



# EUROPEAN AIRPORT CHARGES

## EFA Conference

Geneva, 18 March 2010



# The IATA Charges Team

## **ROLE**

- ↗ Drive cost reductions and continuous improvement across providers
- ↗ Represent Member interests at airport and ANSP charges consultations
- ↗ Promote IATA charges principles

## **GOAL**

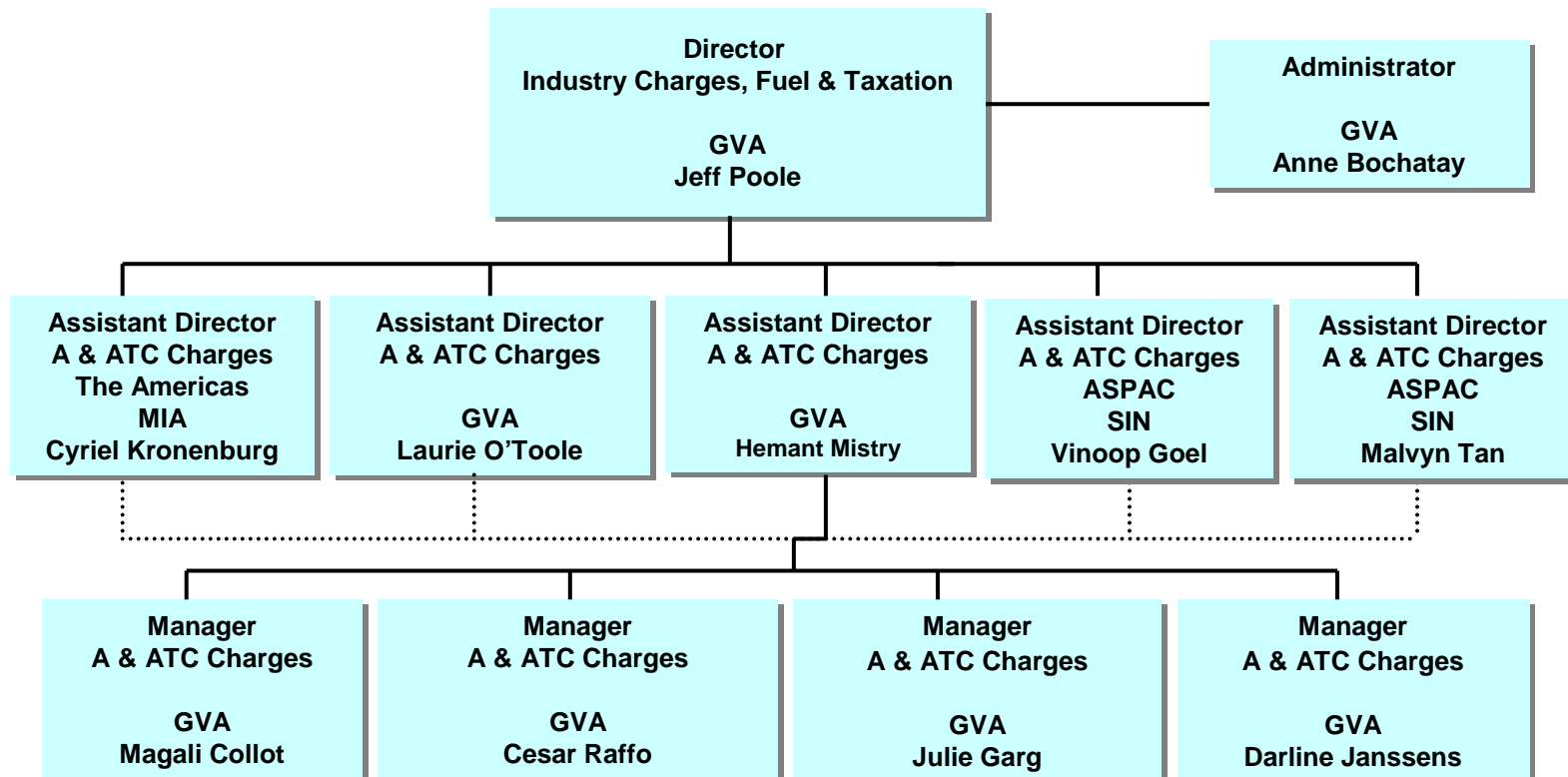
- ↗ Transparency, meaningful consultation, cost-relatedness, non-discrimination
- ↗ COST – EFFICIENCY and COST REDUCTION

