

BACKGROUND NOTE – FOR LEGISLATION

Airport Economic Regulation Bill

“My Government will...reform the economic regulation of airports to benefit passengers.”

The purpose of the Bill is to:

- Having ruled out new runways in the South East, we will engage with all stakeholders in the sector to develop a new vision for a competitive aviation industry, supporting UK economic growth and designed within the constraint of the existing runway infrastructure. This Bill will reform the framework for the economic regulation of airports to benefit passengers and drive investment in airport facilities.

The main benefits of the Bill would be:

- To sharpen incentives on airports to deliver better outcomes for passengers.
- To drive investment in improved airport facilities for passengers.
- To allow the removal of unnecessary regulation in order to help competition to thrive and deliver benefits for passengers.
- To reduce unnecessary bureaucracy and political involvement in the regulatory process.

The main elements of the Bill are:

- Replace the existing system for setting price caps at airports which are subject to economic regulation with a more flexible framework focused on the outcomes that matter to passengers.
- Ministers are considering the detailed content of these reforms and will say more in due course.

Related documents:

None

Existing legislation in this area is:

- This Bill would replace the existing system for setting price caps at airports which is set out in Part IV of the Airports Act 1986.

Devolution:

Airport economic regulation is a reserved matter as regards the power to legislate. However, the existing legislation in Northern Ireland is separate from that in Great Britain, and we are in discussions with Northern Ireland as to whether to adopt these reforms there.

Press Office
Department for Transport
5th Floor, Great Minster House
76 Marsham Street
London SW1P 4DR
Tel: 020 7944 4292