House of Commons
Transport Committee

Aviation

Sixth Report of Session 2002-03

Volume I

Report, together with formal minutes

Ordered by The House of Commons to be printed 10 July 2003
The Transport Committee

The Transport Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Transport and its associated public bodies.

Current membership

Mrs Gwyneth Dunwoody MP (Labour, Crewe) (Chairman)
Tom Brake MP (Liberal Democrat, Carshalton and Wallington)
Mr Gregory Campbell MP (Democratic Unionist, East Londonderry)
Mr Brian H. Donohoe MP (Labour, Cunninghame South)
Clive Efford MP (Labour, Eltham)
Mrs Louise Ellman MP (Labour/Co-operative, Liverpool Riverside)
Mr Iain Lucas MP (Labour, Wrexham)
Mr George Osborne MP (Conservative, Tatton)
Mr John Randall MP (Conservative, Uxbridge)
Mr George Stevenson MP (Labour, Stoke-on-Trent South)
Mr Graham Stringer MP (Labour, Manchester Blackley)

Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/parliamentary_committees/transport_committee.cfm. A list of Reports of the Committee in the present Parliament is at the back of this volume.

Committee staff

The current staff of the Committee are Eve Samson (Clerk), Dr John Patterson (Second Clerk), Dr Greg Marsden (Committee Specialist), Miss Frances Allingham (Committee Assistant) and Lis McCracken (Secretary).

Contacts

All correspondence should be addressed to the Clerk of the Transport Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 6263; the Committee’s email address is transcom@parliament.uk
# Contents

## Report

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary</td>
<td>5</td>
</tr>
<tr>
<td>1 Introduction</td>
<td>7</td>
</tr>
<tr>
<td>2 Background</td>
<td>10</td>
</tr>
<tr>
<td>The 1985 Airports Policy White Paper</td>
<td>10</td>
</tr>
<tr>
<td>The Consultation</td>
<td>10</td>
</tr>
<tr>
<td>Forecasts</td>
<td>11</td>
</tr>
<tr>
<td>Views on the forecasts</td>
<td>13</td>
</tr>
<tr>
<td>Performance of Previous Forecasts</td>
<td>13</td>
</tr>
<tr>
<td>Conclusion</td>
<td>14</td>
</tr>
<tr>
<td>Changing Industry</td>
<td>14</td>
</tr>
<tr>
<td>Point to Point travel</td>
<td>15</td>
</tr>
<tr>
<td>Charter Industry</td>
<td>16</td>
</tr>
<tr>
<td>Hubbing Model</td>
<td>17</td>
</tr>
<tr>
<td>International developments</td>
<td>19</td>
</tr>
<tr>
<td>The consequences of a changing industry</td>
<td>19</td>
</tr>
<tr>
<td>Where is there a shortage of capacity?</td>
<td>19</td>
</tr>
<tr>
<td>Development Options</td>
<td>21</td>
</tr>
<tr>
<td>The Regions</td>
<td>21</td>
</tr>
<tr>
<td>Conclusion</td>
<td>22</td>
</tr>
<tr>
<td>3 Economic and Social Benefits</td>
<td>23</td>
</tr>
<tr>
<td>Economic Benefits</td>
<td>23</td>
</tr>
<tr>
<td>Contribution to the national economy</td>
<td>23</td>
</tr>
<tr>
<td>Regional Economies</td>
<td>24</td>
</tr>
<tr>
<td>Attracting inward investment</td>
<td>24</td>
</tr>
<tr>
<td>Conclusion</td>
<td>25</td>
</tr>
<tr>
<td>Social Benefits</td>
<td>25</td>
</tr>
<tr>
<td>Who flies</td>
<td>25</td>
</tr>
<tr>
<td>Spending on leisure travel</td>
<td>25</td>
</tr>
<tr>
<td>Social Inclusion</td>
<td>26</td>
</tr>
<tr>
<td>Social impacts summary</td>
<td>26</td>
</tr>
<tr>
<td>4 Environmental Issues</td>
<td>27</td>
</tr>
<tr>
<td>Climate Change and Aviation</td>
<td>28</td>
</tr>
<tr>
<td>Contribution of UK aviation to climate change</td>
<td>28</td>
</tr>
<tr>
<td>Emissions Trading</td>
<td>29</td>
</tr>
<tr>
<td>Better air transport management?</td>
<td>30</td>
</tr>
<tr>
<td>Improving technology</td>
<td>31</td>
</tr>
<tr>
<td>Local Environmental Issues</td>
<td>31</td>
</tr>
<tr>
<td>Noise</td>
<td>31</td>
</tr>
<tr>
<td>Noise regulation</td>
<td>33</td>
</tr>
</tbody>
</table>
Other measures to reduce noise
Noise conclusions
Air Quality
Who is affected?
Quality of the forecasts
Other local environmental issues

5 UK Industry Structure
Airport ownership and regulation
BAA
Civil Aviation Authority
Implications for the Government's policy

6 International Issues
Air Service Agreements and the European Union
EU-US Air Service Agreements
Conduct of Negotiations
Timing of Negotiations
Freight and ASAs
Consolidation in the airline industry
EU Membership Of ICAO
A market in slots?
Air Traffic Control

7 National Issues
Regional Access to the South East
Ensuring good regional access
Protected slots
Level of Access
A PSO Network
Planning
Speeding up the planning process
Compensation
Rail access to airports
Rail-air substitution
Surface Access
Freight
Security

8 The Way Forward
Short-term considerations
Increased Use of South East Airports
Mixed Mode at Heathrow
Feeder Airports
Key considerations for the South East
Regional Airports
Medium to long term
9 Conclusion

Conclusions 72
Capacity 73
Forecasts 73
Environmental Issues 73
Industry Structure and Regulation 74
International Issues 75
Air Traffic Control 76
Regional Access 76
Planning 77
Road and Rail Links 77

Annex 1: Recommendations 79
Annex 2: Previous Aviation Reports 87
Annex 3: Regional Growth Scenarios 88
Formal Minutes 89
Witnesses 93
List of written evidence 97
Reports from the Transport Committee since 2001 103
Summary

The United Kingdom is the second largest aviation market after the United States. We have at least three internationally competitive traditional scheduled airlines, a strong and diverse no frills market and a well established charter industry. Our aerospace industry is also extremely important. Whatever is decided about the future of air transport, we should recognise that we start from a position of strength.

Heathrow and Gatwick airports are full for much of the year. Other runway capacity in the South East is being filled rapidly. As it may take up to 15 years to build a new runway this situation will worsen unless action is taken. The lack of new runway construction at London’s main airports is in stark contrast to developments elsewhere in Europe. Schiphol (5 runways), Charles de Gaulle (4 runways) and Frankfurt Main (3 runways) are all actively developing new runways or terminal capacity. We should not take the strong position of our aviation industry for granted.

One consequence of a shortage of capacity at the United Kingdom’s two main airports is the continued loss or threat of withdrawal of routes from the regions to be replaced by more profitable routes. This undermines the regions’ ability to conduct business and attract inward investment. The airlines told us that it is not their job to provide these services if they can make more money elsewhere. The Government must therefore act and intervene to make sure that regions have a guaranteed minimum level of access to Heathrow and/or Gatwick.

The shortage of capacity in the South East is largely the result of the dominant position of BAA. It is ineffective and inappropriate to have a single private sector operator controlling such a large part of our aviation infrastructure. If the Government is wedded to the idea of maintaining BAA in its current form, it must undertake a thorough review of the way in which it is regulated. The regulatory system should align BAA’s airports development policy with Government policy including regional development, access and associated environmental objectives. The Government must not assume that extra capacity in the South East should be provided by BAA. In our view it would be more appropriate to break up its monopoly.

The Government has now rightly said it will decide what is needed and where. The choice will be difficult; there are real environmental concerns to address, and we do not underestimate them. If aviation is to prosper, people must both understand the economic and social benefits it brings, and be confident that Government and the industry itself are committed to minimising its environmental impacts. The international regulatory regime should enforce high standards and best practice.

Those who would hold United Kingdom capacity at its planned levels risk ignoring the need both for aviation links in a modern economy and denying many people the social benefits of aviation. It should be recognised that lack of capacity itself has significant environmental impacts. This does not mean that the industry should get everything it asks for. Runways cannot be built where it would be most convenient for business if the environmental impacts are too high. The challenge will be to ensure that the capacity we
need now is built and operated in ways which minimise any adverse impact. We believe this will be achieved by:

- Making best use of existing facilities;
- Expanding existing airports on a case by case basis; and
- Dismissing the construction of new major airports on greenfield sites.

This also is the most practicable way of providing the extra capacity that we need. The shortage of south east capacity is a problem now. We cannot wait fifteen years for a new runway to be built. The Government must be prepared to consider radical and imaginative ways of using existing capacity. The case for the development of feeder-reliever airports for Heathrow and/or Gatwick should be examined urgently.

The Aviation White Paper will only be the beginning. None of its goals will be achieved unless the Government immediately takes action to plan and monitor and ensure the delivery of the developments and policies it proposes. The Department for Transport must establish a delivery unit to ensure its policies produce real results and that policy evolves to meet changing market conditions and expectations.
Introduction

1. The United Kingdom is the second largest aviation market after the United States. We have at least three internationally competitive traditional scheduled airlines, a strong and diverse no frills market and a well established charter industry. Our aerospace industry is also extremely important. Whatever is decided about the future of air transport, we should recognise that we start from a position of strength.

2. 180 million passengers flew into and out of United Kingdom airports in the year 2000. In 1985, the time of the last White Paper on aviation this number was some 75 million. Over this period, the provision of extra infrastructure has failed to keep pace with demand. Heathrow and Gatwick airports are full for all or part of the year and face pressures for further expansion. Manchester is the only airport to have developed a full size new runway in the United Kingdom since the Second World War. The lack of new runway construction at London’s main airports is in stark contrast to developments elsewhere in Europe. Schiphol (5 runways), Charles de Gaulle (4 runways) and Frankfurt Main (3 runways) are all actively developing new runways or terminal capacity.

3. In 1998, the Government announced that it would consult on a new White Paper addressing the future of airport expansion in the United Kingdom. In July 2000 a consultation document was released addressing key strategic questions. This was followed in July 2002 with a further set of seven regional consultation documents covering the whole of the United Kingdom. These documents presented passenger demand forecasts and a range of expansion options for existing airports and options for some new airports. The consultation itself ruled nothing in and nothing out. It is to inform the Government to what extent, how and where the future demand for aviation should be met. It closed on June 30th and the White Paper is due to be published by the end of 2003.

4. In November 2002, the Committee decided to undertake an inquiry into aviation. The inquiry builds on a number of recent studies by our predecessor Committees, a list of which can be found as Annex 2. The Committee wished to address the questions at the heart of the consultation but in particular to focus on:

   • Forecasts for the development of UK aviation industry in the medium and longer term.
   
   • Slot and access issues:
     • The implication of the recent European Court Justice decision on negotiating landing rights;
     • What priority should be given to regional access to London?

---

1 Department for Transport, *Airports Policy*, Cm 9542, June 1985


3 The Department for Transport extended the consultation in November 2002 to include options for a new runway at Gatwick. The High Court held the Department had been wrong to exclude Gatwick from the original consultation on the grounds of an agreement not to build any runways there before 2019.
• The use and potential extension of Public Service Obligations in the UK both for peripheral areas and to guarantee access to specific congested London airports.

• Capacity issues:
  • Can and/or should demand for air travel be managed?
  • Do other modes of transport provide potential substitutes for air links?
  • Should development be concentrated on existing sites or extend to new ones?
  • Advantages and disadvantages of concentration of air services at a limited number of airports;
  • Is the Government’s timescale for development of new runway capacity appropriate? Could or should anything be done to increase capacity by an earlier date?

• Industry structure:
  • Is the current organisation and structure of the United Kingdom air transport industry appropriate to meet air travel market requirements for the next 30 years?

• Economic impact, social impact and environmental impact:
  • What should be the balance?

5. The Committee held 9 evidence sessions with a wide range of witnesses from the aviation industry, environmental groups, experts on noise and air pollution, the Commission of the European Union and the Secretary of State for Transport. We received over 100 written submissions. We are extremely grateful to all those who gave written or oral evidence, which was invaluable.

6. In addition to the large amount of evidence, we commissioned a piece of independent research from consultants Mott Macdonald. The research provides a comparison of the development of airport capacity at Heathrow and Gatwick and the three largest competitor airports in Europe: Paris-Charles de Gaulle, Amsterdam-Schiphol and Frankfurt Main. The report compares key factors such as the current and future operating capacities of the airports, the regulatory and environmental restrictions under which they operate, surface access and the planning process. Their report has been extremely useful to us. It has been placed in the Library of the House of Commons and in the House of Commons Record Office, and published on the Internet at http://www.parliament.uk/parliamentary_committees/transport_committee.cfm.

7. In the course of the inquiry we also visited the United States, where we held discussions with a number of Government officials, industry groups and companies in Washington, looked at freight integrator handling operations and their impact on the local community in Memphis, and airport operations at San Francisco International Airport. We also visited

---

Inverness and Orkney to discuss the role of aviation in peripheral areas of the United Kingdom, and the construction works at Heathrow Terminal 5. These visits were a key part of our inquiry, and we are grateful to all those who acted as our hosts and participated, particularly to the Federal Aviation Administration. We also express our gratitude to our Special Adviser, Mr Laurie Price.

8. We received a great deal of evidence relating to the need for and environmental impacts of developments at particular sites. However, our objective is to set out principles to guide the decision process and to make specific recommendations on structural issues, rather than to conduct a full analysis of expansion at a particular site. We have concentrated on examining the key questions that the Government must answer before it can decide if and where any capacity should go. Our investigation has led us to consider that some policy options are almost certainly not worth pursuing, and that some deserve detailed consideration, but we cannot go further than this.

