well-used facility, but one that needs proper management, particularly at busy times. There is evidence to show that, at certain busy times, tail backs to the facility have been causing problems on the surrounding roads. The airport has increased the price of the use of this facility to try to reduce demand. STACC has made representations to the airport about this and ideally would like to see a free facility at this location for both set down and pick up.
 26. STACC is very pleased that its representations to the airport have resulted in concessionary rates being introduced for local people to use the express set-down facility. For very local people, for whom the airport is seen as a local transport hub, the concession is greater than for those living a little further away for whom the concession in part reflects the negative impact that the airport can have on their lives.
 27. At present all the car parks provided for passengers are on airport-owned land and are operated under contract to the airport. There is no competition with independent parking operators. This reflects in part the local authorities' policy on the matter – they are opposed to off-airport parking by airport users. A new car park operator is, however, soon to build a new car park within the airport curtilage on a site sold off by the airport's previous owner. It will be important to see how the airport treats this new provider. It will also be interesting to see whether the arrival of another provider has any impact on car parking charges. There may also be an issue of how different providers' parking is marketed both by the airport and by third-parties on-line, particularly as the CAA has identified that various 'deals' take place between major airlines and travel agents for car-parking cross-selling.
- Taxis and minicabs
28. At Stansted there is a single minicab operator providing pre-booked 'taxi' services from the airport forecourt. The provision of this service is put out to tender periodically. Passengers can arrange for their own minicab operator to collect them. There is no hackney carriage service with a taxi rank operating at the airport. It is argued that this arrangement ensures higher quality provision at prices known to passengers before the journey begins. Most of the time, under the terms of the contract, it also ensures that there are cars available to all potential users. At times of service disruption on the railway, which results in an increase in demand for road transport, demand for the minicabs does exceed supply. It is difficult to determine whether, in the context of an airport located away from a major town, there would benefit from any change to the current system. It is difficult to know whether sufficient

hackney carriages would be available as an alternative to the contracted minicab service.

Stansted Airport Consultative Committee
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