

Paul Taylor
Civil Aviation Authority
CAA House
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London
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Sent via email: paul.taylor@caa.co.uk

19th June 2012

Dear Paul,

**VIRGIN ATLANTIC AIRWAYS RESPONSE – APPEAL TO THE CIVIL AVIATION AUTHORITY
UNDER REGULATION 20 OF THE AIRPORTS (GROUNDHANDLING) REGULATIONS 1997
MADE BY RYANAIR LIMITED AGAINST GATWICK AIRPORT LIMITED**

Virgin Atlantic welcomes this opportunity to submit representations on the appeal to the CAA under Regulation 20 of the airport (Groundhandling) Regulations 1997 made by Ryanair Limited against Gatwick Airport Limited (GAL). In this response we raise a number of considerations which we believe should be taken into account when evaluating any remedy to the appeal and next steps.

Primary Views - Planned Maintenance and Rates

The grounds for appeal from Ryanair's were that GAL had not determined the charges for check-in desks and departure and arrival baggage facilities that it introduced on 1 April 2012 according to the criteria set out in Regulation 16(d).

With the CAA's current findings having upheld GAL's appeal on the allocation of two particular items of costs, namely planned maintenance costs and rates that resulted in charges having a discriminatory effect against Ryanair, this response focuses on these two aspects.

With regards to planned maintenance, we would question any methodology which places weight on a metric of "time-in use". In our view regardless of the intensity of the use of the baggage belt there will still be significant maintenance costs associated with its overall utilisation. This is due to the fact that the system has to be made available for use by every airline for every flight regardless of the number of bags being presented at check-in.

Despite Ryanair having a relatively low checked bag rate at Gatwick Airport in comparison with other airlines, the baggage belt still needs to be "on-line" for the full duration of their check-in period for all flights. Therefore, in our view it is not discriminatory to treat this cost as a common charge, and differentiation to the system should not be made to reflect time in use.

We would also question how a fair and transparent charges structure could be implemented under a metric of "time-in use" without there being rather large administrative costs associated and would welcome further insight into its potential applicability.

Furthermore, a “time-in use” metric may result in a large shock in charges for only a small subset of the carriers that operate from Gatwick Airport. It is important that any changes to the charging system are implemented over a number of years, in order to minimise the impact to the passenger.

Finally, Virgin Atlantic is of the view that a charge for check-in desks on a per departing passenger basis is the most appropriate way in which to apportion such charges across the airport. Despite many Ryanair passengers checking in on-line and going straight to security, such passengers nevertheless have to pass through the check-in area, with the remaining using the check-in facility at the airport for which there should be an associated cost.

Additional Points

Any changes to the charging system in order to address GAL’s potential non-compliance with the regulations should be directed at achieving the best outcome for all passengers across the airport not just the greatest cost-savings for Ryanair.

We welcome the CAA’s consideration that GAL should be placed under an obligation to consult airlines and other interested parties annually on its future check-in and baggage charges and to provide comprehensive information to airlines.

In our view it is vitally important that information flows between the airport operator and airlines on the charges mechanism and structure be as transparent as possible, along with taking on-board the views of the wider airline community to ultimately ensure the best result for the passenger.

Furthermore, we welcome that the CAA has chosen not to retrospectively introduce a remedy. To do so would result in extensive administrative costs and result in unpredictable distortions between airlines.

We look forward to engaging with GAL on the structure of check-in and baggage charges going forwards.

If you would like to discuss any of the above further please do get in contact.

Kind regards,

A handwritten signature in black ink, appearing to read 'D Joseph'.

David Joseph
Government and External Affairs Executive
Virgin Atlantic Airways