9. Chapter 2 of this report examines the forecasts of rising air travel demand and discusses the various options for meeting a growing aviation market. It also reviews the changing aviation industry and what impact this might have on demand. Chapter 3 discusses the social and economic benefits from expanding aviation. Chapter 4 examines the environmental consequences of future expansion. The balance between the economic, social and environmental issues is central to achieving an acceptable aviation policy. Chapter 5 examines changes that need to be made to the national industry structure to ensure that the White Paper achieves its objectives. Chapter 6 looks at international issues including the provision of more open and competitive markets. Chapter 7 reviews the importance of regional access to the major airports in the South East, surface access to airports, planning, security and air traffic control issues. Chapter 8 provides our summary on the need for extra capacity and the conditions that the Government must satisfy to ensure a well-balanced White Paper. It examines both short-term and long-term needs. Finally, Chapter 9 draws together the main conclusions from our inquiry.
2 Background

The 1985 Airports Policy White Paper

10. The last White Paper on airport policy was published in 1985. Its objectives are shown in Table 1.

Table 1: Department for Transport Aviation Objectives

<table>
<thead>
<tr>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>To foster a strong and competitive British airline industry by providing enough airport capacity where it is needed.</td>
</tr>
<tr>
<td>To minimise the impact of airports on the environment generally; and to ensure that land use planning and conservation policies take fully into account both the development needs arising from airports and the environmental consequences.</td>
</tr>
<tr>
<td>To make the best use of existing capacity and to provide new capacity only when this is economically justified.</td>
</tr>
<tr>
<td>To encourage the use and development of regional airports so that they meet the maximum demand they can attract.</td>
</tr>
<tr>
<td>To support the leading position of Heathrow and Gatwick among the world’s major international airports and interlining centres.</td>
</tr>
<tr>
<td>To encourage enterprise and efficiency in the operation of major airports by providing for the introduction of private capital.</td>
</tr>
<tr>
<td>To ensure that all UK airports continue to maintain the highest standards of safety in accordance with internationally accepted rules and standards.</td>
</tr>
</tbody>
</table>

Data Source: Department of Transport Airports Policy White Paper, 1985, Cm 9542, p 5

These objectives have provided us with a useful framework and, we have examined how both the objectives and the structures put in place to make them happen have stood the test of time.

The Consultation

11. The Government has published a series of consultation documents, covering different parts of the United Kingdom: Scotland, Northern Ireland, North of England, Midlands, Wales, South East and East, and South West. As the Government says “We are now consulting on perhaps the most crucial issue: how much extra airport capacity, if any, to plan for over the next 30 years, and where should that capacity be located”. To do this the consultation documents “describe the anticipated demand for air travel, the possible implications of that for air services and new airport infrastructure, and the potential impacts – economic, environmental and social – of such infrastructure” and “a range of

related issues, some of them relevant to the whole of the United Kingdom, others to specific parts of the country”.6

12. Any attempt to look ahead and consider future aviation needs will face some opposition, because although developments may benefit the country as a whole they are likely to adversely affect some people. The benefits are widely dispersed, or even taken for granted by those outside the industry; most of the adverse impact is concentrated in a small area, and there will be vocal opposition. It may well be difficulties like this which have led to twenty years of drift, yet businesses and individuals need to be able to plan. The Department’s decision to develop and set out future aviation policy is a brave but necessary step; nothing similar has been done for 20 years. Decisions about the future of the industry cannot be ducked simply because there is no decision that will satisfy everyone.

13. The Secretary of State was extremely frank about the likelihood that the White Paper would identify possible sites for development:

“I have said on a number of occasions in the House and elsewhere that people want some degree of certainty. People living near to possible airport development or existing airports want to know where they stand, understandably, and I do not want to be in a position where their uncertainty is prolonged any longer than necessary. The industry also needs to know… I intend to set out where the government thinks, assuming we came to that conclusion, any development ought to take place but inevitably there are some points that will still be decided in later processes.”7

Creeping development over the last two decades has increased uncertainty for people living near airports and alienated those who hoped expansion was over. It has led to uncoordinated, piecemeal development which failed to reconcile the strategic needs of the United Kingdom with local environmental concerns.

14. This chapter summarises our view of the context in which the White Paper is being developed. First, we examine the underlying forecasts on which the Consultation is based. Next, the implications of the considerable change that the industry is currently experiencing are discussed. This provides the background against which the shortage in airport capacity at major South East airports is reviewed. The chapter concludes with a summary review of the options facing the Government.

Forecasts

“economists make forecasts not because they are good at it but because people keep asking them to”8

15. Forecasting the potential growth in any industry is an essential part of forward planning. Over the past 20 years, demand for aviation has trebled to around 180 million

---

6 Department for Transport, The Future Development of Air Transport in the United Kingdom, Foreword, July 2002
7 Q 1783
8 Quote attributed to the economist John Maynard Keynes, Q596
passengers per annum.\textsuperscript{9} Since some trips are made by foreign residents, this corresponds to an average of around 0.8 round trips per UK resident. The Department for Transport produced its most recent forecasts of demand for aviation in 2000.\textsuperscript{10} The forecasts are based on formulae determined by using data from 1960 up to 1998 which identify the most important variables that drive demand:

- domestic and foreign economic growth (principally GDP);
- air fares;
- trade and exchange rates;\textsuperscript{11}

We also note that a network of destinations and frequency of service are also important factors driving growth.

16. Since forecasts are inevitably uncertain, the Department has presented three scenarios: low, medium and high growth, shown in Figure 1. The low growth scenario corresponds to an average annual growth rate declining to 3.1 per cent, the mid-range to 3.8 per cent and the high-growth to 4.5 per cent. These rates are lower than the 5 to 7 per cent growth rates seen over the last 20 years and, as the Figure shows, broadly represent a continuation of previous trends.

\textbf{Figure 1: Department for Transport Forecasts of Growth in Air Passengers}
\textit{Data Source: Department for Transport}


\textsuperscript{10} Department of Environment, Transport and the Regions, \textit{Air Traffic Forecasts for the United Kingdom 2000}, June 2000

\textsuperscript{11} Ibid.
**Views on the forecasts**

17. The airline and airport industry took a fairly cautious view on the likely trends for growth. British Airways believed that a growth rate of 3 to 4 per cent was reasonable. BAA believed a growth rate of 3 per cent was reasonable for the South East, as did Luton Airport. Regional airports expect higher levels of growth, in line with or slightly above the Department’s forecasts. This is also consistent with the experience of the last 15 to 20 years.

18. The forecasts have been heavily criticised by campaign groups and in independent studies. The principle criticisms are that:

- The forecasts are based on assumptions that do not take account of possible changes in taxation that reflect environmental damage;
- The increase in aviation implied by the forecasts would lead to unacceptable levels of environmental damage.

19. The Chairman of the Sustainable Development Commission echoed concerns from many environmental groups that the underlying philosophy behind the consultation was to predict the demand for aviation and then provide capacity for it, ignoring other environmental limitations.

20. The Secretary of State did not agree that the consultation represented a ‘predict and provide’ approach since it was not for the Government to build any new runways. He told us that capacity would not outstrip demand as “No company which is not heading for bankruptcy is going to decide to build a runway on spec; they are not cheap”. There are a number of other clear distinctions between the road and runway analogies. Roads are, for the most part, free at the point of use. Aircraft have to pay a fee to use airports. Ticket prices also reflect the limited runway capacity and the demand for services at peak times. Pricing already exists, at least to some extent, to limit demand. Environmental and operational restrictions and the CAA’s regulations on delays also determine the maximum operational capacity for airports. The Government states that this is not a consultation simply based on ‘predict and provide’. We believe there is merit in this view.

**Performance of Previous Forecasts**

21. The Department’s forecasts for the year 2000 note that “Past forecasts have proved to be cautious relative to actual outcomes” and that actual traffic numbers have been shown to be nearer the higher estimates. Although the global economic slowdown, the recent

---

12 Q7
13 Q264, Q385
14 Q441
16 Q752
17 Q730
18 Q1824
19 *Air Traffic Forecasts for the United Kingdom 2000*, Para 8.2
turbulence following the terrorist attacks in September 2001, the Iraq war and SARS have all contributed to a lower than expected growth in air transport since the 2000 forecast, history suggests that the dip in demand will be temporary and will not materially affect the forecasts.\textsuperscript{20} This view was widely shared by those we met in the United States.\textsuperscript{21} Indeed, demand in some sectors has increased even during these difficult times. Whilst the long-haul sector has suffered during this period, in 2002 no-frills carriers increased their domestic traffic by 59\% and international traffic by 41\%.\textsuperscript{22}

**Conclusion**

22. We believe that the forecasts produced by the Department represent a reasonable assessment of the future demand to fly under current assumptions. Whilst the prospect of increases in passenger numbers of 200 million a year may seem extreme, over 50 per cent of the United Kingdom population did not fly at all last year. The increases suggested by the mid-range forecasts would represent around two return trips per United Kingdom resident per year, or, since each leg of a flight counts in the figures, a return visit from London to Orkney. This does not appear to be an unrealistic assessment of the travelling public’s aspirations over the next 30 years. However, these, like any forecasts, are subject to quite significant uncertainty. Assumptions about real-term reductions in ticket prices and the impacts of a changing industry structure may have significant impacts on the size and shape of future demand. We consider it essential that the Government keeps its forecasts under review, monitors the effects of its policies on demand, and is ready to adapt them as necessary.

23. The extent to which the underlying demand for air services should be met is a separate question. It is of course reasonable for the Government to take action to manage the environmental impacts of aviation and this may, in turn, modify the level of demand for air services. The balance between these objectives will determine the extent to which the Government achieves the sustainability objectives it has stated it is committed to.\textsuperscript{23} We review this in Chapters 3 and 4.

**Changing Industry**

24. The airline industry was suffering from the global economic slowdown even before recent problems.\textsuperscript{24} The loss of trans-Atlantic air travel has led to cost cutting and some route reductions for every flag-ship carrier. BA for example has cut 13,000 jobs.\textsuperscript{25} American carrier United Airlines had to seek Chapter 11 protection from bankruptcy, whilst in Europe, Sabena and Swissair were declared bankrupt. However, in marked contrast to these problems, no frills carriers such as Ryanair and easyJet have grown significantly over the same period, providing point to point access on a whole range of new domestic and

---

\textsuperscript{20} Transport, Local Government and the Regions Committee, Eleventh Report of Session 2001-02, Air Transport Industry, HC 484-I

\textsuperscript{21} Transport Committee, Sixth Report of Session 2002-03, Aviation, HC 454-II, forthcoming

\textsuperscript{22} Data source: Department for Transport

\textsuperscript{23} Q1836

\textsuperscript{24} Transport, Local Government and the Regions Committee, Eleventh Report of Session 2001-02, Air Transport Industry, HC 484-I

\textsuperscript{25} “War hastens BA job and route cuts”, The Guardian, 26 March 2003
international services, although often to secondary airports. The industry is facing its biggest period of change for decades.

**Point to Point travel**

25. No-frills carriers eschew the traditional hub model of the airline industry and concentrate on the provision of point-to-point services between smaller airports such as Liverpool, Stansted, East Midlands and Luton in the United Kingdom and Frankfurt-Hahn, Cork, Murcia and Stockholm Skavsta.26 Journey times for such services are typically no longer than two and a half hours to maximise the number of times a seat can be sold. Costs are also kept down by not guaranteeing onward connections, using a higher seat density and by charging for food and drink on board. Up to 90 per cent of seat sales are also now booked over the internet.27 The success of no-frills carriers has contributed significantly to the growth in the range of destinations served from regional airports as shown in Figure 2. These new opportunities have increased demand.

---

**Figure 2: International scheduled destinations with a daily service (excluding London airports)**

*Data Source: CAA*

---

26 AVN 78A  
27 Q690
26. The no-frills carriers are among the most profitable and fast growing companies in the industry. In the US, where point to point started, Southwest and Jet Blue are the financially strongest companies. In the United Kingdom no frills carriers have dramatically improved their market position over the last five years; easyJet now ranks as the second largest airline reporting to the CAA according to passenger numbers, up from tenth four years ago.28

27. The rise of the no-frills carriers has provided the main engine of growth in aviation over the past five years. There appears to be significant consumer demand for further expansion of these services. This may continue to have an impact on the cost and operating procedures of traditional carriers. If anything, it will continue to push costs down in line with the Department’s projections. However, this growth should not be overstated: traditional carriers continue to hold strong market shares on mature short-haul routes, typically between major airports and have also begun to cut fares and offer special deals. Charter carriers remain as competitive as ever. The Department must continue to monitor the rise in no frills carriers and adapt its forecasts and policies accordingly.

**Charter Industry**

28. The Charter airlines are the original low-cost carriers. They serve a very large market and play an essential role in holiday and specialised long-haul travel: 60 per cent of all international air passenger miles flown by all United Kingdom airlines within the EU.29 Today, the Charter Airline industry operates aircraft out of 20 United Kingdom airports. It was responsible for around 38 million passenger movements in 2002, an increase of 3.5 million on 1998 levels. Charter airline flight times do not appear in a scheduled timetable. Instead, they can be booked through tour operators and increasingly, direct with the airline itself. The Charter Airline Group told us that 20 per cent of the passengers on United Kingdom based chartered flights are in fact using the charter operator as if it provided scheduled services and that this number is increasing.30 Bilateral rights are required to fly a scheduled service but not a chartered flight. However, liberalisation of air traffic across Europe has led to a blurring of distinction between the two types of service.31 There are a number of differences in the level of consumer protection offered by different sorts of airlines. We note the European Parliament’s decision in July to provide standardised levels of compensation for travellers affected by overbooking and delays.32 However, only charter airlines require bonding to protect the consumer against collapse of the airline or tour operator. Charter airlines are required to be bonded to protect the consumer against the collapse of the airline or tour operator, unlike scheduled airlines, including low-cost carriers. This is discriminatory. The Government must urgently consider whether all airlines should provide this level of consumer protection.

