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Dear Pedro,

Consultation on issues affecting passengers' access to UK airports: a review of surface access

Thank you for the opportunity to comment on this important issue affecting passengers. London TravelWatch is the statutory consumer watchdog representing the interests of transport users in and around London, including at the five major airports serving London (Heathrow, Gatwick, London City, Luton and Stansted).

Consumer choice in surface access to airports is an important factor in determining how well airports work, and whether they give good value for money to the consumers that use them. Poor information and / or a lack of effective competition or choice of mode to get to and from an airport, restrict such consumer choice and therefore addressing these issues should be seen as a priority. Similarly consumers also want to be able to arrive at and depart from airports with a reasonable degree of certainty of journey time. Congestion on the road network in and around airports is a major source of large scale journey time variation for private cars, taxis, private hire vehicles, buses and coaches and so it is important that airports take action to mitigate this by either improving roads or by providing alternative rail services at reasonable fares.

Turning to the questions in your consultation, we would answer as follows:-

1. Have we identified the key issues on market structure within the scope of the review?

We agree that you have identified some of the principle issues on market structure affecting surface access to passenger airports. However, we think it is important that your look at the role of rail services in this review to give a more complete picture of how consumers access airports now and how they could do, the benefits of wider competition, and better surface links.

London TravelWatch has conducted a number of pieces of research that are relevant to this. These are:-

Improving public transport access to London's airports ¹
Interchange matters; passenger priorities for improvement²

2. Have you any views and/or evidence on the market position of airport operators in the provision of airport services used to access the airport.

Clearly airports do have a significant influence on the level and affordability of surface access travel options available at their airports. The degree of such influence allows them to generate income other than the charges levied on airlines using the airport. This other income will come directly from individuals without the bargaining power to negotiate with the airport, that an airline as a large corporate body might have. The balance of power, for items such as car parking, bus, taxi and private access to forecourts, or train operators seeking to serve airport owned railway infrastructure is therefore heavily stacked in favour of the airport, as against the consumer.

¹ http://www.londontravelwatch.org.uk/documents/get_lob?id=3894&field=file

² http://www.londontravelwatch.org.uk/documents/get_lob?id=4040&field=file

At licensed airports, the ‘single till’ approach is intended in theory to lower air fares over the long term. However, if the costs of surface access are high then the overall ‘end to end’ cost of journeys to consumers will either remain the same or increase, and so there is no overall benefit to them. We have come across examples such as London to Stansted Airport where the train fare to and from an airport is more expensive than the cost of the flight.

Maintaining high costs of surface access to airports will (in our view), have a negative impact on other aspects of airport operation, such as air quality and efficient operation impeded by congestion on the road network in and around airports. Therefore, we think there is a need to redress the balance of power in relation to surface access towards the needs of consumers. Acting on the recommendations of our research (which echoes the concerns of your Consumer Panel), would make this possible without necessarily requiring large investments in infrastructure. Therefore, we think that the CAA could take action through its competition and consumer law powers to:-

- Encourage the adoption of the London Oyster / Contactless system to cover journeys on Heathrow Express / Heathrow Connect, and by rail to and from Luton and Stansted Airports.

This would give passengers an assurance that they could travel to where they need to at the most cost effective price for the time and mode of travel. We are aware that in the first 9 weeks of operation (January to March 2016) at Gatwick Airport the numbers of passengers using this system rose from 18,000 per week to 35,000 per week and is still increasing. It has also no doubt reduced the 5,000 Penalty Fares a year previously issued to passengers who mistakenly thought that Oyster / Contactless was already valid at Gatwick Airport.

- Support the Office of Rail Regulation³ decision not to allow Heathrow Airport Ltd to include in track access charges historic construction costs.

This is a clear case of a monopoly operator trying to restrict competition both within rail as a mode, but also between rail and private cars where Heathrow Airport Ltd has a clear financial incentive and market power to maintain high levels of usage and cost to the consumer at the car parks it owns. Allowing Crossrail to access Heathrow (including Terminal 5) will bring about a major transformative improvement on public transport access, and consumer choice to and from Heathrow Airport. In particular, the connectivity with other major routes such as Thameslink at Farringdon, the Great Eastern Main Line at Liverpool Street and North Kent services at Abbey Wood, will allow the transfer of many journeys that are currently made by car, taxi or private hire vehicle to rail, and give consumers more choice on how and when they can reach the airport, and how much they need to pay.

- Require airport operators to provide clear, transparent, and easy to find information on the costs of travel for different modes of surface travel from their airport to significant destinations outside of the airport.

