



Single Till

Single till reflects the pricing mechanism airports would apply if they were under real competition: it is therefore the fairest mechanism of charging.

SITUATION

Under the single till principle, all airport activities (including aeronautical and commercial) are taken into consideration when determining the level of airport charges. This contrasts with the dual till principle, where only aeronautical activities are taken into consideration when setting charges.

Under a single till approach, airport charges are therefore likely to lead towards more economically efficient outcomes than a dual till, because it enables the sharing of profits generated by complementary commercial activities. As dual till leads to higher charges, it is not in the interests of users and passengers.

Application of the single till is a clear recognition that airlines and the passengers they transport to and from airports are a key factor in airports' ability to develop commercial revenues.

IATA POSITION

IATA strongly supports the single till principle under which airport commercial revenues are taken into account to offset the charges cost base. The single till is justified because there is an interdependency between the passengers airlines transport to airports and the non-aeronautical revenues (e.g. retail, car parks) they generate for airports. As dual till may result in higher aeronautical charges and may not only negatively impact the development of air traffic, but additionally create the need for difficult and detailed cost and asset allocation between aeronautical and commercial tills.

Since airlines bring in passengers who use airport commercial facilities and contribute to their profitability, it is reasonable that airlines should also benefit from economic benefits of airport commercial activities. A single till benefits both airlines and their passengers and ultimately airports, allowing airports to earn a competitive rate of return on their activities, provided they are operating efficiently.

KEY REASONS FOR THE SINGLE TILL APPROACH TO BE APPLIED

1. Single till is an acknowledgment of the symbiotic and essential business partner relationship between airports and airline users.
2. Airlines transport passengers to the airport, invest significantly in airport infrastructure and as the primary users, should share the benefits from non-core activities.
3. A dual till approach to charging is possible only because airports do not operate in a competitive environment. Economic regulation should strive for a single till approach that will enable lower charges, generating lower fares and increased traffic volumes, while delivering appropriate returns across the whole airport business.
4. Airports are built specifically for aviation purposes and priority must be given to airline activity and passenger facilitation.
5. Single till eliminates the need for difficult, detailed cost and asset allocation between aeronautical and commercial tills.
6. Single till, in combination with the appropriate economic regulation, incentivizes and allows airports to increase retail and commercial revenues, while decreasing charges to airline users.
7. There is no evidence that dual till provides better incentives for airports to make timely investments than single till. Dual till can incentivize airports to invest in potentially higher-return commercial activity to the detriment of essential aeronautical infrastructure.