29. There has been considerable competition between the Charter Airlines and the no-frills scheduled carriers over holiday routes that have traditionally been the reserve of the Charter Airlines. Both operate on a low-cost basis although Charter Airlines tend to

---

28 CAA, UK Airline Statistics 2002 – Annual, www.caa.co.uk
29 Data provided by Firstchoice
30 Q241
31 Q227
32 European Commission, Passenger Rights, 3 July 2003
operate with larger aircraft. As what has traditionally been seen as the Charter Airlines continue to expand the number of seats they sell direct to passengers there will be yet more competition on some routes. The extent to which this will continue or the way in which it may affect prices and service frequency is not well understood but is a further factor to be considered as the industry changes.

30. The changing charter industry indicates just how quickly the airlines react to market opportunities. The no-frills airlines have emerged quickly and “virtual airlines” can be set up to bid for slots before any planes are leased or other arrangements made.

**Hubbing Model**

31. Hub operations enable a wide range of destinations to be maintained by funnelling connecting traffic through a central interchange. Routes which would not be viable if flown directly can be supported if traffic from a wide range of origins is concentrated in a hub before onward transfer. Many major airports act as a hub of some form although the degree to which they do so differs considerably. The American model of hubbing which, to a large extent, is being repeated at Paris Charles de Gaulle and Frankfurt, relies on one dominant airline organising waves of arrivals and departures to allow connections between services to be made with the greatest convenience. The United Kingdom has a more diverse mixture of national airlines operating out of Heathrow than seen in the US and other European countries. This means that connections within an airline alliance cannot be arranged as effectively as in other hubs as shown in Figure 3. However, Heathrow offers outstanding international to international connection opportunities and, by operating its runways more intensively than is possible in the more traditional hub model, provides opportunities for considerable informal interlining between companies. Heathrow still achieves a transfer rate of over 30 per cent.

---

33 Q221, Q232


35 British Airways is the dominant carrier with 39 per cent of services, British Midland has 9.4 per cent and Virgin 4.4 per cent. Air France operates 55 per cent of services out of Paris Charles de Gaulle (www.airport-technology.com)
32. There are conflicting views about the future development of hubbing. British Airways believes that the expansion of Heathrow is essential to provide one main international hub connector that can compete with other European cities. It also considered that it was impossible to operate Gatwick as a second major hub not only because it only has one runway but also because there is an overlapping catchment area between the airports. Manchester Airport has a strategy to develop itself as a hub airport for the north of England. Its view of a hub airport was of “a very busy airport which has lots of interlining and opportunities to connect just through the volume of traffic that comes in and goes out, à la Heathrow” rather than of the US style mega-hub.

33. easyJet took a much more radical view of the way in which the industry would develop. Its Chief Executive told us:

“The airport development plans on the table at the moment seem to be built on the premise that we will always need large airport hubs capable of supporting 747 style aeroplanes for example at Heathrow… We believe hubbing inherently is bad, that it leads to a poor quality product for consumers, it is bad for the environment, it is an inefficient way of using scarce airport resources, and it encourages unnecessary development of large airports.”

34. Point to point travel is only viable where sufficient concentrations of demand exist close to an airport. However, even where this is the case, it will not support a wide range of interconnections in the way that the combination of “thin” routes through a hub is able to.
Our predecessor Committee found that liberalising international access to regional airports would bring economic benefits to the regions and that Government policy should seek to maximise the contribution regional hubs made to meeting demand.\textsuperscript{41} Regional airports can also be expected to benefit from the growth of point to point services. However, regional hubs will take time to develop and point to point services alone will never offer the same range of destinations as a major national hub. There will always be a need for services which offer interlining at such hubs, at the very least to support business services and to provide vital connections from peripheral areas.

\textit{International developments}

35. At present, aviation is an international industry operated on a national basis. Much of the regulation rests on the 1944 Chicago convention, which continued nation states’ control of air space, recognising “that every State has complete and exclusive sovereignty over the airspace above its territory” (Article 1). Although international regulation is conducted through the International Civil Aviation Organisation (ICAO), the rules of the Chicago convention have restricted consolidation between companies from different states. As we discuss in Chapter 6, there are moves to liberalise international aviation agreements, and in the long term, changes to the Chicago convention might make such consolidation easier. If this happened, the market could, once again, change dramatically.

\textit{The consequences of a changing industry}

36. It is unlikely that any of the changes described above will change society’s underlying desire to travel. However, they might well change the speed at which demand grows and the type of aircraft and hence runway capacity needed. This is equally true of any measures that the Government introduces or negotiates to improve the industry structure or regulation or indeed, to manage demand. The further out towards 2030 the forecasts go, the less robust they are. Nonetheless, the inevitable long-term uncertainty about forecasts should not be an excuse to delay important and long overdue decisions about aviation policy and infrastructure now.

\textit{Where is there a shortage of capacity?}

37. In January 1999, the Government told our predecessor Committee in its response to a report on Regional Air Services:

“\textsuperscript{41} The Government agrees that runway capacity in the South East is in short supply. At Heathrow and Gatwick, all the peak period and most of the off-peak period capacity is already used up. Given the continued growth in demand for air travel for both business and leisure, the Government expects that over the next few years, peak hour constraints will increase at Stansted and appear at the other airports in the

\textsuperscript{41} Environment, Transport and Regional Affairs Committee, Eight Report of Session 1997-98, Regional Air Services, HC 589, para 108-109
South East. This is already putting pressure on services between the regions and South East airports, and this is likely to continue.\textsuperscript{42}

38. There will also be capacity constraints at regional airports over the next 30 years unless action is taken. Table 2 compares the capacity available at airports today with the demand today and that forecast for 2030. The capacity for 2030 includes any plans to get better use out of existing airports already approved, including Heathrow Terminal 5 and other terminal and apron expansions at regional airports. These figures are set out by region in Table 2 alongside the Government’s unconstrained mid range forecast of passenger demand for each region.

39. It is clear that the South East already has a shortage of capacity at major airports and that this will become even more severe if no action is taken. This would have the effect of encouraging more passengers to travel from regional airports as acknowledged in the consultation. However, the figures show that if no expansion occurs, all the regions will also be short of capacity before 2030. The analysis indicates that in the absence of expansion of airport facilities there will be more passengers in 2030 that want to fly but cannot (215 mppa) than there are passengers who fly at the moment (179 mppa).

Table 2: Year 2000 and 2030 capacity and passenger forecasts

<table>
<thead>
<tr>
<th>Region</th>
<th>Capacity 2000</th>
<th>Passengers 2000</th>
<th>Capacity 2030 constrained\textsuperscript{43}</th>
<th>Passengers 2030 mid-range\textsuperscript{44}</th>
<th>2030 mid-range shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>South East\textsuperscript{45}</td>
<td>127</td>
<td>117</td>
<td>166</td>
<td>306</td>
<td>-140</td>
</tr>
<tr>
<td>North</td>
<td>36</td>
<td>26</td>
<td>55</td>
<td>77</td>
<td>-22</td>
</tr>
<tr>
<td>Midlands</td>
<td>17</td>
<td>10</td>
<td>17</td>
<td>41</td>
<td>-24</td>
</tr>
<tr>
<td>South West</td>
<td>7</td>
<td>3</td>
<td>8</td>
<td>10</td>
<td>-2</td>
</tr>
<tr>
<td>Scotland</td>
<td>22</td>
<td>16</td>
<td>27</td>
<td>49</td>
<td>-22</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>7</td>
<td>5</td>
<td>8</td>
<td>12</td>
<td>-4</td>
</tr>
<tr>
<td>Wales</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>-1</td>
</tr>
<tr>
<td>Total</td>
<td>219</td>
<td>179</td>
<td>284</td>
<td>501</td>
<td>-215</td>
</tr>
</tbody>
</table>

Data Source: DfT Consultation documents

40. This analysis also assumes that the Government and major airport operators are correct and that it is possible to achieve a capacity of 40 million or more passengers per annum

\textsuperscript{42} Department of Environment, Transport and the Regions, The Government’s Response to the Environment, Transport and Regional Affairs Committee Report on Regional Air Services, Cm 4257

\textsuperscript{43} Capacity obtained from UK constrained 2030 scenario

\textsuperscript{44} Taken from RASCO facilitating demand forecasts, column does not total exactly due to rounding.

\textsuperscript{45} All South East airports
from a single runway. This does not happen anywhere else in the world, and the current average aircraft size and number of passengers on each departure is static or declining.

### Development Options

41. The Government believes that “Providing additional capacity in the South East would serve that very strong local demand and allow travellers in the South East to fly from their preferred airport”. Its analysis of the impacts of providing various degrees of capacity in the South East on demand in the South East and the Regions is shown in Table 3.

**Table 3: Passenger traffic in 2030 under various SE expansion scenarios**

<table>
<thead>
<tr>
<th>Scale of development at SE airports</th>
<th>Passenger traffic in 2030 (mppa)</th>
<th>National Demand</th>
<th>South East Airports</th>
<th>Other Airports</th>
<th>Lost to UK system</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Use (no new runways)</td>
<td>501</td>
<td>189</td>
<td>239</td>
<td>73</td>
<td></td>
</tr>
<tr>
<td>1 new runway</td>
<td>501</td>
<td>206-230</td>
<td>218-229</td>
<td>53-65</td>
<td></td>
</tr>
<tr>
<td>2 new runways</td>
<td>501</td>
<td>243-252</td>
<td>221-224</td>
<td>25-46</td>
<td></td>
</tr>
<tr>
<td>3 or 4 new runways</td>
<td>501</td>
<td>260-289</td>
<td>198-210</td>
<td>17-32</td>
<td></td>
</tr>
</tbody>
</table>

*Data Source: DfT SE Consultation, p24*

42. The South East consultation document presents options for expansion at Heathrow (one short runway), Gatwick (one or two runways), Stansted (up to three runways), Cliffe (up to four runways) and Luton as well as examining the supporting role of a series of other airports in the region. As Table 3 shows, the Government believes that the choice of airport expansion in the South East has a significant impact on demand in the regions, and consequently on the development likely to be needed outside the South East. The Midlands development options are particularly influenced by the capacity available in the South East.

### The Regions

43. The regional consultation documents contain a number of different forecasts of growth in passenger demand. These are affected by policy in the South East and the United Kingdom overall. The reference case (RASCO reference case) assumes that current policies continue whilst capacity in the South East is expanded. Other scenarios examine the implications of keeping airport capacity fixed near current levels in the South East (South East Constrained), constraining capacity at all airports (UK-Wide constrained) and providing capacity in line with demand (Facilitating Growth). Full details are given in Annex 3.

---


47 Department for Transport, *The Future Development of Air Transport in the United Kingdom: Midlands Consultation*
44. Whatever scenario is used, many regional airports may require extension to runways to enable new long-haul services and for aircraft to maximise their payload range performance. Existing runways can handle significant increases in flights and passenger numbers but will require further parallel taxiways and associated apron and stand facilities to maximise their use. Further terminal expansion and improvement is likely to be required at all airports.

45. Under the RASCO reference case, the analysis suggests that an extra runway may be required in the central belt of Scotland towards the end of the 30 year period and that Birmingham might also need a new runway. However, these are not decisions that need to be taken now, and the scenarios should be regularly revisited and updated as required. The South East constrained scenario is the only one which would require more runways to be built than this. It would particularly put pressure on Birmingham Airport and Bristol. Birmingham airport would require a second runway and the consultation suggests it could instead be possible to establish a new airport on a greenfield site between Coventry and Rugby. Environmental restrictions mean that it may not be possible to place a second runway at Bristol airport and that this could be relocated to a site north of the city.

46. Not only has the Government suggested there may be opportunities to develop new airports on greenfield sites, several other bodies have suggested similar options, such as offshore airports. The advantage of such new build would be that it would enable a large airport to be constructed free from the constraints of existing sites. It would also be extremely expensive. Some witnesses claimed the private sector could fund the necessary investment, but others were honest enough to acknowledge that Government support would be needed. In addition, such new airports could probably only work if existing airports were closed. It was clear that this would require significant compensation to airport operators and airlines established at those airports concerned.

Conclusion

47. Not only is the South East the biggest market for aviation in the United Kingdom, capacity issues in the South East have an impact on the whole of the United Kingdom. They must be resolved.

---

48 Other than UK wide constrained
49 AVN 103
50 AVN 50
51 AVN 57A
3 Economic and Social Benefits

Economic Benefits

Contribution to the national economy

48. The aviation industry generates a range of direct economic benefits to the United Kingdom. It is a major employer, it provides vital trade links and supports the movement of goods. The United Kingdom is also home to a world-leading aerospace technology industry. It is estimated that in 1998 the United Kingdom aviation industry accounted for £10.2 billion of GDP, 1.4 per cent of the total. This places it on a par with the car manufacturing industry. It is estimated to provide 180,000 jobs at United Kingdom airports. There are also indirect economic benefits from jobs created as a result of airport activity. BAA estimated the number of jobs indirectly supported (such as hotels and food provision) to be around 380,000.\(^52\) When we were in San Francisco we heard that the airport had produced 20,000 induced jobs, and a further 200,000 in the visitor industry depended on the region’s airports for their customers. The aerospace industry employed 154,000 people in 1998 and contributed around £6.1 billion to the United Kingdom economy, equivalent to 0.8 per cent of GDP.\(^53\)

49. Air transport is vital for business. Business traffic accounts for around 24 per cent of all passenger traffic,\(^54\) and is expected to become more important over the next 30 years. The 2000 forecasts estimate that business traffic will grow “at 5.5% per annum on average between 1998 and 2020, over one percentage point per annum higher than the leisure traffic growth rate. This reflects the fact that business markets are not expected to mature as quickly as leisure markets over the forecasting period”.\(^55\)

50. Air is also an important means of transporting freight. It accounts for 20 per cent of all United Kingdom exports by value.\(^56\) Around 2 million tonnes of cargo and mail are uplifted at United Kingdom airports and this has almost doubled since 1991.\(^57\) Over 85 per cent of freight tonnes lifted are part of scheduled services carried in the hold (also known as belly freight).\(^58\) Traditionally, air freight has been used for high value commodities, fragile goods, emergency items and spare parts for production line breakdowns etc. The Department considers that “the range of goods carried by air has widened. Now, perishable commodities such as luxury foods, exotic fruits, chilled meat, fish and flowers, newspapers and fashion garments are growth areas for air transport”.\(^59\) We review the expected expansion in freight and the concurrent increase in time definite, guaranteed delivery integrator activity further in Chapter 7.