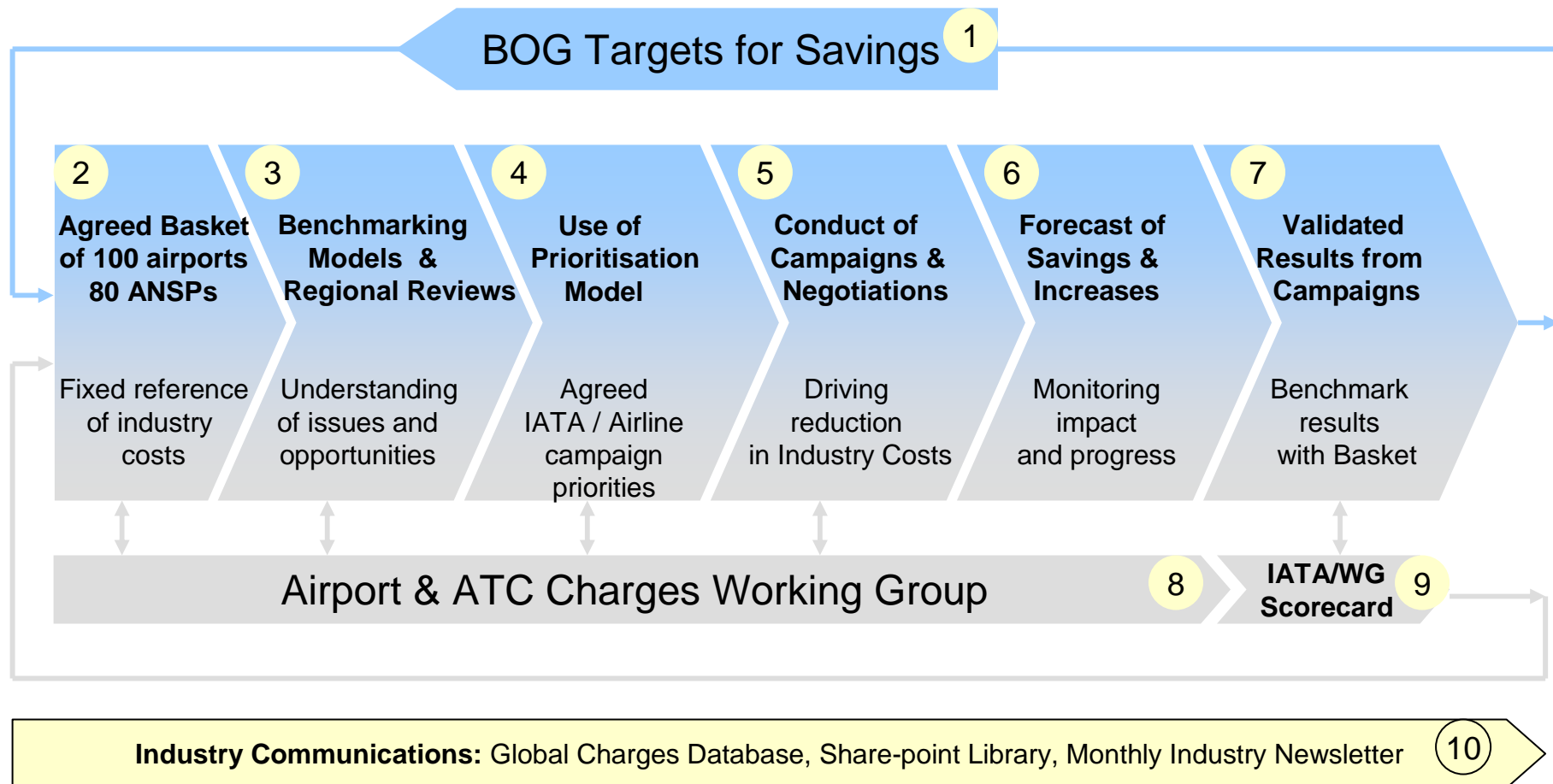
## **BUT too often**

- ↗ Opposing unjustified charges increases
- ↗ Need to lobby governments or engage providers



