

19 April 2023

For immediate use

Heathrow begs for higher passenger charges

Heathrow Airport are to appeal a recent decision by the aviation regulator to cap the amount it can charge passengers, in the latest move in a bitter battle with the Civil Aviation Authority (1). The Airport wants a higher figure in order to fund future projects such as a third runway and to appease its investors who will no doubt feel robbed of a sufficient return due to the downturn in travel through the pandemic.

According to the most recent set of accounts covering 2022, Heathrow Airport is in £19bn of debt, with £12bn of that due to be paid by 2030, leaving the airport as the most indebted piece of infrastructure in the United Kingdom (2). This raises crucial questions as to the viability of the airport's plans for a third runway, which they say is under "internal review".

Heathrow continue to blame "insufficient regulatory charges" for their losses, despite the airport's charges being the highest of any major airport in the world. This revealing attitude of their airport's shareholders to investing in their asset shows that they are content to use debt or make passengers pay for their corporate profligacy.

Instead, Heathrow should focus on delivering plans for the next regulatory period (H7) efficiently rather than continuing to seek to increase the costs to passengers to make up for their poor track record of investment.

The Competition and Markets Authority will rule on the appeal in due course.

Paul McGuinness, Chair of the No 3rd Runway Coalition, said:

"This move says much about the parlous state of Heathrow's finances. Having already mortgaged its assets to the hilt, it is now wholly reliant on yet more debt for its liquidity. So the Airport finds itself screaming at the regulator to allow charges to rise, so it can at least retain a reasonable credit rating for that further borrowing.

"Heathrow's prodigal debt model may have enabled the airport to pay £8bn of dividends to its shareholders, but those shareholders have never shown any appetite to put any money into the business and, recently, even its main shareholder, Ferrovial, has publicly suggested it might divest its stake. This screeching appeal speaks of self-inflicted crisis".

ENDS.

Notes:

1) <https://www.reuters.com/world/uk/uks-heathrow-airport-appeal-regulators-cut-landing-fees-2023-04-19/>

2) Heathrow Airport Annual Accounts

2022 [https://www.heathrow.com/content/dam/heathrow/web/common/documents/company/investor/reports-and-presentations/financial-results/2022/Heathrow_\(SP\)_Limited_Q4_2022_Results_Release.pdf](https://www.heathrow.com/content/dam/heathrow/web/common/documents/company/investor/reports-and-presentations/financial-results/2022/Heathrow_(SP)_Limited_Q4_2022_Results_Release.pdf)