

# PRESS RELEASE

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**The French Transport Regulatory Authority (ART) gives insights into the debate on the evolution of the till system at regulated airports by publishing a thematic study on the subject.**

*While the choice of the till system is essential for the regulation of airport charges, the French Transport Regulatory Authority (ART) publishes today a study on the "Challenges and perspectives of the till systems in the airport sector" in which it critically reviews the arguments raised by stakeholders on the different till systems. By publishing this study, ART intends to enlighten the public debate and contribute to the implementation of a better regulatory framework for airports falling under its jurisdiction.*

## **THE THEMATIC STUDY PUBLISHED BY ART AIMS TO PROVIDE AN OBJECTIVE VIEW OF THE TERMS OF THE DEBATE ON REGULATED AIRPORT TILL SYSTEMS**

The choice of the till system for regulated airports, which determines the allocation of profits from commercial activities, has been the subject of debate between airport operators and airlines for several years, recently revived at the last UAF & FA Congress<sup>1</sup>. The former are asking to evolve towards a dual-till regime, in which the profits from commercial activities are entirely returned to the operator and the charges paid by the airlines to use the airport infrastructure are set according to the costs associated with aeronautical activities only, while the latter are attached to a single-till regime, in which the revenues and costs of commercial activities (parking, catering, etc.) are integrated into the regulated perimeter to determine the airport charges.

In this context, the study published today by ART aims to provide objectivity to the debate by critically reviewing the arguments of the different stakeholders (airport operators, airlines, regulators and academics).

## **THE CHANGE IN AN AIRPORT'S TILL SYSTEM HAS A SIGNIFICANT IMPACT ON THE CHARGES PAID BY AIRLINES**

Far from being only a technical issue, the change in the till system of a regulated airport has important consequences on the charges paid by airlines and on the remuneration of airport operators, which are worth understanding and debating in depth before any regulatory change.

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<sup>1</sup> In his closing speech on 25 November 2022, UAF & FA President Thomas Juin said: "we wish to raise again the question of the application of the dual till regime to all regulated airports" and specified that "[all] regulated airports must be able to exit the single till".

The evolution towards a dual till system, for airports that are currently single till, presents a significant risk of increasing the rates of charges paid by airlines - and, as a result, air ticket prices - since the cost of aeronautical services must then, in the long term, be covered by airport charges alone, without taking into account the profits of commercial activities.

Furthermore, although the dual till system favours investment in commercial activities compared to the single till system, the ART's study clearly shows that most of the other arguments presented by the promoters of the dual till system should be tempered. This is particularly true for the positive impact on investment in airport activities (runways, passenger terminals, etc.), which appears far from automatic.

However, the choice of a till system is not limited to a binary choice between a single till and a dual till system. The development of hybrid tills, which are halfway between the single and the dual till by providing for the transfer of part of the profits from the commercial activities to the aeronautical activity, may offer an interesting compromise between the two systems.

#### **THE IMPORTANCE OF THE ISSUE OF THE CHOICE OF A TILL SYSTEM IN RELATION TO AIRPORT REGULATION WOULD JUSTIFY A PRIOR CONSULTATIVE OPINION FROM ART**

While ART is responsible for the regulation of airport charge tariffs, the choice of the till system for airports under its jurisdiction is the sole responsibility of the Minister in charge of civil aviation. However, its central importance for the regulatory framework would justify a prior consultative opinion from ART for the airports under its jurisdiction, which would be useful to enlighten the public decision in this matter.

According to Philippe Richert, Vice President, Acting President of ART: "*A consultative opinion from the regulator would provide the regulatory power with a valuable insight into the costs and benefits of changing the till system, or the accompanying measures to be implemented. In the case of a switch to a hybrid till, the ART would be particularly suited to assessing the parameters, as the Court of Auditors pointed out in a report published in November 2022*".

#### **THE ART'S STUDY IS A FIRST MILESTONE IN THE WORK IT WILL CONDUCT IN 2023 TO CONTRIBUTE TO THE REFLECTION ON THE REGULATION OF THE AIRPORT SECTOR**

While ART has included in its strategic guidelines its intention to "*contribute to the establishment of a better regulatory framework*" in the airport sector, the study published today is the first milestone in work related to this direction.

In order to draw up an objective diagnosis of the difficulties likely to be posed by the current regulatory framework, in particular for the financing of operators' long-term investments, ART will conduct work in the first half of 2023, based on a wide-ranging consultation of stakeholders and aimed at proposing changes to this framework to the public authorities, in order to enlighten and complete their own thinking in this area.

#### **For further details (in French)**

- The thematic study
- The press release

### **About the French Transport Regulatory Authority (ART)**

Since 2010, the French railway sector has had an independent authority to accompany its gradual opening to competition: the Autorité de régulation des activités ferroviaires (Araf). Law 2015-990 of 6 August 2015 on growth, activity and equal economic opportunity extended the regulator's powers to road activities - coach transport and motorways.

On 15 October 2015, Araf became the Autorité de régulation des activités ferroviaires et routières (Arafer), with the mission to contribute to the proper functioning of public service and competitive activities for the benefit of rail and road transport customers.

With competence for the regulation of airport charges since 1 October 2019, Arafer became the Transport Regulatory Authority (ART) on that date. Lastly, Law No. 2019-1428 of 24 December 2019 -mobility act- extended the Authority's powers and missions to the opening up of mobility and ticketing data, as well as to the regulation of infrastructure manager activities and security activities carried out by RATP in Île-de-France.

Its opinions and decisions are adopted by a college of five independent members chosen for their economic, legal or technical skills in the field of digital services or transport, or for their expertise in competition matters. It is chaired since 4th August 2022 by Philippe Richert, Vice-President and Acting President.