# Industry Charges, Fuel & Taxation Airport & ATC Charges (A & ATC Charges)



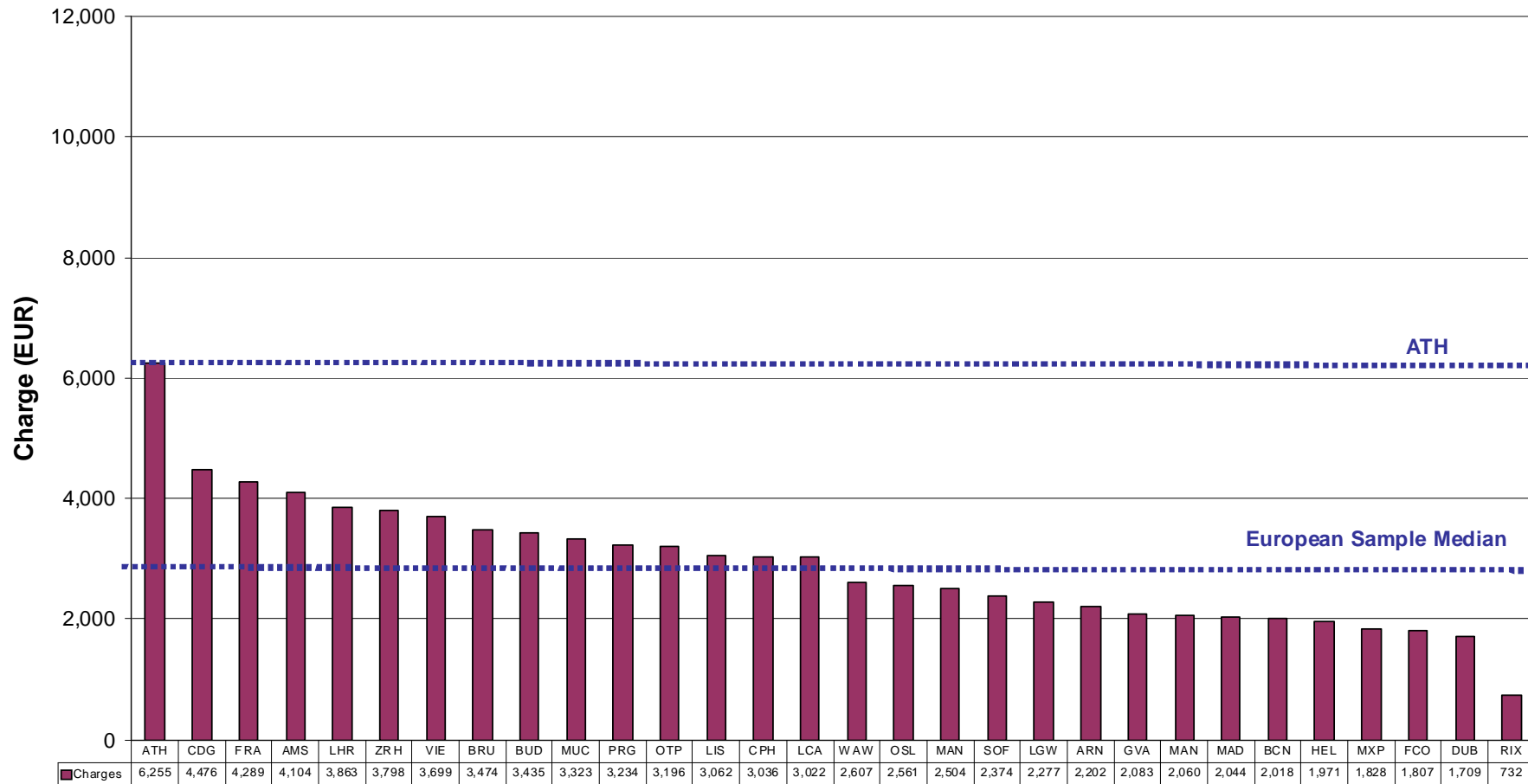




# EUROPE

International airport charges at selected European airports (B737-800)  
(Landing + Parking + Noise + Passenger + PRM + Security + Boarding Bridge)

