

BAA plc

A report on the economic regulation of the London airports companies
(Heathrow Airport Ltd, Gatwick Airport Ltd and Stansted Airport Ltd)

Volume 2: Appendices



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Ltd and Stansted Airport Ltd)

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**Presented to the Civil Aviation Authority
October 2002**

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APPENDIX 1.1
(referred to in paragraphs 1.1 and 2.1)

The references

1. On 28 February 2002 the CAA sent the following references to the CC:

REFERENCE OF HEATHROW AIRPORT TO THE COMPETITION COMMISSION

The Civil Aviation Authority ('CAA'), pursuant to its duties under sections 40(9) and 43 (1) and paragraph 6 of schedule 1 of the Airports Act 1986, hereby refers to the Competition Commission ('the Commission') the questions set out below relating to Heathrow Airport Ltd.

For the purposes of this reference, terms shall have the same meaning as in the Airports Act 1986.

The Commission shall upon this reference investigate and report on the following questions:

- (a) what are the maximum amounts that should be capable of being levied by Heathrow Airport Ltd by way of airport charges at Heathrow Airport during the period of five years beginning on 1 April 2003;
- (b) whether Heathrow Airport Ltd has at any time during the period beginning with 11 December 1995 (the date of the previous reference) and ending with the date of this reference pursued:
- (i) in relation to any airport charges levied by it at Heathrow Airport,
- or
- (ii) in relation to any operational activities carried on by it and relating to Heathrow Airport,
- or
- (iii) in relation to the granting of a right by virtue of which any operational activities relating to Heathrow Airport may be carried on by any other person or persons,
- a course of conduct which has operated or might be expected to operate against the public interest;
- (c) whether any associated company of Heathrow Airport Ltd has at any time during the period beginning with 11 December 1995 (the date of the previous reference) and ending with the date of this reference pursued:
- (i) in relation to any operational activities carried on by it and relating to Heathrow Airport,
- or
- (ii) in relation to the granting of a right by virtue of which any operational activities relating to Heathrow Airport may be carried on by any other person or persons,
- a course of conduct which has operated or might be expected to operate against the public interest; and
- (d) if so, whether the effects adverse to the public interest which the course of conduct falls within (b) or (c) above has had, or might be expected to have, could be remedied or prevented by the imposition of any conditions in relation to Heathrow Airport or by the modification of any conditions already in force in relation to Heathrow Airport.

Pursuant to Sections 44(1) and (2) of the Airports Act 1986 the CAA is providing to the Commission as part of this reference documents which set out its views for the setting of the condition on airport charges from 1 April 2003 and other matters related to the reference for the purpose of assisting the Commission in carrying out an investigation.

The Commission shall report on this reference within a period of six months beginning on the date hereof.

28 February 2002

(signed) D Andrew
A Member of the Civil Aviation Authority

REFERENCE OF GATWICK AIRPORT TO THE COMPETITION COMMISSION

The Civil Aviation Authority ('CAA'), pursuant to its duties under sections 40(9) and 43 (1) of the Airports Act 1986, hereby refers to the Competition Commission ('the Commission') the questions set out below relating to Gatwick Airport Ltd.

For the purposes of this reference, terms shall have the same meaning as in the Airports Act 1986.

The Commission shall upon this reference investigate and report on the following questions:

- (a) what are the maximum amounts that should be capable of being levied by Gatwick Airport Ltd by way of airport charges at Gatwick Airport during the period of five years beginning on 1 April 2003;
- (b) whether Gatwick Airport Ltd has at any time during the period beginning with 11 December 1995 (the date of the previous reference) and ending with the date of this reference pursued:
 - (i) in relation to any airport charges levied by it at Gatwick Airport,
or
 - (ii) in relation to any operational activities carried on by it and relating to Gatwick Airport,
or
 - (iii) in relation to the granting of a right by virtue of which any operational activities relating to Gatwick Airport may be carried on by any other person or persons,
a course of conduct which has operated or might be expected to operate against the public interest; and
- (c) if so, whether the effects adverse to the public interest which the course of conduct has had, or might be expected to have, could be remedied or prevented by the imposition of any conditions in relation to Gatwick Airport or by the modification of any conditions already in force in relation to Gatwick Airport.

Pursuant to Sections 44(1) and (2) of the Airports Act 1986 the CAA is providing to the Commission as part of this reference documents which set out its views for the setting of the condition on airport charges from 1 April 2003 and other matters related to the reference for the purpose of assisting the Commission in carrying out an investigation.

The Commission shall report on this reference within a period of six months beginning on the date hereof.

28 February 2002

(signed) D Andrew
A Member of the Civil Aviation Authority

REFERENCE OF STANSTED AIRPORT TO THE COMPETITION COMMISSION

The Civil Aviation Authority ('CAA'), pursuant to its duties under sections 40(9) and 43 (1) of the Airports Act 1986, hereby refers to the Competition Commission ('the Commission') the questions set out below relating to Stansted Airport Ltd.

For the purposes of this reference, terms shall have the same meaning as in the Airports Act 1986.