\(^{52}\) Q259  
\(^{53}\) Ibid.  
\(^{54}\) Department of Transport, Local Government and the Regions, *Air Traffic Forecasts for the United Kingdom in 2000*  
\(^{55}\) Ibid.  
\(^{56}\) *South East consultation*, p115  
\(^{59}\) *UK Air Freight Study report*
Regional Economies

51. Every region needs access to the capital and the South East. The areas to the south and west of London where Heathrow and Gatwick are located are economically strong and businesses from many parts of the United Kingdom have commercial reasons for travelling there. Leeds-Bradford airport told us that only 25 per cent of passengers travelling to Gatwick were interlining, indicating strong links to the South East of the United Kingdom for business. It pointed out that the choice for travellers was between a one and a quarter hour flight or a four hour train journey, involving a change. For some regions and islands air is the only viable travel option. They should not be frozen out by lack of capacity or because of a lack of co-operation from previous incumbents on the route.

Attracting inward investment

52. The presence of air connections is of paramount importance to the location decisions of overseas companies. A survey of inward investors and large exporters in the mid 1990s found that if easy air access was not available from a location “it was not on the map”. We were given clear evidence of the importance of good air access to regional image and regional development by MyTravelLite, which told us that it had been offered support by One North East to base its operations at Newcastle. It believed that bmi Baby had been offered significant incentives to establish itself in Cardiff.

53. A strong network of services from regional airports to the South East is essential to the economic development of the regions. Mr Stewart, MP for Inverness East, Nairn and Lochaber told us that the largest company in his area, owned by Johnson and Johnson, had grown from 12 employees to 1,400. The company indicated it would not locate there without jet links to Heathrow and/or Gatwick. We also took evidence from Highlands and Islands Enterprise and local authorities in Scotland, the General Consumer Council of Northern Ireland and representatives from the Isle of Man, Jersey and Guernsey. They all indicated not only the importance of good air access to London but the importance of stability of service to enable businesses to plan. Without easy access to a hub, the peripheral regions lose the economic benefits such connections may bring. It is not an attractive proposition for a business traveller from the US to arrive at Heathrow and have to travel across London to Stansted to catch an onward connection. Airlines do not make investments that necessarily support such important public policy issues. Indeed, the Department for Transport itself told us “commercial airlines cannot be expected to take account of the wider regional economic benefits such airlines provide.”

54. Regions need guaranteed access to the full network of services available out of the two largest United Kingdom airports at Heathrow and Gatwick. High quality air links to regional airports are essential for the economic development of the regions. The
Government must ensure that the White Paper contains clear proposals to support regional economic growth. We examine the trends in regional access to London and other destinations further in Chapter 5 and examine policies that will maintain good quality services.

Conclusion

55. The aviation industry is not only a significant direct employer, but it provides vital support to other businesses. A modern economy needs the links to the outside world that aviation provides, both to ensure its own businesses are competitive and to attract business from overseas. The United Kingdom has a successful, open economy. It will not retain it if its air links are allowed to stagnate.

Social Benefits

Who flies

56. Between 1980 and 2001, total visits to or from the United Kingdom by air increased from 18 million to 59 million. 23 per cent of these visits were for business and 77 per cent for leisure.67 Inbound traffic is forecast to grow at a faster rate than outbound traffic, reflecting higher rates of economic growth from countries outside Western Europe.68

57. A number of submissions and recent reports have claimed that expanding capacity for air transport simply allows the rich to fly more.69 The tendency for the well off to travel more is not confined to aviation. The richer travel more by car and by rail; this is a fact of life. The frequency with which people fly is not necessarily linked to the importance that people attach to the flights they make. Many people take one low-cost charter flight a year for their holiday. ONS figures show that over a third of those in its lowest income category had flown at least once in 2001.70 Artificially pricing the poor out of the sky is no answer to equity concerns.

Spending on leisure travel

58. In 2002, we spent £27 billion on tourism abroad compared to £11.9 billion spent by overseas tourists in the United Kingdom. However, inbound tourism can be expected to pick up somewhat following the global economic downturn, SARS and the recent conflict in Iraq (for example, £12.5 billion was spent in 1999).71

59. It has been argued that the economic benefits of aviation are exaggerated and that if United Kingdom residents could be persuaded (or priced) into holidaying in the United Kingdom then this money would be retained in the United Kingdom system.72 However, as

---

68 Air Traffic Forecasts for the United Kingdom 2000
69 AVN 06, IPPR, The Sky’s the limit, May 2003 and Aviation Environment Federation, The Hidden Cost of Flying, February 2003
70 AVN 55
72 IPPR, The sky’s the limit, May 2003
well as spending more on tourism abroad, we are also spending more on domestic tourism than ever before. It is estimated that United Kingdom residents spent £26 billion on tourism in the United Kingdom in 2001, an increase of over £6 billion since 1995.\textsuperscript{73} The Association of British Travel Agents told us that “there is a growing number of people who want to travel abroad and explore the world. It is not just British people”.\textsuperscript{74} The fact that growth in outbound tourism has outstripped inbound tourism is, in part, a result of the relative success of the British economy in recent years. It is difficult to foresee a long-term future where a population of 60 million spends more on outbound tourism than visitors from around the world spend in the United Kingdom.

**Social Inclusion**

60. Aviation plays a significant role in linking more remote parts of the United Kingdom to key facilities. This is particularly true given the recent trend to the concentration of specialist hospital care facilities for example, and the trend to more in-service training and development which cannot be provided in remote communities such as Orkney. The issue of aviation-based access to key services may be important to a relatively small proportion of the United Kingdom’s population, but the Government must consider their needs in developing any future policy.

**Social impacts summary**

61. The social benefits of air services and access to a range of destinations are difficult to quantify. However, given the propensity of the United Kingdom population to take advantage of the opportunities now available to fly, they are evidently highly valued. There are many social benefits brought about by air travel. It is neither possible nor desirable for the Government to dictate how much we should fly. It must set out the framework where the amount we fly does not jeopardise environmental or economic goals.
4 Environmental Issues

“There is no mechanism for transporting either people or goods that does not have some environmental impact”.

62. The consultation document states that:

“The Government is committed to ensuring that the long-term development of aviation is sustainable. This will mean striking a balance between the social and economic benefits of air travel and the environmental effects of any development.”

The Secretary of State was however, unable to explain what a sustainable aviation policy actually meant:

“When I talk about these things I usually make the point time and again that there is a balance between people’s needs, their desire to travel and making sure we preserve the environment in which we live and generally improve conditions. They are obviously things on which a balance has to be struck, there is not a scientific answer which says, “That is right, that is wrong.” It is a matter of judgement. My judgement and your judgement might be the same, they might be different.”

We do not believe that this fuzzy approach has provided a transparent basis on which to carry out the consultation.

63. The Department must define what it considers to be a sustainable aviation policy and how, if at all, that differs from the policies in place today. The failure to provide an adequate definition of a sustainable aviation policy has left the Department open to criticism that whatever answer it arrives at from the consultation will, de facto, be sustainable. It could and should have avoided this.

64. We summarise our findings on environmental impacts below in two sections. The first reviews the issue of greenhouse gases which contribute to global warming. The second concentrates on local issues of noise, air quality and landscape and heritage impacts. We refer readers to the Parliamentary Office of Science and Technology’s report on *Aviation and the environment* for a more detailed discussion of the background to the problem and links to further information.

65. The Department for Transport and the Treasury have launched a joint consultation to examine the use of economic instruments in managing environmental damage. We note that the industry pays £900 million a year in Air Passenger Duty. This however, is a tax and not a tool designed to improve the environment. We were struck by the huge

75 Q749
74 South East Consultation, p8
77 Q1857
78 Aviation and the environment, Report 195, Parliamentary Office of Science and Technology, April 2003
79 HM treasury and Department for Transport, Aviation and the Environment, Using Economic Instruments, Consultation, March 2003.
80 Q1853
uncertainties in quantifying the damage costs that underlie the Treasury’s approach. We also received expert evidence from the Royal Academy of Engineering suggesting that the technology to reduce noise and exhaust emissions is now so advanced that improvements in one aspect can lead to deterioration in another. The design of economic instruments to reduce environmental impacts is no simple task.

**Climate Change and Aviation**

66. There is now widespread international agreement that man-made emissions are contributing significantly to changes in the earth’s atmosphere. In 1999, the Intergovernmental Panel on Climate Change published a report on the likely future impacts of emissions on the global climate. It concluded that, in 1992, aviation was responsible for 3.5 per cent of the total global contribution to climate change.81 This is forecast to increase to between 4 per cent and 17 per cent by 2050, depending on assumptions. The central range forecast was 6 per cent.82 The Royal Commission on Environmental Pollution estimates that by 2020 around 22 per cent of the total United Kingdom contribution to greenhouse gases will come from aviation.83

67. In November 2002, the Royal Commission on Environmental Pollution published a report on *The Environmental Effects of Civil Aircraft in Flight*.84 It concentrated on the contribution of aviation to climate change and concluded that:

“if no limiting action is taken, the rapid growth in air transport will proceed in fundamental contradiction to the government’s stated goal of sustainable development”.85

68. The United Kingdom Government has been at the forefront of initiatives to tackle global climate change and has set a goal of a 50% reduction in domestic carbon dioxide emissions by 2050.86 We expect it to treat climate change emissions from aviation equally seriously.

**Contribution of UK aviation to climate change**

69. The Department for Transport has estimated the relative importance of surface access to airports, domestic flights and international flights to carbon dioxide emissions now and in 2030 as part of the consultation.87 This is summarised below in Figure 4.

---

81 Intergovernmental Panel on Climate Change, *Aviation and the global atmosphere*, 1999
82 Royal Commission on Environmental Pollution, *The Environmental Effects of Civil Aircraft in Flight*, November 2002
83 Q797
84 *The Environmental Effects of Civil Aircraft in Flight*
85 Ibid., p 38
87 *Aviation and the Environment: Using Economic Instruments*
Emissions from international passenger traffic dominate the contribution of aviation to climate change. However, only emissions from domestic aviation are included within the national emission quotas set through the Kyoto protocol; “the responsibility for limiting or reducing greenhouse gas emissions from aviation bunker fuels [for international aviation] shall fall to the industrialised countries working through ICAO”. It is impossible to take unilateral action on climate change when only domestic aviation is included in national emission reduction targets.

**Emissions Trading**

There is widespread agreement amongst industry, environmental groups and the government’s leading technical advisors, that emissions trading offers the best long-term solution to control climate change emissions from aviation. An emissions trading scheme is a system whereby airlines can buy and sell permits to a capped quantity of greenhouse gas emissions. In this way, the aviation industry would be able to buy the right to produce emissions from other industrial sectors that could reduce emissions for a lower price than could be done by the airlines. There are many difficulties in establishing such a system, and none of our witnesses believed that such a scheme would be introduced before 2010 at the earliest. Although ICAO has been examining how an international scheme would work, progress has been slow.

---

88 ICAO, Aircraft Engine Emissions, www.icao.int
89 Q580, Q760, Q828, AVN97, Q760, Q828, BAA, Responsible Growth: Response to the Government Consultation, May 2003
90 Q828
91 The Environmental Effects of Civil Aircraft in Flight, p15
92 Q832, Q828, Q601
93 Q760
72. Other measures have been suggested such as a European emissions charge, a tax on aviation fuel and voluntary agreements with industry. The imposition of a fuel tax on aviation would have to be done at an international level. We do not believe that this is feasible. Even if it could be done, we do not believe that a tax on fuel would be enforceable. A fuel tax should, in theory, improve fuel economy but running a aircraft in ways which reduce fuel burn may increase nitrogen dioxide emissions that also contribute to climate change and local air quality problems. There is also a possibility that action here would make flying to or through other countries more attractive. As a global phenomenon, the point at which emissions are generated is largely irrelevant. This approach would therefore have little impact. The Sustainable Development Commission agreed.94 It suggested that an agreement on an EU wide emissions charge would be a sensible medium term step.95 The European Commission is already examining the principles of an emission charge that would cover carbon dioxide and nitrogen oxides.96 If the issue is addressed at the EU level, the United Kingdom aviation industry may not be unduly disadvantaged. However, the proposals are not advanced enough for us to consider further at this stage.

73. We recommend that the United Kingdom Government continues to pursue the development of an international climate change emissions trading scheme for aviation through ICAO. The United Kingdom cannot tackle climate change emissions from international aviation unilaterally and should not try to do so. Not only would this damage our industry, it would be ineffective in producing the emission reductions needed.

**Better air transport management?**

74. There are also local measures that could be used to reduce the impact of aviation on the global environment. Our airports are being used above their efficient capacity. In consequence, aircraft often join a stacking system when waiting to land at a busy airport, circling close to their destination. IATA estimates that at a European level 350,000 flight hours are wasted because of inefficient infrastructure and that adequate infrastructure would save between 10 and 15 per cent of fuel consumption.97 For example, the scheduled block time from London Gatwick to Edinburgh is now 90 minutes; 10 years ago, it was 60 minutes. The extra costs of inadequate provision of capacity by airports fall on the airlines, the consumer and the environment.