As of Sep 2009

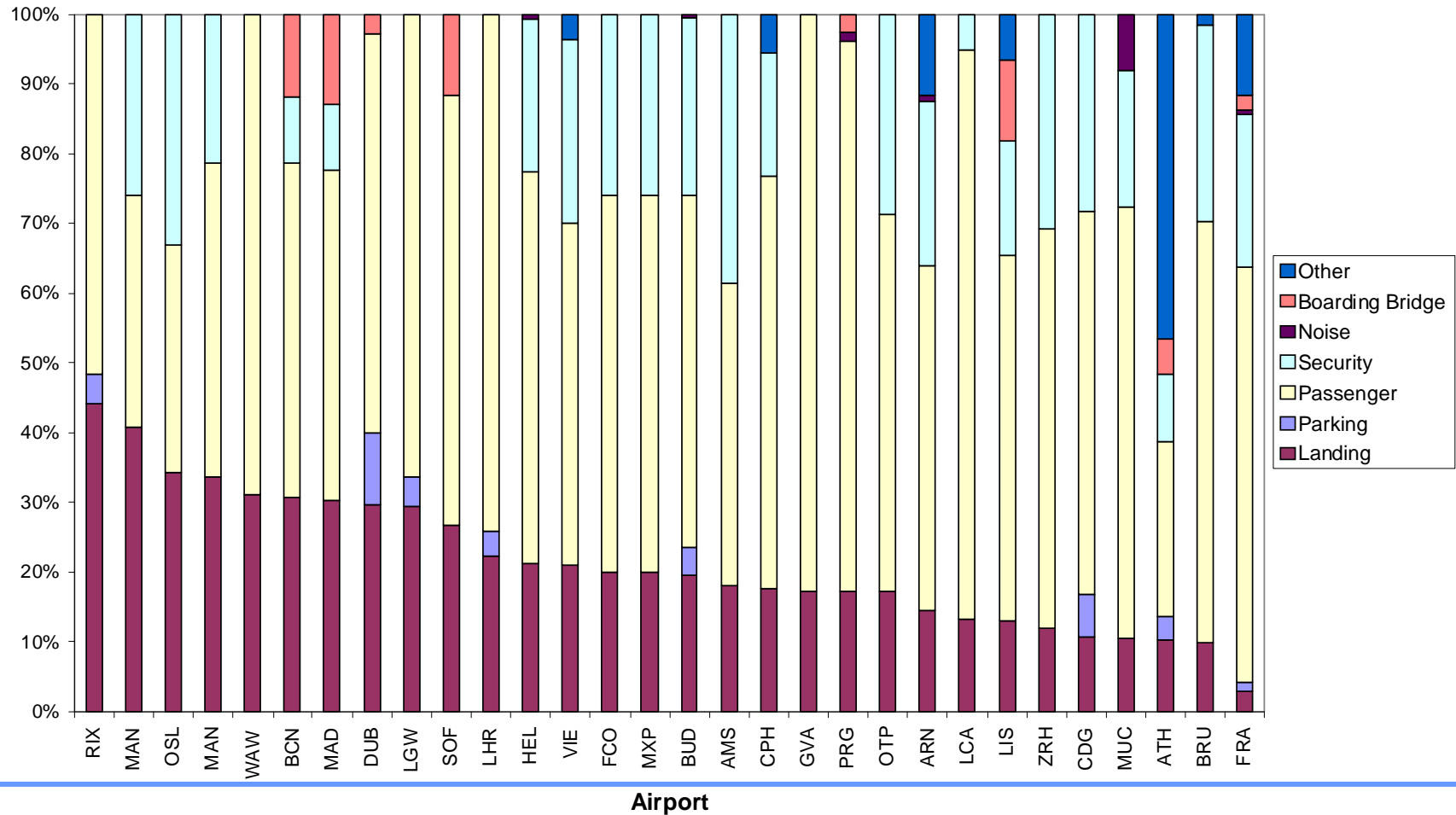


Airport

# EUROPE

Charges structure A/C related vs. Per pax (B737-800)

As of Sep 2009



Airport



- [-] Interactive Scorecards
  - > Airport
  - > ANSP
  - [-] Interactive Scorecard Graphs

## Interactive Scorecards

Interactive Scorecards							
Airport 1:	ADP APT. GROUP (ADP) ▾	2003 ▾	Airport 2:	ADP APT. GROUP (ADP) ▾	2004 ▾		
Airport 3:	ADP APT. GROUP (ADP) ▾	2005 ▾	Airport 4:	ADP APT. GROUP (ADP) ▾	2006 ▾		