The Commission shall upon this reference investigate and report on the following questions:

- (a) what are the maximum amounts that should be capable of being levied by Stansted Airport Ltd by way of airport charges at Stansted Airport during the period of five years beginning on 1 April 2003;
- (b) whether Stansted Airport Ltd has at any time during the period beginning with 11 December 1995 (the date of the previous reference) and ending with the date of this reference pursued:
 - (i) in relation to any airport charges levied by it at Stansted Airport,
or
 - (ii) in relation to any operational activities carried on by it and relating to Stansted Airport,
or
 - (iii) in relation to the granting of a right by virtue of which any operational activities relating to Stansted Airport may be carried on by any other person or persons,
a course of conduct which has operated or might be expected to operate against the public interest; and
- (c) if so, whether the effects adverse to the public interest which the course of conduct has had, or might be expected to have, could be remedied or prevented by the imposition of any conditions in relation to Stansted Airport or by the modification of any conditions already in force in relation to Stansted Airport.

Pursuant to Sections 44(1) and (2) of the Airports Act 1986 the CAA is providing to the Commission as part of this reference documents which set out its views for the setting of the condition on airport charges from 1 April 2003 and other matters related to the reference for the purpose of assisting the Commission in carrying out an investigation.

The Commission shall report on this reference within a period of six months beginning on the date hereof.

28 February 2002

(signed) D Andrew
A Member of the Civil Aviation Authority

2. In August 2002 the CAA extended the period of the reference and the CC set a revised date of 31 October 2002 for the completion of the report.

3. The composition of the Group of members responsible for the inquiry and report is indicated in the list of members in the preface.

4. Notices inviting evidence were placed in *The Times*, *Metro London*, *Evening Standard* (London), *Flight International* and *Skyport* (Heathrow, Gatwick and Stansted editions).

5. Written evidence was received from 80 third parties. A list of those bodies which submitted evidence is given in the annex to this appendix. We held three hearings with BA, three hearings with the CAA and one with the DfT. We also held hearings with some of the bodies which submitted evidence and these are indicated in the annex.

6. BAA supplied a great deal of written evidence and attended six hearings. Visits were made by members of the Group, accompanied by staff, to view operations and facilities at Heathrow, Gatwick and Stansted.

7. We would like to thank all who assisted us in the course of our inquiry, particularly BAA, upon whom the majority of our detailed enquiries fell.

8. During our inquiry we were also assisted by our consultants; Donaldsons, NERA and WT Partnership.

Organizations and individuals which submitted written evidence to the CC

Representation at hearings is indicated by an * and joint submissions by a †.

Adam Smith Institute
 Aer Lingus plc (as part of the Airline Operators Committee—Heathrow Airport)
 Air France
 Air Transat AT Inc
 Air Transport Association of America Inc
 Air Transport Users Council
 Aircraft Owners and Pilots Association
 Airline Operators Committee—Heathrow Airport
 Airport Operators Association
 Airtours International Airways Limited*(as part of the Charter Group)
 Association of British Travel Agents Ltd
 Aviation Environment Federation†
 Belfast City Airport
 Board of Airline Representatives in the UK (BAR UK)*
 Britannia Airways Ltd*(as part of the Charter Group)
 British Air Transport Association*
 British Airline Pilots Association
 British Airways Plc*
 Flybe-British European
 bmi british midland*
 British Vehicle Rental and Leasing Association
 Business Aircraft Users Association Ltd
 buzz*(as part of Low-fares carriers)
 BWIA West Indies Airways Ltd*(as part of BAR UK)
 Charter Group*
 Civil Aviation Authority*
 Company A
 Consignia plc
 Continental Airlines Inc* (as part of BAR UK)
 County Ceilings Installations (Gatwick) Ltd
 Delta Air Lines Inc
 Department for Transport*
 Fidelity Investments International
 First Choice Holidays PLC*(as part of the Charter Group)
 Flightline International Ltd
 FLS Aerospace Limited
 Friends of the Earth†
 Gatwick Airport Consultative Committee
 Gatwick Area Conservation Campaign†
 Global Refund (UK) Limited*
 Go Fly Limited*(as part of Low-fares carriers)
 Heathrow Airport Consultative Committee
 Heathrow Association for the Control of Aircraft†
 Helios Airways Ltd
 International Air Transport Association*
 JMC Airlines Limited*(as part of the Charter Group)
 KLM Royal Dutch Airlines (ground services)
 KLM uk Limited
 Leeds Bradford International Airport Limited
 Low Fares Carriers
 Mole Valley District Council
 Monarch Airlines Limited*(as part of the Charter Group)
 Mr Peter Cannon

Mr George Duckling
Mr Michael Hasnip
Mr Henry Hely-Hutchinson
Mr R J Hicks
Professor Stephen Littlechild
Mr A J Lucking
Mr D Starkie
Mr J N Stevens
Noise/Clear Skies†
One NorthEast
Qantas Airways Limited
Other views
Reigate and Banstead Borough Council
Ryanair Ltd*(as part of Low-fares carriers)
Saudi Arabian Airlines*(as part of BAR UK)
Strategic Aviation Special Interest Group
Surrey County Council
Tandridge District Council
Tangney Tours
TBI plc (London Luton Airport)
Teesside International Airport Limited
Thai Airways International Public Company Limited
The Go-Ahead Group plc*
Transport 2000†
Turk Hava Yollari (Turkish Airlines Inc)
Virgin Atlantic Airways Ltd*
Waverley Council