75. There is not enough consideration of how capacity should be managed to improve the environment.98 A shortage of capacity can itself harm the environment. The extra fuel and local pollution costs of aircraft waiting in stacks or on airport aprons are currently ignored in determining operating capacities. This must be wrong. The provision of extra runway capacity should be used to improve the environmental and operational efficiency of existing airports wherever possible. This should be reinforced by air traffic control approaches which reduce environmental impact and a realistic assessment of

---

94 Q767
95 Q768
96 IPPR, *The sky’s the limit*, May 2003, p44
97 Q583
98 Q1754
achievable capacity at an airport. The Government must provide clear guidance on how this will be achieved.

**Improving technology**

76. The fuel efficiency of aircraft more than doubled between the 1960s and the 1980s. A 1 per cent improvement in fuel efficiency per year to 2050 has been considered in developing the accepted climate change emission scenarios. This will not be easy to achieve; the rate of improvement has currently slowed to 0.5 per cent per year. However, this is not to say it is impossible. For example, Boeing has recently announced the development of a new efficient aircraft with very low operating costs. The ‘7E7’ is projected to provide reductions of 17 per cent in fuel consumption over the 767-300 and 20 per cent over the A330-200. Improvements in fuel consumption can lead to increases in nitrogen dioxides that contribute to local air quality problems and climate change. This is a further example of the difficult trade-offs we referred to earlier. Despite continued impressive improvements in fuel efficiency, it is widely accepted that reductions in climate change emissions from improvements in technology will be more than offset by increases from an expansion in aviation.

77. The Royal Academy of Engineering told us that there are technologies and options for changing air traffic operations to reduce environmental impact still further, although they are not currently economically viable. Technology could reduce the drag on aircraft by 15 to 20 per cent. Flying aircraft at 25,000 feet rather than the current 35,000 to 40,000 feet would provide a “step change in the effect on the environment”. However, this would require a changes to the way in which aircraft are operated and perhaps designed. In the longer term, it is possible that radical changes in aircraft design will reduce the environmental impacts of aviation. Such investment must be supported and the international community must agree standards and regulations which give airlines and aircraft manufacturers incentives to continue the impressive improvements they have already made.

**Local Environmental Issues**

**Noise**

78. New aircraft today are about four times quieter than those of the 1970s. This has led to a reduction in the number of people exposed to noise above the Government’s community annoyance threshold nationally from over 2 million to around 0.5 million today. However, the consultation suggests that after many years in which the number of people

99 *Aviation and the environment*, Report 195, Parliamentary Office of Science and Technology, p45
100 Intergovernmental Panel on Climate Change, *Aviation and the global atmosphere*, 1999
101 ‘Evolution’, *Airline Business*, April 2003
102 Q973
103 Ibid.
104 Q983
105 Ibid.
106 *Aviation and the environment*, Report 195, Parliamentary Office of Science and Technology. The community annoyance threshold is 57 dB(A)
affected by noise has declined and despite considerable further improvements in technology, the numbers will rise slightly where expansion is approved. Many of those forecast to be affected will be under new flight paths that would flow out of any new runway construction.

79. The Government has identified noise as “one of the most objectionable issues of airport development”. Although individual aircraft have become less noisy over recent decades, the frequency of flights has increased and is a source of significant community concern.

The impacts of noise

80. Noise can disrupt a range of activities, including conversations, thought processes and, most significantly, sleep. We received some evidence that it is not necessarily the sound of individual aircraft that is important but the frequency with which they passed overhead, particularly with respect to Heathrow. Professor Stansfeld of Queen Mary’s School of Medicine and Dentistry told us however, that the effects of the number of overflights had “not really been properly researched”. Some research has demonstrated some links between noise from airports and lower achievement in some aspects of education. However, studies around Heathrow based on achievement in the SATS tests failed to identify any significant deterioration in student performance. Professor Stansfeld told us that “it is very difficult often to separate out the effects of a pollutant like noise from the other effects of social disadvantage”.

Sleep Deprivation

81. Noise from aircraft during the day is a contentious issue. Noise at night is yet more so. In recognition of this, the Government limits the number of flights at night, the total noise from aircraft and bans the noisiest aircraft from flying out of Heathrow, Gatwick and Stansted. Other airports agree their own targets as part of general planning agreements. The Government’s stated approach is:

“to strike a balance between the need to protect local communities from excessive aircraft noise levels at night and to provide for air services to operate at night where they are of benefit to the local, regional and national economy”.

The European Court of Human Rights has recently found that it is legitimate for the Government to take into account the economic interests of the airline operators, other

107 Department for Transport, Local Government and the Regions, Guidance to the Civil Aviation Authority on environmental objectives relating to the exercise of its air navigation functions, January 2002
108 AVN 06
109 Q1034
111 Q1039
112 Department for Transport, Night Flight Restrictions at Heathrow, Gatwick and Stansted, April 2003
enterprises and the country itself in striking a balance between the competing interests of the individuals affected by night noise and the community as a whole.113

82. We note the potential for residents to be severely affected by noise from aircraft. It is also clear that the forecast rise in demand for overnight air freight as well as some passenger flights could place a significant pressure on noise exposure at night. A far greater degree of forward planning will be required to address the issue of night flights and adequate levels of environmental protection for residents. We review the impacts on the air freight industry further in Chapter 7. The White Paper must identify the extent to which night operations can expand at existing airports without compromising noise protection standards. This is likely to affect the location and nature of future development of the air freight industry.

**Noise regulation**

83. Internationally, ICAO sets standards for the noise emitted by aircraft during landing and take-off. Over time, new standards have been introduced and older aircraft that fail to meet these standards phased out. Even though the new generation of aircraft is considerably quieter than before, experts agree that the standards set are not forcing the development of new technology, although they are effective at removing older craft from the fleet.114 The new standard agreed for introduction in 2006 is 10 decibels lower than the existing standard. Whilst this corresponds to a halving of sound intensity, it is still less than the best that can currently be achieved, which is 24 decibels lower.115

84. Professor Cumpsty, the chief technologist at Rolls Royce plc., told us that the local noise regulations at Heathrow were driving the design of new aircraft:

> “Any aircraft which is now designed is likely to need to use Heathrow at some time, so it is an essential requirement that it meets the Heathrow quota count at a low level so that it can operate over a wide range of times” 116

85. He believed that local noise regulations should be made “as stringent as possible”.117 Our colleagues on the European Scrutiny Committee have reported concerns that a draft EU directive on aircraft noise could result in a relaxation of the noise regime.118 There is scope for international regulation to set maximum noise levels; beyond that, noise control is a matter to be decided in the light of local circumstances. European initiatives to provide environmental noise protection must not weaken existing United Kingdom regimes.

---

113 European Court of Human Rights, *Grand Chamber Judgement in the Case of Hatton and Others v The United Kingdom*, 8 July 2003; see also *Case of Hatton and Others vs. The United Kingdom*, Application no 36022/97, Judgement, Strasbourg, 2 October 2001
114 Q965, A. Depitre, Re-certification of aircraft to new noise standards remains an important issue, *ICAO Journal Volume 56*, 4, 2001, p14
116 Q945
117 Q1011
118 Seventh Report from the European Scrutiny Committee, Session 2002-03, HC63-vii
Other measures to reduce noise

86. There are a number of other technological measures that could be used to reduce noise. However, these are approaching their physical limitations and again may lead to increases in factors such as fuel consumption.\textsuperscript{119}

87. The Government’s land-use planning policies for noise are set out in Planning Policy Guidance Note 24: Planning and Noise.\textsuperscript{120} It recommends that planning permission is not given for housing where daytime $L_{eq}$ are above 66dB(A) and night-time levels above 57dB(A). At noise levels between 57 and 66dB(A) mitigation measures should be considered. Indeed, many major airports have schemes to provide insulation and double glazing to communities affected by aircraft noise.\textsuperscript{121}

88. Changes can also be made to operational procedures such as the use of reduced thrust in take-off. The Government has taken a view that the best way to manage noise from take-off is to establish narrow flight paths which all aircraft will use. Major airports monitor aircraft as they depart airports to ensure that they are compliant with the expected departure noise. Where they are not, they are fined and the money used to fund local community improvements.\textsuperscript{122} The extent to which aircraft follow their expected tracks is also monitored (known as track keeping).

89. Aircraft flying off-track are a source of annoyance, largely due to the unexpected nature of the noise. Whilst most airports monitor track keeping and investigate off-track events, only a small number fine airlines for going off track. At other airports, the most airlines can expect is a routine letter pointing out the failure to keep on track. We believe that this is not a powerful enough disincentive. Manchester Airport has applied to the Government to give them the statutory power to fine off-track aircraft. They told us in evidence:

"Airports have the power to fine on noise. They do not have the power to fine on track-keeping. While we place a lot of emphasis at Manchester on getting aircraft to fly down routes that are minimum-disturbance routes, obviously maximum-disturbance routes for some people. We have made huge improvements, through voluntary means, with airlines on that basis, but there are still a few rogues that you need an ultimate sanction to bring into line. So the objective is not to have a fining system with heavy fines; the objective is to have a fining system that encourages compliance."\textsuperscript{123}

Both the previous and the current Government have accepted the principle that airports should be given the statutory power to fine off-track aircraft, but failed to find the necessary parliamentary time. We recommend that the Government uses the next suitable legislative opportunity to provide airports with a statutory power to fine off-
track aircraft as a means of enforcing preferred noise routes and easing the impact on local communities.

**International Practice**

90. We were extremely impressed by the noise reduction regime practiced in San Francisco, when we visited that airport. The flight paths of all flights entering or leaving the airport were plotted, real time, on the airport’s computer system and the information was available on the internet. A series of microphones around the city recorded noise. Complaints of excessive noise at particular times could be plotted against the sound recordings and the flight paths, and the problem either matched to a specific flight or was shown not to be air related (sometimes people used the internet data for themselves, either to note a flight had been overhead at a particular time or to discount aircraft noise). There was a published league table of airlines for noisiness, which meant there was pressure to reduce noise (although very long haul aircraft always scored badly). The openness of the San Francisco regime appears to have deflected much criticism; we were told that the number of complaints had fallen dramatically since the new system was introduced.

**Noise conclusions**

91. As technology has improved, the number of people exposed to excessive levels of aircraft noise has declined. However, this does not mean that noise has ceased to be a problem. The expansion of airports to accommodate an increasing number of flights will lead to an increase in the number of people exposed to noise above the current annoyance threshold. The Government must ensure that noise around airports is kept to reasonable and acceptable levels. That will require a mixture of prevention, mitigation and compensation measures.

92. In our visit to the US, we saw a range of ways of dealing with aircraft noise. The most extreme was the purchase and demolition of properties which were unacceptably affected by noise; others included measures to ensure good track keeping, to encourage the use of quieter aircraft and the to promote of good community relations. A similar range of measures should be available here.

93. The best approach to managing noise and other environmental problems must be to:

- ensure that future airport master plans and associated land-use recognise the need to separate residential areas from major noise nuisance sources;
- ensure long-term agreements over the noise limits to which local communities can be exposed, particularly in respect of night flights;
- offer adequate compensation to people affected by new development or significantly expanded use;
- provide high quality insulation and mitigation measures to protect those people living in noise affected areas; and
• use penalties collected for breach of noise and other environmental standards for the benefit of local communities.

94. We are disappointed by the lack of research to inform our inquiry over matters such as the trade-off between reduced levels of noise from individual aircraft versus the increased numbers of flights. The Government must invest more to determine acceptable local environmental noise limits.

95. Airports and air traffic control can do more to reduce the noise impacts of their operations. **Major airports must adhere to a series of key environmental performance indicators.** This should include compliance with noise standards. We recommend that major airports should investigate the possibility of setting up noise tracking systems, such as that in operation in San Francisco.

**Air Quality**

96. The United Kingdom has developed a **National Air Quality Strategy** which sets out health-related standards of air quality which should not be breeched.\(^{124}\) The key pollutants of concern at airports are nitrogen dioxide and particulate matter (PM\(_{10}\)).\(^{125}\) Whilst the National Air Quality Strategy provides objectives for air quality which local authorities are required to work towards, there is no way to prevent many of the activities which cause the standards to be breached. However, under EU legislation, in 2010 there will be mandatory limits on several pollutants. The United Kingdom Government will then be obliged to ensure that critical sites are not exposed to exceedences of these limits.\(^{126}\) Professor Laxen told us that the EU limits placed a constraint on airport development and he could not “see how any expansion could be allowed if it was known or expected that the limit value was going to be exceeded”.\(^{127}\)

**Who is affected?**

97. The Government’s consultation documents have provided estimates of how many people will be affected by poor air quality under a range of different expansion options. The Department believes that if control and mitigation measures are taken, all airports apart from Heathrow can be expanded without breaching air quality standards.

98. At Heathrow, the Department estimates that up to 35,000 people might be affected. Professor Laxen gave us several reasons why air quality at Heathrow was more of a problem than at other sites:

“One is it that it is the largest airport in the country, significantly larger than the other airports, so there are more emissions from the aircraft. Secondly, it is on the fringe of London which itself is a large source of emissions of these pollutants, so the background concentration is higher in the area. Also in the case of Heathrow it has

---

\(^{124}\) [www.defra.gov.uk/environment](http://www.defra.gov.uk/environment)

\(^{125}\) Q1015, Q1025

\(^{126}\) South East Consultation, p47

\(^{127}\) Q1015
got the M25 and M4 motorways, so there are a lot of traffic emissions contributing to that area as well, so it is a combination of those factors.”