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Legends			
<b>Reg.Avg.</b>	Regional Average	<b>Reg.Grp.</b>	Regional Group

	ADP APT. GROUP (ADP) (2003)			ADP APT. GROUP (ADP) (2004)			ADP APT. GROUP (ADP) (2005)			ADP APT. GROUP (ADP) (2006)		
	Actual	Reg. Avg.	Reg. Grp.	Actual	Reg. Avg.	Reg. Grp.	Actual	Reg. Avg.	Reg. Grp.	Actual	Reg. Avg.	Reg. Grp.
<b>Financial</b>												
% Aeronautical revs/Total revs	51.8%	56.46%	■	53.04%	57.09%	■	66.04%	57.29%	■	64.88%	57.59%	■
Depreciation / Total revs	17.85%	21.85%	■	20.45%	21.41%	■	15.67%	19.71%	■	14.2%	19.23%	■
Operating Profit	22.69%	21.09%	■	17.18%	20.84%	■	21.87%	23.88%	■	26.47%	24.36%	■
Return on capital employed	9.96%	6.76%	■	7.36%	6.62%	■	11.26%	7.56%	■	8.5%	7.47%	■
<b>Productivity</b>												
ATM per employee	119.36	200.95	■	125.94	207.44	■	96.68	204.19	■	109.69	202.48	■
Passenger per employee	11,906.58	15.44	■	12,900.54	16.26	■	10,329.44	17.05	■	11,825.52	18,163.69	■
ATM per Capital Employed	159.8	225.54	■	157.3	241.12	■	196.59	216.7	■	112.77	283.45	■
Pax per Capital Employed	15.94	17.21	■	16.11	17.96	■	21	17.47	■	12.16	23.93	■
<b>Cost Effectiveness</b>												
Total costs per passenger	\$21.29	\$16.26	■	\$22.02	\$15.92	■	\$19.16	\$15.74	■	\$19.42	\$15.41	■
Total costs per 1000 ATM	\$2.12	\$1.33	■	\$2.26	\$1.34	■	\$2.05	\$1.39	■	\$2.09	\$1.45	■
Total operating costs per pax	\$8.85	\$6.38	■	\$9.36	\$6.48	■	\$8	\$6.62	■	\$9.05	\$6.67	■
Total staff costs per pax	\$7.52	\$5.36	■	\$7.22	\$5.08	■	\$7.32	\$4.99	■	\$6.62	\$4.78	■

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## Airport campaign responsibilities

Airport Code	Name	Owner
AGP	MALAGA	LOT
ALC	ALICANTE	LOT
AMS	AMSTERDAM	HM
ARN	STOCKHOLM	HM
ATH	ATHENS	LOT
AYT	ANTALYA	LOT
BCN	BARCELONA	LOT
BER	BERLIN	HM
BHX	BIRMINGHAM	LOT
BRU	BRUSSELS	HM
BUD	BUDAPEST	HM
CDG	PARIS	HM
CGN	COLOGNE	HM
CPH	COPENHAGEN	HM
DME	MOSCOW	LS
DUB	DUBLIN	LOT
DUS	DUSSELDORF	HM
FAO	FARO	LOT
FCO	ROME	LOT
FRA	FRANKFURT	HM

Airport Code	Name	Owner
GLA	GLASGOW	LOT
GVA	GENEVA	HM
HAJ	HANNOVER	HM
HAM	HAMBURG	HM
HEL	HELSINKI	HM
HER	HERAKLION	LOT
IST	ISTANBUL	LOT
KBP	KIEV	HM
LCA	LARNACA	LOT
LEJ	LEIPZIG	HM
LGW	LONDON	LOT
LHR	LONDON	LOT
LIS	LISBON	LOT
LPA	GRAN CANARIA	LOT
LTN	LONDON	LOT
LUX	LUXEMBOURG	HM
LYS	LYON	HM
MAD	MADRID	LOT
MAN	MANCHESTER	LOT
MLA	MALTA	LOT

