



Airline Engagement in Consultations

Airlines are key stakeholders who pay for airport and air navigation services investments, facilities and services. They must be engaged in regular, transparent and meaningful consultation.

SITUATION

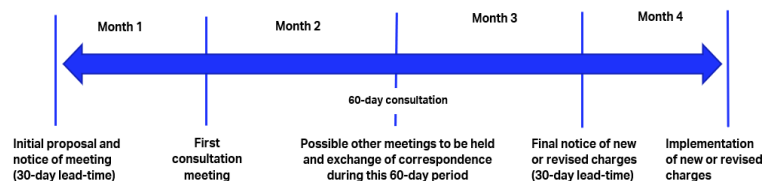
Many airports offer discounts as an incentive to grow their network and attract new airlines. Nonetheless, there are some situations in which incentives can discriminate between airlines - when incentive schemes are not open to all carriers, benefit only a limited number of users and are funded by those airlines that do not benefit from them. In such a situation, incentives and discounts distort competition between airlines and are detrimental to users who do not benefit from them.

IATA POSITION

Relevant charges and development experts from the airlines and their representative organizations must be fully engaged as a community in the decision-making process from an early stage and continue to be engaged throughout development and implementation. As per ICAO's policies, effective, regular and meaningful consultation with airlines and their representative organizations should cover charging systems or level of charges as well as airport or air navigation services planning (capacity development and investment plans), performance management, service quality, collection of charges and where appropriate, cost-recovery of security measures as well as environmental charges¹. Investments should only be made when there is a clear business case agreed by the airlines and supported by a thorough and positive cost-benefit analysis of the impact on stakeholders.

All possible steps should be taken to reach consensus before a decision is taken. When an agreement cannot be reached, an appeal mechanism to a neutral party should be available.

Finally, the consultations should encourage long-term (3-5 year) pricing agreements to ensure commitment to continuous improvement in cost efficiency and service quality. These agreements provide a positive business framework that allows providers to better manage their businesses to the satisfaction of their airline customers and make it easier for airlines to annually monitor cost-efficiency, airport planning and other charges-related developments through regular consultation meetings.



¹ ICAO Doc 9562 (third edition), paragraph 1.58 and Doc 9161 (fifth edition) paragraph 1.58 refer.

KEY CONSIDERATIONS FOR MEANINGFUL CONSULTATION

- Meaningful consultations imply that relevant charges and development experts from the airlines and their representative organizations are engaged by the airport as a community.
- Begin consultations with an advance notice of proposals: at least a four-month notice of revision and/or imposition of charges should be given to airlines and their representative organizations².
- Consultation documents³ should be clear, exhaustive and provide transparent and appropriate financial, operational and other relevant information. Proposals should be supported by a business case and major investments should be supported by a robust cost-benefit analysis.
- The best outcome of a consultation is consensus between airports and airlines as business partners. As per ICAO's policies, revision or imposition of charges should be made in agreement with the users. It is essential for all stakeholders to be aligned and feedback from airline users and their organizations must be fully taken into account
- Decision documents should therefore provide the rationale for the decision taken and provide justification. Advance notice of the final decision of at least one month should be given to the users, while a right of appeal to a body fully independent of the airport or the ANSP must be available.
- Longer-term (3-5 year) pricing arrangements should be agreed that ensure clarity for airline customers on the services provided, at what price and to what level of service. These arrangements encompass agreed levels of operational performance and service quality, capacity provided, as well as cost reduction and cost efficiency targets.
- Consultations should be held at least annually, whether or not there is a proposed change in the level or structure charges and regardless of any longer-term pricing arrangement.

² ICAO Doc 9082 (ninth edition) paragraphs 17 to 22 of Section I refer.

³ IATA's position paper on Transparency refers.