



# Airport Infrastructure Investment – User Consultation

## Introduction

Airlines are the primary customers of airports and a major source of revenue for airport authorities and operators, ancillary industries and services.

A direct cost relatedness exists between airport infrastructure investments and airport charges that airlines pay for. Airport investments therefore need to be affordable, fit for purpose and deliver a return on investment for airlines, as well as airports.

Airport Authority/Operator investments should only proceed where a clear business case exists, supported by a positive cost benefit analysis and the explicit agreement of airlines.

Meaningful and effective airport - airline community consultation is important to align infrastructure objectives, secure airlines buy-in and maximize the benefits of infrastructure investments.

The alternative will result in disparate, uncoordinated strategies and investments that are incorrectly prioritized, mistimed, and neither functional nor cost effective.

Ultimately an airport's goal should be to enable the success of airlines to ensure that the economic benefits for all parties are maximized.

## Objectives

Best practice airport-airlines consultation should achieve the following objectives:

- Prioritized investment plans resulting in clearly defined airline benefits and affordable airport charges.
- Investments that balance capacity and demand and are compatible with the airport's longer term master plan.
- Service quality that results in customer experience improvements and operational efficiencies that reduce airline and airport costs.

- Efficient investment from a design, cost and carbon perspective e.g., validated through industry benchmarking.
- Resilient construction plans that minimize operational disruption during the delivery phase.
- Equitable treatment, non-discrimination and open access resulting from airline community consultation and the adoption of ICAO mandated principles e.g., ICAO Doc. 9082.

## Benefits of Airline Community Consultation

The benefits of best practice consultation are well proven including:

- Transparency and informed decision making based on airline inputs and requirements.
- Generates new ideas: sheds light on inefficiencies and produces ideas that can improve the functionality of existing or planned infrastructure.
- Safeguarding: ensures infrastructure is functional and able to adapt to changes.
- Provides a quality check to measure progress against global best practices.
- Alignment: airlines have a greater willingness to support investments when they have assurances and an opportunity to engage and provide inputs.

## Best Practice Consultation and Governance

Jointly agreed governance to facilitate effective consultation is essential including:

- A structure that supports informed decision making with clear Terms of Reference (ToR).
- Airline and airport representatives empowered to take decisions.
- Regular scheduled meetings/working groups between airport and airline subject matter experts integrated within an infrastructure design and development process.



- Avoid “one-off” or irregular meetings updating the airline community on pre-determined outcomes.
- Include representatives of Airline Operators Committees (AOC)/local associations to understand operational issues and impacts.
- Establish a governance structure including objectives, scope, accountabilities, frequency, Chairs/Co-Chairs, attendees, and dependencies (see IATA Airport Consultative Committee Terms of Reference for a useful framework guidance).
- Allow sufficient time for consultation starting at least six months before business plan approvals.

A consultation “protocol” or “charter” is useful to provide guidance regarding acceptable behaviours for participants including:

- Willingness to work towards consensus decision making.
- Commitment to provide the necessary resources and expertise.
- A mindset based on mutual respect, collaboration, openness and trust between business partners.

## Infrastructure Planning Considerations

IATA recommends detailed capital investment programs should be between 0-5 years with a 10-year outlook.

Consideration should also be given to identify break points in programmes and projects in case demand does not materialise as anticipated e.g., pandemics, economic shocks.

### Program Level Consultation

For complex, larger scale investments consultation is recommended to:

- Identify and manage dependencies and as well as the commercial and delivery risks across multiple projects.
- Identify critical design, development, and construction milestones supporting informed airport-airline community decisions.
- Ensure that projects align to overall business plan objectives and outcomes.
- Identify and manage major changes or resolve any escalated issues.

- Monitor and track the performance of multiple projects to support successful delivery.

### Project Level Consultation

Consultation with airlines is recommended at key stages of the design process common to most projects. Noting a wide range of project processes and terminologies exist, key elements include:

- Initiate/Concept stage – to agree investment objectives and identify project options.
- Options Selection stage – identify design solutions and how project benefits will be delivered, estimated 50% cost and design certainty.
- Scheme Design stage – development of the preferred option, at a stage with approximately 85% cost and design certainty.
- Implementation / Delivery stage – construction and engineering works focusing to deliver the agreed benefits and outcomes within the defined costs and program.

Operational Readiness and Airport Transfer (ORAT) planning at least 6 months before introduction of facilities to the operation is essential, with involvement of stakeholders.

“Gateway” events for key project stages of major projects are recommended before progressing to the next stage of feasibility:

- A review of technical solutions and the Business Case.
- Major airline queries or issues should be fully resolved before moving to the next stage.
- A formal sign-off based on airline community consensus.

Rules to identify projects for airline community consultation are typically based on:

- Capital value above a certain monetary threshold.
- Project scope and/or complexity.
- Project timeframes.
- Criticality i.e., health, safety, security, regulatory.

### Business Case Consultation

The purpose of a project Business Case is to clearly set-out all relevant information as to why the project is required, what benefits will be achieved for airlines typically funding the investments, and available alternatives.



A detailed cost-benefit analysis is required to clearly demonstrate the monetary return on investment for airline stakeholders (see IATA Airport Infrastructure Business Cases position paper).

Typical elements of the Business Case are:

- Project justification or need e.g., capacity development projects clearly linked to demand, service level outcomes.
- Link to airport strategic objectives and the master plan.
- Expected benefits and outcomes.
- Capital and operating costs associated with constructing the infrastructure.

## Efficient Airport Investments

Capital investments should aim to deliver cost efficient outcomes by optimizing a project's scope, specifications, time, costs and risks supported by a well-managed, structured design and development process.

Investments should take into account what is being constructed, how it is being constructed, and when facilities are required, in addition to capital cost benchmarks.

The airline community should be closely involved in agreeing on the optimum balance between elements that have a material impact on costs and efficiency:

- Scope – ensure the functional requirements of airlines are captured and Business Case benefits are delivered.

- Specifications – airlines require functional airport facilities that deliver their required levels of service at the lowest possible cost.
- Timeframes – efficient project delivery focused on the beneficial use of assets while minimizing operational disruption through construction
- Procurement and contracting strategy – selecting the appropriate tendering and contracting strategy to maximise the efficiency of projects and purchasing power of airports
- Capital costs – benchmarking and independent checks to ensure estimates are in-line with the market provides assurance for all parties

## Common Issues

Airline and airport subject expert feedback highlight's some issues to be aware of:

- Avoid done deals and pre-determined outcomes.
- Recognize airlines requirements and the impact on airport charges as a fundamental criteria.
- Avoid over specifying and "gold-plating" investments adding unnecessary costs.
- Operational disruption – plan to minimise disruption during the construction phase for airport users.
- Prioritize investments to avoid increases in airport user charges.

## Supporting Documents

This paper provides a framework for other papers and related to airport infrastructure development:

- [IATA Airport Infrastructure Business Cases.](#)

Additional relevant papers and guidance materials:

- ICAO Doc. 9082.