**Quality of the forecasts**

99. The estimates of air quality effects are based on assumptions about emissions for key sources, background levels and dispersion in the atmosphere. Uncertainty exists in all parts of the process. Measurements from real data sites are used to try and ensure that the modelled results match reality. Professor Laxen told us that “at Heathrow Airport the main monitoring site is located just to the north of the northern runway. It is very close to the boundary fence, but it is probably still some 50 to 100 metres away from the residential areas, so it is a worst-case location in terms of identifying impacts from the airport, but it is not relevant in terms of exposure.”

100. The consultation document states: “Another runway at Heathrow could not be considered unless the Government could be confident that the levels of all relevant pollutants could be consistently contained within EU limits”. BAA have examined the assumptions made by the Department for Transport in drawing up the air quality assessment around Heathrow. Their assumptions reduce the number of people exposed by one new runway to between 1450 (under BAA’s optimistic assumptions) to 13500 (under its conservative assumptions). The Secretary of State told us that the Department would look again at both forecasts and try to understand the differences.

101. The Government cannot take decisions about future expansion at Heathrow or any other site if it does not have a robust understanding of the air quality assessments on the site. The Department must ensure that those assessments are soundly based, and must do so quickly.

**Other local environmental issues**

102. The 1998 Integrated Transport White Paper states that:

“For all environmentally sensitive areas or sites there will be a strong presumption against new or expanded transport infrastructure which would significantly affect such sites or important species, habitats or landscapes”.

This includes Sites of Special Scientific Interest, National Parks, Areas of Outstanding Natural Beauty, National Nature Reserves and National Scenic Areas in Scotland. The White Paper goes on to say that a scheme which would significantly affect one of the above could only go ahead if the benefits of such a scheme clearly overrode the environmental

---

128 Q1048
129 Q1020
130 South East Consultation, p58
131 BAA, Responsible Growth, p51
132 Q1833
134 Ibid.
impacts. There should be no other alternative to development and all reasonable steps should be taken to mitigate any impact.\footnote{Ibid.}

103. The consultation documents highlight a number of impacts from each of the runway options. These range from the need to demolish Grade 1 listed buildings through clearing areas of protected woodland to the Cliffe proposal which would impact on several nationally and internationally designated nature conservation areas.\footnote{The Council for the Protection of Rural England, \textit{The threat posed by airport expansion}, March 2003} Decisions taken on which, if any, runways to approve will include these factors as well as noise, air quality and climate change.\footnote{AVN 32, AVN 45. The South East Consultation also sets out the employment, housing and land use changes that the options might bring which will also have impacts on the environment.}

104. We note that any airport development is going to entail some damage to existing heritage or ecological sites of importance. The level of impact will vary between sites. The Royal Society for the Protection of Birds told us that the Cliffe option would represent “the biggest act of wild life destruction that the United Kingdom has seen”.\footnote{Q846} It is also self-evidently not possible to recreate environments such as an area of ancient woodland.\footnote{AVN 45} However, habitat relocation can be a successful way of mitigating expansion impacts at some airports.\footnote{Q850} There may also be ways to change runway alignments to protect some buildings of importance.\footnote{BAA, \textit{Responsible Growth}, p50}

105. Whilst it is not for the Committee to make judgements about the different impacts of individual schemes we can make some generalised observations. A new airport on a greenfield site would have huge environmental impacts, not only in itself but because of all the associated surface access and development which would accompany it. The Government’s Integrated Transport White Paper says that there should be no viable alternative were such an expansion to take place. We believe that expansion at or near existing sites, where appropriate, is a viable and more practicable solution. We therefore suggest that the Government could minimise the heritage and ecological impacts of expanding airports by:

- Making best use of existing facilities;
- Expanding existing airports on a case by case basis; and
- Dismissing the construction of new major airports on greenfield sites.

\footnote{135 Ibid.}
5 UK Industry Structure

106. One of the aims of the 1985 White Paper was “To foster a strong and competitive British airline industry by providing enough airport capacity where it is needed”. We contrast this with the Government’s acknowledgement in 1999 that “At Heathrow and Gatwick, all the peak period and most of the off-peak runway capacity is already used up” and that “over the next few years peak hour constraints will increase at Stansted”. The current structure of the United Kingdom airport industry in the South East has manifestly failed to achieve the Government’s objectives. In spite of the capacity constraints faced at Heathrow and Gatwick we have a competitive airline industry. It is based on openness, and the principle that rather than having a national carrier, many airlines will be encouraged. The strength of the industry is to airlines’ credit.

107. We are very concerned that if the Government does not make changes to the structure of airport ownership and/or regulation, today’s problems will occur again in ten or fifteen years. We review the changes that are necessary in this chapter.

Airport ownership and regulation

108. In 2000, the South East had 65 per cent of the United Kingdom passenger market. 93 per cent of passengers handled in the South East were at the three main airports of Heathrow, Gatwick and Stansted, all owned by BAA. BAA also owns the two largest airports in Scotland (Edinburgh and Glasgow) amongst others. BAA and the Civil Aviation Authority (CAA), therefore have therefore played an important role in determining capacity developments to date and will have a key role in developments for the future. Because of its dominant market position, BAA is regulated by the CAA. We review their performance below.

BAA

109. Many witnesses claimed that BAA’s control of the three major South east airports had led to it being unresponsive to market demands, encouraging greater use of Stansted rather than addressing the problem of lack of capacity at Heathrow and Gatwick. It has also meant that BAA has little incentive to take the long view about developments at particular sites. BAA told us that it has provided as much extra capacity as was possible under the terms of the previous White Paper. BAA believes that it would have been difficult to obtain planning permission for a new runway when “the existing runways were not being fully utilised because there was a shortage of terminal capacity.” This statement is extraordinary. Is it really the case that no new runways can be built until the existing capacity is full? After all, it takes at least 10 years to build a runway. What happens in the

142 Department of Environment, Transport and the Regions, The Government’s Response to the Environment, Transport and Regional Affairs Committee Report on Regional Air Services, Cm 4257
143 AVN 94, AVN 44
144 Q282
145 Q285
meantime? Manchester Airport brought forward its proposal for a second runway whilst the first runway was running at about 60 per cent of its maximum capacity.146

110. As the main airport operator in the South East, where capacity shortage is at its most acute, we expected BAA to present clear proposals for the provision of runway capacity. However, it has failed to do so. Instead it has suggested four runway sites (Heathrow, Gatwick and 2 options at Stansted) from which it requests the Government to select up to three.147 In no way does this provide a strategic direction for airport expansion. BAA told us when we visited Heathrow that the regulatory framework, which gives the same return on capital no matter where development was based, provides no incentive for the company to provide capacity in the areas where demand was strongest.148 This would strongly suggest that the regulatory regime has failed to achieve the White Paper objective of supporting “the leading position of Heathrow and Gatwick among the world’s major international airports and interlining centres”.

111. There are a number of other significant factors which mean that BAA has not been able to put forward a preferred plan. First, at the time of the Terminal 5 inquiry, the Planning Inspector reported that BAA had given evidence that “construction of a further runway was not a practical proposition and indeed not the right thing to do because of its environmental disbenefits. They [BAA] argued that all the evidence in the inquiry pointed firmly against a further runway at Heathrow and invited me to recommend this to the Secretary of State”.149 Three years later, BAA wrote in its response to the Government’s consultation that “A scheme for a short, 2000 metre runway at Heathrow should be included in a shortlist of four possible sites from which the Government should select up to three in the White Paper. Our preliminary analysis suggests that such a scheme would be financially viable and fundable”.150 The economic analysis in the paper claims a Heathrow runway has the greatest economic benefits and the shortest pay back time. However, BAA has left it to the Government to decide whether the environmental measures required to implement the runway are feasible.151 BAA also told us that it would not seek to overturn the 1979 agreement, which restricts runway development at Gatwick until 2019, unless the Government instructed it to do this.152 However, this does not preclude development at Gatwick after 2019.

112. BAA appears to be hiding behind the Government by recommending four options including Heathrow and Gatwick and inviting Ministers to pick “up to three”. The fact that BAA is trying to force Government into this difficult choice unguided does not absolve it of responsibility. At best the company was culpably short-sighted when it told the Terminal 5 inquiry that an extra runway at Heathrow would be unacceptable for environmental reasons; at worst it was wilfully misleading.

146 www.manchesterairport.co.uk
147 BAA, Responsible Growth, p2
148 Transport Committee, Sixth Report of Session 2002-03, Aviation, HC 454-II, forthcoming
149 R. Vandermeer QC, The Heathrow Terminal 5 and Associated Public Inquiries Main Report, Para 8.5.2
150 BAA, Responsible Growth, p6
151 Ibid., p38
152 Ibid., p60 and Transport Committee, Sixth Report of Session 2002-03, Aviation, HC 454-II, forthcoming
Civil Aviation Authority

113. The 1986 Airports Act gives the Civil Aviation Authority the following obligations:

a) “to further the reasonable interests of users of airports within the United Kingdom;

b) to promote the efficient, economic and profitable operation of such airports;

c) to encourage investment in new facilities at airports in time to satisfy anticipated demands by the users of such airports; and

d) to impose the minimum restrictions that are consistent with the performance by the CAA of its functions…”.

114. The analysis in chapter 2 shows that the CAA has largely failed in its duty to ensure “investment in new facilities at airports in time to satisfy anticipated demands by the users of such airports”. It takes at least ten years to obtain planning permission and build a new runway. Any new capacity will certainly therefore not be “in time” to satisfy demand. It has also been forecast that were a new runway at Heathrow to be built, it would be full from the year it opened, providing no breathing space.

115. As we point out above, BAA believes that the current regulatory regime does not provide any incentive to improve capacity at any particular airport. However, the CAA has to some extent been frustrated in its attempts to improve its economic charging regime. The Competition Commission also examines the CAA’s review of charges. The industry is subject to two bodies, each of which incurs significant costs. In the last review, the two bodies came to different views on the use of dual till charging, where commercial activities are treated separately from air service charges. The CAA supported the use of dual till, which our commissioned research showed is in operation in Schiphol and Frankfurt, but the Competition Commission opposed it and single till was retained. Without entering into the rights and wrongs of the decision we consider that a regulatory system in which two bodies do the same job twice, and wrangle over the extent of one another’s powers and responsibilities, must increase the costs of regulation. Still more significantly, it must act as a considerable barrier to a clear, coherent policy on aviation, which is essential for the future of the industry. The relationship between the CAA and the Competition Commission needs to be resolved.

Implications for the Government’s policy

116. The current system has failed to provide adequate incentives to bring forward runway proposals. Some of this is the fault of Government, which should have prime responsibility for ensuring essential infrastructure is provided. In 1999 it stated: “It does not expect BAA, or any other airport operator, to take the lead on major strategic

---

152 Airports Act 1986, s.39(2)
154 South East Consultation, p53
155 CAA charges to BAA and Manchester airport rose by 81% and 95% between 1994-1995 and 2002-03. The cost of the most recent Competition Commission reviews is estimated at £1,415,000 for BAA and £1,513,000 for Manchester Airport (AVN 78A).
156 CAA, Heathrow, Gatwick and Stansted Airports’ price caps 2003-2008: CAA recommendations to the Competition Commission – also need Competition Commission response ref
decisions, such as whether further runway capacity should be provided and if so where.”157 This must be rectified through the White Paper. The remainder appears to be the result of the dominant monopoly supplier of airport capacity in the South East behaving as a monopolist and restricting supply. The CAA has not shown us that it is capable of providing the right framework in which to encourage runway development where it is needed as it is required to do. Whilst it is tough on BAA in keeping landing charges down (which also supports high demand), we do not believe that it has furthered the interests of all airport users in the United Kingdom nor provided for timely and appropriate capacity development.

117. In July 2000, the Department said:

“As the BAA London airports handle the great majority of air traffic passing through the UK, an important consideration was whether separating the ownership of these airports would generate competition between them and deliver passenger benefits. The conclusion was that the scope for such competition was currently constrained by the lack of unused capacity in the system, and by the planning regime, which means that decisions on whether there should be substantial new airport infrastructure in south east England will in practice be a matter for Government. If the BAA airports were in separate ownership at present, it is unlikely that they would be able to compete more vigorously for new traffic than they already do. The Government has therefore decided that for the time being it will not pursue further the possibility of breaking up BAA.”158

We believe that the dominant position of BAA means that the ownership structure of the United Kingdom’s airports is deeply flawed. It is ineffective and inappropriate to have a single private sector operator controlling such a large part of our aviation infrastructure. If the Government is wedded to the idea of maintaining BAA in its current form, it must undertake a thorough review of the way in which it is regulated. The regulatory system should align BAA’s airports development policy with Government policy including regional development, access and associated environmental objectives rather than abstract economic theory. The Government must not assume that extra capacity in the South East should be provided by BAA. In our view it would be more appropriate to break up its monopoly.

118. The Secretary of State told us in effect that the Government expects to set the policy framework, and then leave subsequent development to the market.159 He was quite clear that “the government is not going to build airports.”160 However, it is also clear that, as far as capacity in the South East is concerned, “doing nothing is not an option”.161 The Government has a vested interest in knowing what the market is most likely to support. At the extreme case, if the Government believes extra capacity is necessary, then there is no benefit in proposing an option which will not be supported. More realistically, the closer

157 Department of Environment, Transport and the Regions, The Government’s Response to the Environment, Transport and Regional Affairs Committee Report on Regional Air Services, Cm 4257, para 22
158 The Future of Aviation: The Government’s consultation document on air transport policy, para 220
159 Q1783
160 Q1784
161 Q1916
the fit between the industry’s wishes and the Government’s options, the more likely capacity is to be developed quickly. This does not mean that Government would or should find industry preferences an overwhelming factor. There may be sound public policy grounds in aviation, as in other sectors, for rejecting industry’s favoured option, Government may wish to meet broader economic or social policy objectives such as securing regional access. But it must be helpful to know what the industry’s preferred option is. BAA’s refusal to come forward with its own clear plans for expansion suggest the structure of the airports industry is deeply flawed. If the important decisions about how much capacity is required and where it is to be located are to be made by the Government, it must ensure that what is built fulfils the purposes for which it was intended. In other countries, Governments play a prime role in developing airport infrastructure and this has been shown to be effective. The Government should also take a leading role here and provide financial support if necessary. At the very least, there must be a unit in the Department for Transport charged with ensuring that Government policies produce real results.

