

STOP STANSTED EXPANSION PRESS RELEASE – 28th FEBRUARY 2020

STANSTED SLAMMED FOR “ILLUSION” OF CHEAP FLIGHTS

The true cost of cheap flights from Stansted has twice been vividly exposed in recent days as passengers are asked to pay more and more in hidden charges when flying from the airport.

Stop Stansted Expansion (SSE) has criticised Stansted Airport’s business model for loading more and more costs directly and indirectly onto passengers whilst progressively cutting its charges to airlines. The clear purpose is to enable airlines – Ryanair in particular – to offer the illusion of cheap flights, which are subsidised by the passengers themselves through hidden charges.

Foreign Exchange Rip-Off

A recent exposure in the Mail on Sunday [23 February] showed that the foreign exchange desk at Stansted Airport was giving just €395 for £500. The comparable figure for Luton Airport was a staggering €170 more.

AIRPORT	PROVIDER	WHAT £500 BUYS*
Luton	ICE	€565
Southend	Moneycorp	€545
Heathrow	Travelex	€497
Gatwick	Moneycorp	€480
Stansted	Moneycorp	€395

**Survey carried out on 14 February 2020 at which time the average mid-market exchange rate was €1.203 euros, i.e. £500 = €601.50.*

A spokesman for Moneycorp identified high rental costs as one of the reasons for the poor foreign exchange rate at Stansted, which the survey found to be 34% below the official exchange rate at the time. It can be seen from the above table that Moneycorp offered far more attractive rates at Gatwick and Southend.

Passenger Drop-Off Rip-Off

On 27th February Stansted Airport increased its passenger drop-off charge by £1.00 for the second time in less than a year. It now stands at £5.00, making Stansted the UK’s most expensive airport for dropping off passengers. **[Note 1]** Notably, neither Heathrow nor Gatwick makes any drop-off charge.

Stansted’s owners, the Manchester Airports Group (MAG), claims that increasing its charges for passenger drop-off is part of its ‘green agenda’. However, analysis carried out by SSE shows that the true reason goes back to a 2013 agreement between MAG and Ryanair to transfer more costs and charges onto airport passengers so as to allow airport charges to be reduced for airlines and thereby subsidise cheaper flights.

At the time, Michael O’Leary described the agreement as a commitment by Ryanair to increase its business at Stansted by 50 per cent within 10 years conditional upon a reduction in airport charges. **[Note 2]** Ryanair currently accounts for around 80 per cent of all Stansted passengers.

SSE has carried out an in-depth review of Stansted Airport’s financial accounts over the years following MAG’s acquisition of the airport from BAA in 2013. This review clearly shows the strategy of reducing airport charges for airlines whilst extracting higher revenues from passengers – either directly, for example through higher car parking charges, or indirectly, for example through increasing rents for airport shops, restaurants, bars, bureaux de change and concessions such as car hire and taxi services.

Since MAG acquired Stansted from BAA, annual car parking earnings have soared from £27 million to £91 million in the space of just six years. Stansted’s car parking revenues now exceed Gatwick’s and are the highest for any UK airport except Heathrow. By contrast, airport charges now account for less than half of Stansted’s revenues compared to 61% at Gatwick and 71% at Heathrow. **[Note 3]**

Stop Stansted Expansion Deputy Chairman, Brian Ross, commented: “Whether it’s the cost of parking, the price of a cup of coffee, a taxi journey, or the foreign exchange rate, Stansted has earned the reputation for sky-high prices. Normally, this would not be a concern for SSE but it’s clear that the underlying reason is to subsidise cheap flights by extracting the maximum amount of money from passengers before they board their aircraft. In the face of a climate emergency there is no justification for subsidising cheap flights.”

Brian Ross concluded: “It is noteworthy that Stansted’s passenger numbers are currently in decline having fallen by 2.5% in the second half of 2019, whilst London Luton Airport achieved 6.8% growth over the same period. A fundamental principle of business is that you must be careful not to kill the golden goose.”

ENDS

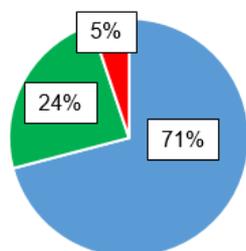
Note 1 – A discount scheme is available for registered local residents with a reduced charge of 50p for those living within a 5 mile radius of Stansted and a £1.00 charge for those living within a 10 mile radius. The application form is available at <https://live-webadmin-media.s3.amazonaws.com/media/6871/application-for-local-residents-scheme.pdf> or by emailing dd_carparking@stanstedairport.com.

Note 2 – The 10-year agreement between MAG and Ryanair was signed on 16 September 2013 - see <http://www.travelweekly.co.uk/articles/45287/ryanair-agrees-aggressive-10-year-growth-deal-with-stansted>

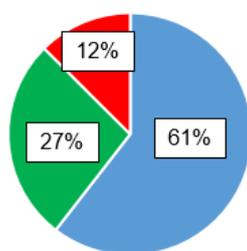
Note 3 – The chart below highlights the difference in current revenue sources for Heathrow, Gatwick and Stansted. The 2012 breakdown is also included for Stansted to show the shift of emphasis since the MAG’s acquisition of Stansted and the signing of its 10-year agreement with Ryanair.

Revenue per passenger

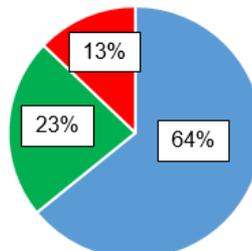
Heathrow 2018



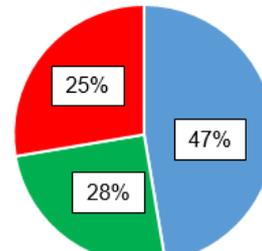
Gatwick 2018



Stansted 2012



Stansted 2018/19



■ = Airport Charges ■ = Car Parking ■ = Retail

FURTHER INFORMATION AND COMMENT

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