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Dear Stewart,

Singapore Airlines response on CAA's "Heathrow capacity expansion – update on the approach to the regulatory framework" (CAP3286)

Thank you for the opportunity to respond to the CAA's consultation, *Heathrow capacity expansion – update on the approach to the regulatory framework* (CAP3286), published on 16 July 2026. This letter highlights our key points. We also endorse the Heathrow LACC/AOC submission and reserve the right to provide further comments and evidence, given the compressed timetable and the overlap with other significant Heathrow consultations.

Singapore Airlines welcomes the CAA's recognition that reform of Heathrow's regulatory framework is necessary, and that the process is moving towards an integrated package of reforms. Our central position is that affordability, efficient risk allocation, meaningful accountability for capital expenditure and the widest practicable use of competitive discipline should underpin the CAA's next stage of work.

Key points

Affordability must be a core consideration. Expansion will only deliver the intended benefits if Heathrow remains affordable for airlines and passengers. The CAA should treat affordability as central to its decisions on capital governance, risk allocation, cost recovery, procurement and competition, including through a credible overall cap on expansion costs.

Reform should apply across Heathrow, not only to expansion. The harms identified by the CAA already exist at the current two-runway airport, including high charges, weak value for money and capital inefficiency. A single, unified capex governance regime should therefore be implemented rapidly for expansion, H8 business-as-usual expenditure, early expansion costs and rolled-forward projects.

Capital governance must have practical force. Users should be involved before strategic decisions are taken and expenditure is committed. The governance committee should have meaningful approval powers over RAB recovery, or at minimum a fast, effective and enforceable escalation route to the CAA, with clear consequences where expenditure is inefficient or benefits are not delivered.

Independent assurance must be genuinely independent. Assurance bodies or experts should be appointed by airline members of the governance committee or by the CAA, not by HAL. Their remit should cover the full capital lifecycle, supported by stakeholder engagement on scope, appointment and findings.

Risk should sit with those best placed to manage it. Current users should not be required to fund development risk for future infrastructure before that infrastructure is available for use. Any departure from competitive market principles should be justified by clear, demonstrable consumer benefits.

Long-term frameworks must not transfer project risk to consumers. Any longer-term framework should deliver demonstrable consumer benefits and should not lock in returns, risk-sharing arrangements or financing protections that could become detached from market conditions.

Competitive discipline should remain a core objective. The CAA should continue to develop competitive procurement and direct competition as separate but complementary workstreams. The CAA should develop

practical interface principles and effective regulation of wholesale services and third-party operators so that competition can be implemented safely and effectively.

Priorities for the CAA's next steps

The September 2026 publication should set out a clear, detailed and ambitious work programme, moving from high-level principles to enforceable rules, governance structures and implementation milestones. In particular, the CAA should prioritise:

- A single unified capex governance regime covering expansion, H8 business-as-usual expenditure, early costs and rolled-forward projects.
- A governance committee with meaningful approval powers over RAB recovery, or a fast and enforceable escalation route to the CAA as a minimum safeguard.
- A genuine overhaul of independent assurance, with experts appointed independently of HAL and with stakeholder engagement on scope, appointment and findings.
- Robust mechanisms for baseline setting, asymmetric incentives, delivery obligations and targeted ex post reviews that protect consumers from inefficient expenditure.
- A well-designed overall expansion cost cap that supports affordability, avoids circumvention and remains compatible with direct competition.
- Take steps to ensure that framework does not create barriers to competition or foreclose alternative promoters.
- Detailed work on wholesale services, third-party regulation and operational interface principles to ensure competition can be implemented safely and effectively.

The CAA should also establish mechanisms for efficient ongoing stakeholder engagement, including regular bilateral workshops across the main reform workstreams. The detailed design of these reforms will determine whether they succeed. Stakeholders with first-hand experience of Heathrow's current regime must therefore have meaningful opportunities to feed into the process before key decisions are finalised.

Conclusion

Singapore Airlines welcomes the direction of proposals set out in CAP3286, but the next phase will be decisive. The CAA has recognised the need for reform and has identified the right broad categories of remedy. It must now follow that reasoning through to structural reforms that are ambitious, enforceable and implemented quickly enough to protect consumers.

The strongest opportunities for consumer benefit lie in broader direct competition, enhanced capital governance, stronger procurement disciplines, and more effective allocation of risk. Heathrow expansion presents an opportunity to modernise not only airport infrastructure, but also the framework through which that infrastructure is planned, financed, delivered and operated. That opportunity should be used to create a more affordable, efficient, accountable and competitive Heathrow for passengers, airlines and the wider UK economy.

Yours sincerely



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