6 International Issues

119. Aviation is an international industry, and is regulated internationally. Much of that regulation rests on the 1944 Chicago convention, which continued nation states’ control of air space, recognising “that every State has complete and exclusive sovereignty over the airspace above its territory” (Article 1). In addition, as a member of the European Union, the United Kingdom is bound by European law. As we have already noted in our discussion of environmental issues, many matters can only be properly resolved at the international level. This chapter deals with some of those issues.

Air Service Agreements and the European Union

120. The Chicago convention is framed on the assumption that every aircraft “belongs” to a particular nation state. Countries agree among themselves what rights they will give to one another’s aircraft to operate within one another’s airspace. The principles of these Air Service Agreements (ASAs) have been examined by this Committee’s precursor. In 2002 however, the European Court of Justice ruled that certain provision in bilateral air agreements between EU countries and third countries, particularly the USA, contravened community law. As a result, the Commission demanded that member states should denounce their existing agreements, and surrender negotiating competency to the EU.

121. Mr Benyon and Mr Van Hasselt of the Commission explained to us that the Commission had provided a form of words on the nationality clauses; Member States would seek to re-negotiate their bilaterals with countries other than the US to include this provision. Existing ASAs would remain in force while the negotiations were progressing, but, if agreement could not be reached Member States might have to denounce existing agreements. There are over 160 states with bilaterals with EU states.

162 Environment, Transport and Regional Affairs Committee, Eighteenth Report of Session 1999-2000, Air Service Agreements between the United Kingdom and the United States, HC 532
122. The Commission’s aspirations for an agreement with the US are far more ambitious. As the Press Release after the Council said:

“The Council’s mandate envisages a comprehensive liberal agreement allowing carriers from both the European Union and the United States to provide air services on a fair and equal basis.

Negotiating guidelines for the Commission are annexed to the Decision, listing a large number of matters which could be included in such a comprehensive agreement. Examples of these areas include market access, ownership and control, leasing, convergence on the application of competition rules, safety and institutional arrangements.”

**EU-US Air Service Agreements**

123. The majority of our witnesses were strongly in favour of widely based negotiations with the US. The Chief Executive of easyJet felt that European experience could be used as an example of what could be achieved in a global context.163

124. The US and the European industries are extremely different, as we confirmed on our visit to the US. At the time of our visit, Congress was considering a second package of aid to the airline industry in the wake of September 11th. Cumulative state support for the industry for the disruption caused by September 11th has now reached some $10bn dollars and may increase further. In addition, considerable amounts of state and federal funding go toward airport infrastructure. The FAA funding request for financial year 2004 is around $14 billion. Its funding for 2003 is shown in Table 5. This compares with £16 million in the UK requested for aviation in the Supply Estimates for 2003-04.164

**Table 4: FAA funding request 2004**

<table>
<thead>
<tr>
<th>Area of Expenditure</th>
<th>$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>7,591</td>
</tr>
<tr>
<td>Facilities and Equipment (includes ATC equipment)</td>
<td>2,916</td>
</tr>
<tr>
<td>Research</td>
<td>100</td>
</tr>
<tr>
<td>Airport Improvement Programme</td>
<td>3,400</td>
</tr>
</tbody>
</table>

*Source: FAA*

125. Many commentators consider the US rules obliging US Federal officials, recipients of federal funds and their contractors to use US carriers under the terms of the “Fly America rule” and the US Government support to US carriers for emergency airlift via the Civil Reserve Air fleet requirement (CRAF) to provide further evidence of support.165 US airlines

---

163 Q1308  
164 *Central Government Supply Estimates 2003-04*, HC 648, p105  
165 Select Committee on the European Union, 17th Report of Session 2002-03, “Open Skies” or Open Markets? The effect of the European Court of Justice (ECJ) judgments on aviation relations between the European Union (EU) and the United States of America (USA), HL Paper 92, Ev 62
not only benefit from more generous state support. The nationality based structure of the Chicago convention is used strongly to their advantage. The impact of liberalisation means, for example, that British stakeholders control only about 50 per cent of BA shares.\footnote{166} In contrast, US law requires that at least 75 percent of the voting stock of a US airline must be owned or controlled by US citizens. We were told that the administration was considering relaxing this slightly, to allow foreign ownership of up to 49% of a company’s stock, but securing support for such a change would be politically difficult.

126. Most of our witnesses considered that the American version of open skies would not produce any benefit to Europe. Mr Eddington told us “I do not think many airline chief executives in places that have open skies agreements with America genuinely feel they have increased access to the US market”.\footnote{167} Mr Steve Guynan, of the British Cargo Airlines Alliance, summed up the most optimistic alternative:

“What we mean by truly open skies is a genuinely liberalised combined joint market of the EU domestic market and the US domestic market with all carriers from both sides being able to operate freely within the combined area. ... The benefits to be had there are quite considerable. First of all we will get access to the US domestic, we will get access to the wet leasing market, the ownership and control regulations will go and there will be a gradual harmonisation of working time regulations and safety harmonisation as well. There is plenty there to be had.”\footnote{168}

bmi was, however, sceptical about some competitors’ enthusiasm for liberalisation, believing it was a delaying tactic to protect arrangements which currently worked to their advantage.\footnote{169}

127. Even if full liberalisation is not possible, it is certainly in the United Kingdom’s interest to press for something more than current arrangements. It is clear that the “Open Skies” agreements promoted by the United States are greatly to that country’s advantage. As Mr Humphreys of Virgin Atlantic put it “I am afraid the United States lectures the world on the benefits of competition but is in fact highly protective when it comes to aviation”.\footnote{170} The negotiating proposals being developed by the EU are far more balanced. A Transatlantic Common Aviation Area would offer benefits to both parties. If the US, which accounts for 40% of the global market, wishes the EU to open its market to US carriers it must be prepared to open its own market and make concessions to ensure that airline competition takes place on even terms.

**Conduct of Negotiations**

128. In principle, the EU should have the weight to engage in negotiations with the US as an equal partner – “If you are taking on an elephant, it is good to be an elephant as well”, as Mr Morris, of IATA, put it.\footnote{171} However, although we support the principle of a truly
reciprocal arrangement with the US, we are far from convinced that the EU will be able to negotiate it effectively.

129. EU officials told us:

“the way this will work is that Member States participate in the negotiations, in what is called the Special Committee, they are in all phases of the negotiations, and as we go along we will need to discuss with them the details of the mandate, how, in practice, are we moving things forward. The broad objective is now agreed by the Council, the details need to be worked out as we go along.”

130. There are a number of matters which are fundamental, and which the Government must give priority in the Special Committee. Any pan European negotiation would have to deal with the high demand for slots at Heathrow, the prize in any open skies negotiation. London still serves more destinations in the USA, with a higher number of flights, than its continental competitors. Heathrow serves some 27 destinations in the USA with 742 frequencies a week. The nearest European competitor is Frankfurt which serves 21 destinations but only offers 293 frequencies. These figures have not changed much since the previous Committee came to the following conclusions:

“the Government should be alive to the fact that some of those who have been successful under the current regime may try to ensure that Bermuda II is retained, perhaps by seeking in exchange for a more liberal regime concessions that the United States refuses to give, or that the UK cannot offer. Second, given the strong position the UK currently enjoys, the Government should be extremely careful to ensure that a new agreement will bring substantial benefits to the UK’s airlines and consumers, and to the economy as a whole, and that, if access to Heathrow for US carriers is liberalised, significant reciprocal benefits in the shape of access to the US domestic market for both passenger and all-cargo British carriers such as full wet-leasing rights are obtained.”

These concerns remain valid.

131. The United Kingdom Government’s negotiating position should take account of the fact that national airlines dominate the slots in Schiphol, Frankfurt and Charles de Gaulle, while Heathrow is open to a far greater range of traffic. Any negotiation should seek to protect the strong position that the United Kingdom has achieved in Europe in its air service relations with the USA.

Timing of Negotiations

132. We were also concerned at the Commission’s apparent priorities. We were told that the first aim would be to rectify the legal anomalies caused by the nationality rule. The negotiation of a wider agreement would take longer. A two-stage approach could

---

172 Q2000
173 Q81
174 Data from analysis of OAG timetable 1992-2003
175 Environment, Transport and Regional Affairs Committee, Eighteenth Report of Session 1999-2000, Air Service Agreements between the United Kingdom and the United States, HC 532
consolidate US advantage, entrenching existing agreements which favour the interests of its airlines rather those of its partners. The United Kingdom Government must use the Special Committee to ensure that the Common Aviation Area benefits all parties, and does not undermine the United Kingdom aviation industry and the position it has achieved.

**Freight and ASAs**

133. While we were in the US, both the integrators we met (UPS and FedEx) stressed the difficulties the lack of an open skies regime caused their United Kingdom operations. Because the current ASA between the United Kingdom and the US does not allow freight operators to pick up goods in the United Kingdom and fly them on to a further European country, this had to be done by European partner companies. We were told this was both a barrier to business efficiency and a disincentive to the expansion of operations in the United Kingdom.

134. On the other hand, it was clear that European integrators (DHL and TNT) were not in favour of opening the EU further to competition when the US market remained closed. We understand their concerns. This must be among the matters which will now fall to the EU to negotiate.

**Consolidation in the airline industry**

135. Many observers believe that the airline industry would benefit from consolidation. Some proponents felt the United Kingdom industry was well placed to take advantage of such consolidation. More radically, Ray Webster of easyJet, argued that consolidation would benefit the customer and the economy as a whole even if a state lost its airlines:

“At the end of the day it is the consumer achieving what they need to achieve in business or leisure that creates wealth, it is not the airlines. The airline is a very small part of the equation. We have got to stop thinking about wealth creation through the airline and think of the bigger economic benefit that is gained here. Who owns the airline I do not think is particularly relevant, quite frankly. Is Brussels better off having its own airline that is bankrupt or would it be better served by a range of carriers operating into Belgium on a more reliable basis?”

136. Because the Chicago Convention is based on the concept of nationality, rather than consolidation, airlines have formed alliances to co-operate with one another. The alliances can dominate one particular market; consolidation might be expected to lead to more competition between carriers rather than the alliance system.

137. Whether or not consolidation in the airline industry would have the benefits claimed, it is clear that the nationality requirements of the Chicago Convention do not sit easily with the European moves to a free or free-er market. Mr Webster asked “Why should the airline industry remain protected when virtually every other industry has had the mantle of protection removed over the last 20 or 30 years?” Policy makers may eventually conclude

176 Q1317
177 Q1314
that special protection is necessary, if not for individual countries’ airlines, then for those within areas such as the EU, but such a decision should be taken on considered grounds. The Chicago Convention has been an extremely useful international tool, but its assumptions about airline nationality no longer reflect reality, and hinder the development of the industry. We were told that the United Kingdom, supported by a majority of EU members, was trying to “move the provisions of the Chicago Convention a little bit very, very recently in ICAO in a global conference… in relation to ownership and control.”

We support the United Kingdom’s attempts to redraw the Chicago Convention restrictions on ownership and control; however, we note that consolidation alone will not make the airline industry more successful or profitable.

EU Membership Of ICAO

138. The European Commission has recently proposed that it should have a seat on ICAO Council. This has been opposed by Member States on the grounds that the six seats on Council currently held by EU member states would be reduced to one.179

139. Mr Benyon made it clear that there were already cases when the community acted on behalf of all member states; lack of a seat on Council does not seem to have inhibited this process.180 The Commission is now pushing for a solution in which it has a seat on ICAO Council in addition to the seats already held by Member states.181 It hopes that the EU states already represented have sufficient influence to make this possible.182 Mr Van Hasselt told us that EU membership of ICAO Council would affect member states since they:

“would have to co-ordinate more in every issue where there is Community law. Today, they receive their instructions from their capitals, then they would sit around the table, co-ordinate their positions on each issue where Community legislation is being affected.”183

Mr Van Hasselt also told us:

“I do not understand why there is so much concern. The Member States represented in ICAO, we pay about 35 per cent of the ICAO budget, we are a strong voice in ICAO, and I believe that if we co-ordinate our positions better our influence will not decrease but increase, we would be seen more as an important, unified power in many issues that are being discussed in ICAO.”184

140. We agree that it would be bizarre to agree to a change in ICAO membership which reduced the collective power and influence of member states from the EU itself. Unlike the Commission, we completely understand Member States’ concern about EU membership of ICAO. At the very least, preceding a tortuous round of negotiations in ICAO with an equally complex round of negotiations within the Union is as likely to

178 QQ1036-7, Q1944
179 Q1987
180 Q1982
181 Q1988
182 Q1989
183 Q1988
184 Q1989
diminish the Union’s effectiveness as enhance it. Member states have demonstrated that they are willing to act through the EU at ICAO; they should retain the discretion to decide when it is appropriate to do so.

A market in slots?

141. At present, the allocation of slots in EU countries is governed by the IATA scheduling procedures and EC Regulation 95/93 on Common Rules for the Allocation of Slots at Community Airports. Slots are allocated to airlines without costs, but there is a secondary market in slots at congested airports. 185 Although the procedures are at least clear, and reasonably consistent, there is widespread agreement that they could be improved.

142. Briefly, slots are allocated once a season (twice a year). Airlines have “grandfather” rights to slots they have flown in the previous season; any they do not fly for more than 80 per cent of the season must be returned to the pool. Airlines request slots from the airport co-ordinator. Half of any new slots created are reserved for new operators.