This would allow consumers informed choices, without necessarily being directed to the most expensive service or one in which the airport operator has a financial stake.

- Support a change to the law relating to Taxis and Private Hire vehicles; encourage co-ordination of these modes by airport operators to reduce the numbers of empty journeys to and from airports, reducing operating costs, and fares charged to consumers.

At present, only Taxis licensed in the local authority area in which the airport is located can pick up passengers there if the airport owner provides a specific pick up area within the airport or regards highways or forecourts as public highway. Private Hire vehicles can only pick up within the airport limits if they are pre-booked by the customer. Some airport

³ <http://orr.gov.uk/consultations/closed-consultations/policy-consultations/charging-framework-consultation>

operators such as Gatwick only allow private hire operators with an agreement with them to pick up on the airport premises.

These arrangements lead to significant numbers of empty journeys to and from airports by taxi and private hire vehicles, as vehicles can only arrive with passengers, but then have to leave empty as they are not legally entitled to pick up on the return. Similarly, if they can pick up at the airport, once they have set down their passenger at the destination they may not be entitled to pick up a passenger on the return journey. These empty journeys add considerably to congestion and environmental problems on the roads in and out of airports, but also mean that the operational costs cannot be shared between passengers thereby increasing the overall costs to consumers. For example a taxi from Cambridge to Heathrow Airport may have an operational cost of £100 (fuel, drivers time, vehicle maintenance), but because the vehicle cannot pick up at Heathrow to return towards Cambridge, the cost is borne entirely by the original hirer. Similarly, a taxi from Heathrow to Harlow might cost £80 operationally. Ideally, the Cambridge to Heathrow journey would be matched with the Heathrow to Harlow journey, so the £100 operational cost is split between the two passengers with the Cambridge to Heathrow journey costing £60 and Heathrow to Harlow £40. This would represent a considerable saving to consumers. This would require some co-ordination we think would be best effected by the airport operator.

3. Have you any evidence or views on how well informed consumers are of their airport surface access options and on what is most important to passengers in accessing an airport? Is this an area that merits further research.

As noted in your report, UK based passengers are likely to be able to make better and more informed choices on their surface access to and from airports, but inbound non-UK based passengers are in our view at a considerable disadvantage on arrival at UK airports for their onward travel. Our view is that this does merit further research to better quantify and understand this area.

4. Have we identified the key issues related to the distribution of airport car parking? Do you have any views on what, if anything, would improve outcomes to consumers?

Our remit does not cover car parking at airports. However, as noted above in our comments regarding Crossrail access to Heathrow the financial incentives to maintain high levels of occupancy at car parks owned by the airport are such, that they will seek to reflect loss of earnings from car parks in the access charges for new public transport services that might abstract revenue from these car parks. We think this is an unnecessarily risk averse and monopolistic approach on the part of the airport operator. For consumers, this results in increased congestion and reduced journey time reliability on the roads leading to the airports. In turn consumers then change their behaviour by arriving much earlier at the airport than strictly necessary, thus further increasing demand for car parking space. Poor journey time reliability may also lead to some consumers who would use buses or coaches to reach the airport switching to private cars, taxis or private hire vehicles to make the journey, thus further increasing congestion and poor journey time reliability.

5. Have you any views and/or evidence on how the information set that passengers have when choosing between airport surface access products could be improved for consumers?

As noted above there must be a requirement on airport operators to provide clear, transparent and easy to find information, and to regulate advertising for surface access transport.

We think that the CAA could effect improvements for consumers by requiring airport operators to limit and regulate on airport advertising for premium cost or competitive public transport services, where this could be confused with information signage.

In our letter to the Competition and Markets Authority of 23rd April 2015 (attached), we highlighted the cases of Heathrow and Gatwick Express services where the use of advertising signage within the airport, we felt misled passengers (particularly those unfamiliar

with the UK transport system) into thinking these expensive premium rate services were the only means of travel between these airports and central London. We think airport operators could do more to ensure that consumers, particularly inbound travellers to the UK have access to impartial information on the alternatives available to them for onward travel. We know of examples where passengers have taken or been advised to take more expensive and more circuitous routes than strictly necessary because of the lack of this impartial information.

6. Have you any views on our proposed way forward and, in particular, the development of good practice principles by airport operators?

In our 'Interchange Matters' report we have identified a number of good practice principles which can be applied by airport operators to ensure that passengers get the easiest and best value access.

If you have any queries regarding this response, please do not hesitate to contact me.

Yours sincerely

Tim Bellenger
Director Policy and Investigation