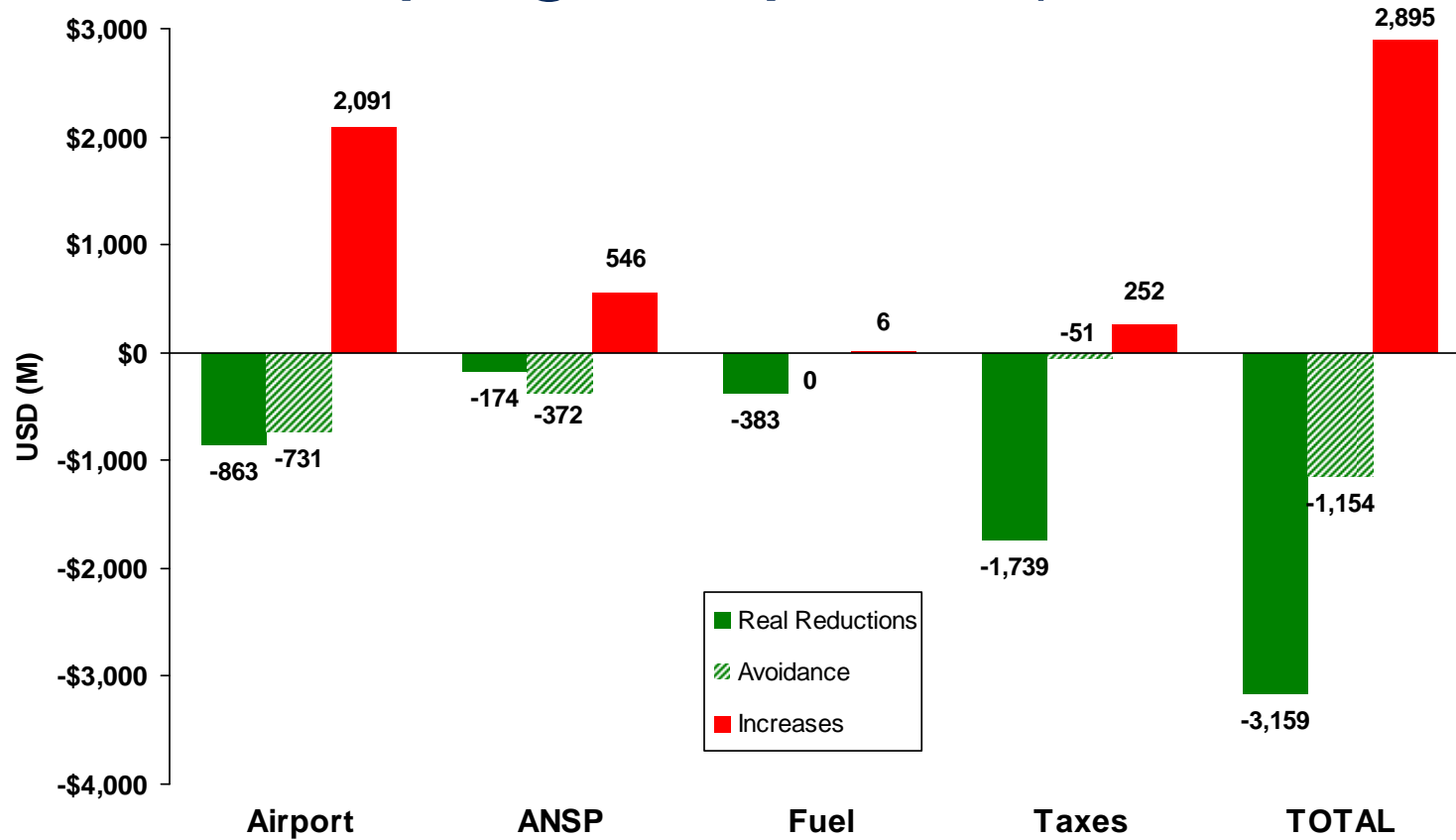
Airport Code	Name	Owner
MRS	MARSEILLE	HM
MUC	MUNICH	HM
MXP	MILAN	LOT
NCE	NICE	HM
ORY	PARIS	HM
OSL	OSLO	HM
PMI	PALMA DE MALLC	LOT
PRG	PRAGUE	HM
RHO	RHODES	LOT
SOF	SOFIA	HM
STN	LONDON	LOT
STR	STUTTGART	HM
SVO	MOSCOW	LS
SXF	BERLIN	HM
TFS	TENERIFE SUR	LOT
TXL	BERLIN	HM
VIE	VIENNA	HM
VLC	VALENCIA	LOT
WAW	WARSAW	HM
ZRH	ZURICH	HM

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# Cost Campaign Impacts (Jan-Dec 2009)



# Economic crisis and traffic downturn



(Image: Courtesy Adweek)

- Airlines faced with dramatic drop in yield and revenue
- Many airports experienced double-digit reductions in traffic
- Pressure on charges
- Many providers seeing some improvement in pax traffic but airline yield not improving at same rate
- Recovery is varied - slower recovery in Europe



## Overview of airport charges developments for 2010

Airport	2010 Proposed	2010 Final	Comments
AMS	0.0%	0.0%	Next review in September 2010
ARN	0.0%	0.0%	Lower landing charge but offset by increasing TNC. Revenue-neutral.
ATH	TBD	TBD	Charges review in mid-2010; landing/parking freeze and security increase in 2009
BCN	0.0%	0.0%	Frozen
BRU	-0.6%	-0.6%	Increase in line with regulatory formula TBC
BUD	0.0%	0.0%	Increases in security and noise charges which airport argues are outside regulated charges.
CDG	0.0%	0.0%	Committed to freeze for 2010. Various proposals currently being discussed for future years.
CPH	3.9%	0.0%	Shift from landing based charges to passenger based charges
DUB	26.0%	26.0%	13% increase to cap in 2010 as part of 2010-14 price controls. Approved by regulator.
FCO	1.5%	TBD	Also proposing EUR 3 increase in passenger charge.
FRA	8.4%	2.8%	Charges development until 2015 agreed with airlines.
GVA	0.0%	0.0%	PRM increase CHF0.85
HEL	0.0%	0.0%	Continuation of 10% discount on airport charges. Structural shifts: fuel and deicing included in landing; CUPPS included in passenger charge
LCA	TBD	TBD	No current proposals for 2010

Airport	2010 Proposed	2010 Final	Comments
LGW	3.5%	3.5%	Proposing several options including one to price 1% below the cap
LHR	5.6%	5.6%	Pricing up to cap of GBP 15.284/pax with cost shift to pax
LIS	TBD	TBD	No current proposals for 2010
MAD	0.0%	0.0%	Frozen
MAN	0.0%	0.0%	Proposing freeze with exception of ATS charge, structural changes delayed to April 2010
MUC	3.5%	2.5%	Reduction due to postponed implementation to 1 April 2010
MXP	1.5%	TBD	Also proposing EUR 3 increase in passenger charge.
OSL	3.5%	1.1%	Driven by 8.3% increase in passenger charge
OTP	0.0%	0.0%	Volume discount removed
PRG	0.0%	0.0%	Charges structure re-balanced but no overall increase
RIX	0.0%	0.0%	Volume discount removed
SOF	0.0%	0.0%	
VIE	0.5%	0.5%	Shift from landing based charges to passenger based charges
WAW	0.0%	0.0%	Slight landing reduction and structural change, some reduction in noise charges
ZRH	0.0%	0.0%	PRM increase CHF1.00

# Key 2010 message

- Expect a slow but volatile recovery at best from the European airline industry
  - Airline financial crisis is far from over
  - Need support of airport community
- Airports must continue focus on reducing costs
  - Make a greater effort on cost reduction and improved cost-efficiency;
  - Focus on real savings in short term
  - Avoid any increase in charges
  - Deliver reductions wherever possible
  - Discuss longer term agreements





# IATA – AOC coordination

## ➤ Strategic

1. Maintain points of contact
2. Regular updates from IATA team on campaign priorities
3. Regular updates from IATA team on charges developments

## ➤ Tactical

1. Need for early coordination on any charges developments
2. Need for support / guidance during charges negotiations



# 2010 Agreed Airport Campaigns

- Scandinavia: OSL, ARN, HEL, CPH
- UK Ireland: LHR, LGW, MAN, GLA, EDI, ABZ, DUB
- France Spain Portugal: CDG, BCN, MAD, LIS
- Netherlands Belgium: AMS, BRU
- Germany Austria Switzerland: FRA, MUC, BBI, VIE, GVA, ZRH
- Central / Eastern Europe: BUD, PRG, BUC, WAW, SOF, RIX
- Mediterranean: ATH, PFO, LCA, FCO, MXP