143. It has been suggested that a market in slots might be a more efficient way of allocating capacity, and indeed, one of the issues in any negotiation with the US will be who owns the ‘slots’ for landing at capacity constrained airports. The European Commission told us that it believed airlines had no property rights in slots but would not share its legal advice with us. 186 It proposed that slots should “constitute entitlements to access the airport infrastructure at specific times of the day during the scheduling periods.” 187 Mr van Hasselt told us that there was as yet no final proposal for change, but “We want to keep the possibility open that the slots become the full right of the Government or of the airport or of the airlines buying it; those are elements of the trading mechanism to be introduced”. 188

144. There is clearly considerable legal uncertainty about this, and the Department for Transport provided us with a summary of the legal arguments. 189 The CAA told us that:

“it is clear there is a form of property rights that the airlines have. They have a right under the European Community Regulation where they have been allocated and used the slot in one summer or winter season to do so in the subsequent one, that is a form of property right. Whether it means they own them in the sense you are talking about is more difficult”. 190

Mr Kehoe, Managing Director of London Luton Airport considered that “the state, the airport authority, the airline, the region in which the passengers originate and the passengers themselves” all had an interest. 191 Ms Burns of Manchester Airport Group told us that airports “having invested in the concrete that creates the slots in the first place, have

---

185 For details of the slot allocation system, see Environment, Transport and Regional Affairs Committee’s Eight Report of Session 1997-98, Regional Air Services, HC 589-I, para 83-4.
186 Q2048-2056
187 AVN 57A
188 Q2039
189 AVN 57A
190 Q1644
191 Q390
145. In reality, the airlines have operated a “grey market” in slots for many years. However, they will not necessarily sell surplus slots on the open market. The slot allocation rules favour new entrants when slots are redistributed, so airlines may be wary of giving up slots they cannot use for their full economic benefit. In addition, operation of a slot at a congested airport can be used to squeeze rivals out.

146. The EU is currently sponsoring a study on slot trading, which is expected shortly, and will inform future policy. Although long term EU policy is to create a “transparent market in slots”, in the short term it seeks revisions to current regulations which would make secondary trading illegal. Mr van Hasselt explained:

> “until we have made that a transparent market in which all carriers can participate, we think it improper that some airlines trade slots between them, presumably not with a competitor but among friends… a market mechanism should be introduced but that should meet certain requirements of transparency and on discrimination and clarity… in the interim the ongoing grey market, as it is called, creates a fait accompli which, from our point of view, is not proper because it is not in conformity with the current rules.”

147. We do not understand why the Commission wishes to make trading in slots illegal while it works up a policy to make such trading legal. As we have seen, the bias in the allocation system toward new entrants gives slot holders an incentive to hoard slots; secondary trading at least gives some incentive to release slots which an airline cannot use to best advantage.

148. We agree that airlines should have no fundamental property rights in slots. A market in slots would have to be coupled with measures to ensure wider economic interests were also protected. Slot allocation systems should allow slots to be used for the benefit of the region around the airport and for the benefit of peripheral regions which need transport links. This is not to say that slot trading should necessarily be forbidden. However, the economic interests served by a market in slots will be those of the airlines and, by proxy, their most lucrative markets. Legal certainty about ownership would be essential to make such a system work.

**Air Traffic Control**

149. It is essential that any new runway proposals put forward can be accommodated within the requirements of both National Air Traffic Services and CAA Directorate of Air Space Policy criteria. The Committee accepts that some modification of air space will be required and is feasible. We are reassured by both the NATS submission to SERAS and the Government’s consultation in this regard which says:

---

192 Q466
193 COM(2001)335 final 2001/0140
194 Q 2099
195 Q 2038
“The broad conclusion reached from the modelling work was that for all scenarios the additional ATMs could be accommodated with changes envisaged to the structure and management of airspace within the London Terminal Control Area (LTMA). Although these changes would require substantial time and resources for design, simulation and phased implementation, we are confident that the difficulties are not insuperable and any additional capacity could be accommodated.”

150. The Guild of Air Traffic Controllers and Prospect were clear that far more work needed to be done, in particular, on how expansion would affect the interaction between airfields. We expect, as a matter of urgency, further work on ATC and the interaction between various options to be done, to ensure the White Paper is soundly based.

151. We were told that the change in the pattern of use in South East air traffic, as no frills airlines increased the usage of Stansted and Luton meant that “the air space change process is also not keeping up any longer”. This has led to aircraft flying off the most desirable routes.

152. Constraints in the resources available for air traffic control have also led to the postponement of work on continuous descent approaches at Heathrow, which had been well advanced. As we heard in the US, approaches like this minimise environmental impacts and have advantages for operators, increasing fuel economy.

153. We are also aware that there is the potential for development in Air Traffic Control. For example, moves to implement the single European Sky will transform management of airspace across national boundaries. New technologies will allow data to be shared between air traffic controllers and pilots, and flights may be managed “gate to gate”. The United Kingdom will need to have the expertise to handle this. We were encouraged to be told that “the UK is fortunate in that it is actually rather farther ahead with this than you would believe, because NATS is not very good at promoting itself in this area”.

154. New runway development cannot be considered apart from airspace development. The lack of runway capacity is already worsening the current Air Traffic Control management situation as aircraft are required to hold rather than land or take off. Air Traffic Control is safety critical. Planning needs to begin now to ensure that the United Kingdom has the resources necessary to cope with the increases in traffic predicted. This will not simply be a matter of having sufficient air traffic controllers; there will need to be capacity to deal with rapid changes in airspace sectorisation and research and development to ensure that air traffic control can help minimise the environmental impacts of aviation. The Government must, as a matter of urgency, consider whether the present structure for National Air Traffic Services, and the resources available to it, are adequate. We share our predecessor Committee’s belief that the funding and ownership arrangements are not robust.

196 South East Consultation, p154-5
197 Q 1266
198 Q 1287
199 Q 1283
7 National Issues

Regional Access to the South East

155. All regional cities have the right to have speedy and efficient access to the capital. For some, this can be provided by rail, but for many, air access is the only practical route to the capital and local markets around the airport. Chapter 3 reviewed the economic benefits of such services. In Heathrow and Gatwick, London has two of the world’s premier airport destinations. However, over time, access to the United Kingdom’s most important hubs from the regions has been eroded. Figure 5 shows those airports that had a link to Heathrow in 1988 and 2003. The total number of domestic services to Heathrow has reduced significantly from 855 to 562. This is largely due to capacity constraints that mean that airlines can make more money by using the scarce slots for higher profit routes. It is not that the regional routes are not viable, simply that they are not as profitable as other routes.\textsuperscript{201} Some of the services provided to Heathrow transferred to Gatwick. They too are now under threat.\textsuperscript{202}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{heathrow_gatwick_comparision.png}
\caption{Airports with services to Heathrow 1988 and 2003}
\end{figure}

\textit{Data Source: Official Airline Guide}

\textsuperscript{201} Q328

\textsuperscript{202} ‘Mike Clasper says choked runways could drive global businesses out of UK.’, BAA corporate newsdesk, 11 June 2003
156. Overall, there has been an increase in access from the regions to London since a larger number of domestic and international airlines operate to Stansted and Luton for example.\textsuperscript{203} We welcome the increase in domestic and international destinations now offered from regional airports. We are concerned, however, that regional services are being squeezed out of Heathrow and Gatwick which are both important local business markets and key hubs for interlining. Whatever expansion options are proposed, it will be at least 10 years before significant new capacity will be brought on stream that will relieve pressure on these services. Services to Leeds-Bradford, Teesside and Newcastle appear most at risk.\textsuperscript{204} The Civil Aviation Authority was less concerned, noting that most regional airports had access to other major international hubs with 16 airports linked to Amsterdam, 11 to Paris, 8 to Brussels and 4 to Frankfurt and Copenhagen.\textsuperscript{205} Whilst this provides access to wider networks of flight connections, it also serves to underline how poorly United Kingdom regional airports are served by the main London hubs. A strategy that allows regional access to international air networks to depend on policies at other international hubs is flawed. It also sets an appallingly image of the quality of infrastructure provision in the United Kingdom. The provision of high quality air access to main London airports is essential. The regions must have guaranteed access to international routes that will support continued inward investment. We support increasing the use of regional airports so they provide direct connections with as wide a range of destinations as possible.

\textbf{Ensuring good regional access}

157. The regional consultation documents on the Future Development of Air Transport in the United Kingdom set out a range of policy options to protect access to the South East. We quote from the Scottish Document:

“The Government recognises the importance to regional and local economies of air services from regional airports to the South East’s hub airports. Given the strict criteria imposed by current PSO legislation, it is reviewing whether there are better ways to protect and improve regional air access to London. Potential measures include:

- discussing with airlines the possibility of introducing a formal or informal notice period to allow the Government to become involved at an early stage if an airline were considering withdrawing a regional route; and

- seeking amendments to the EU slot regulation which would provide Member States with a more appropriate tool for protecting regional air services (eg the auctioning of new slots and permitting regional bodies to bid for those slots in partnership with a potential service provider).

In the longer term, other mechanisms are likely to include some or all of the following:

\textsuperscript{203} AVN 78
\textsuperscript{204} North of England Consultation
\textsuperscript{205} AVN 78A
• examining ways in which regional bodies or stakeholders could help an airline to improve the commercial performance of a service if it was considering pulling off the route;

• providing significant additional capacity at one or more hub airport in the South East;

• developing other UK regional hubs, such as Manchester and Birmingham, to offer greater interlining opportunities for Scottish traffic to complement, but not replace, the services available at the South East airports; and

• the possible development of a niche hub at either Edinburgh or Glasgow to reduce dependancy on access to congested hub in the South East or on the Continent.²⁰⁶

158. These proposals are worthy but vague. The South East is undoubtedly capacity constrained, and we support the growth of regional airports. It would clearly help the Government to have early warning if routes were under threat. However, it is likely that there will always be some thin regional routes that cannot be substituted by rail and will be forced out of hub airports if they are not protected. bmi believed that airlines should not be expected to offer links to the regions as a public service; airlines would run commercially viable routes for themselves and should be incentivised to run any other required routes.²⁰⁷

159. In the final weeks of the consultation, British Airways and bmi implied that further regional services would be withdrawn unless extra capacity was provided at Heathrow. We deplore this tactic, particularly when the proponents have shown little regard for regional authorities and airports and indeed have treated many of them with contempt.²⁰⁸ This reinforces the Committee’s view that firm Government action to secure these vital regional links through PSO designation, specific slot allocation or ownership is the only way forward. This in turn can only be achieved by the rapid development of additional capacity at or near Heathrow or Gatwick. Unless the EU slot allocation rules are changed in ways which the United Kingdom considers allows slot protection, and unless the rules about state aid are clarified to allow regional stakeholders to assist airlines, there will be little the Government can do to protect regional access to the capital and beyond.

Protected slots

160. EU Regulation 2408/92 allows member states to impose “Public Service Obligations” (PSOs) on certain routes. However, it was notable that there was no agreement as to precisely what form of slot protection the regulation provided. Article 2 of the regulation defines PSOs as follows:

…. any obligation imposed upon an air carrier to take, in respect of any route which it is licensed to operate by a Member State, all necessary measures to ensure the provision of a service satisfying fixed standards of continuity, regularity, capacity and

²⁰⁶ Scotland Consultation
²⁰⁷ Q131-134
²⁰⁸ Q53
pricing, which standards the air carrier would not assume if it were solely considering its commercial interest.209

161. Mr Toms of BAA felt that public service obligations were not the way forward, and that “for government now to step back in to start allocating capacity and to start micro-managing the distribution of slots between individual airlines stands a significant risk of eroding those benefits which the consumer has had from the liberalisation of the industry.”210 BAA felt that there were other means to avoid the loss of regional capacity, including advance notification of withdrawal from routes. The Department told us that “Essentially, PSOs were designed for loss making life-line service, not to protect profitable services into congested hubs”. Other witnesses argued that PSOs could be used more flexibly, and cited discussions with EU officials which suggested profitable routes could be subject to PSOs, an interpretation confirmed by our evidence from the Commission. However, Mr Benyon also told us that PSOs could not be used to protect flights into particular hub airports since an ECJ judgement had held routes were between city pairs, rather than airports.211 The Department agreed with this interpretation, and told us it was discussing the fact that the French had imposed PSOs on routes specifically from Orly airport with the Commission.212 In addition, we note PSOs could also not be used to protect routes to the Isle of Man or the Channel Islands, as these are not members of the EU.

162. The Department accepts that in principle PSOs do not legally involve subsidy, but appears to consider that, in practice, they can only be used on loss making routes. Accordingly, the Secretary of State was extremely wary of using PSOs, or giving an undertaking to protect a particular route. The Department for Transport noted “to do otherwise might encourage airlines to see PSOs as a means of obtaining subsidy to operate routes which might otherwise to capable of operating normally”.213 It is unfortunate that once it appears a subsidy may be available, it can happen that profitable services may be withdrawn, or become mysteriously marginal.

163. We also acknowledge that many of our regional witnesses told us that the Department had become increasing helpful at European level, and we welcome this change of heart. However, in principle, it appears possible to put profitable services out to tender, and we do not see why, even under current rules, a PSO would entail a subsidy.

164. Regulation 2408/92, and the associated Regulation 95/93, have needed revision for some time. We are astonished that so little progress has been made on the revisions since our precursor Committee examined Regional Air Services in 1998.214 We welcome the fact that that the current draft of the revised regulation give some priority to services to peripheral regions, but there still appears to be no urgency about the revision. We will not rehearse the details of the negotiations, or of the Commission’s proposal for an interim
solution here, since our focus is on the outcomes rather than the mechanisms of the negotiating process, but if the Department for Transport feels that existing slot allocation and protection rules do not allow the United Kingdom to protect profit making regional services and links to Crown dependencies, it must press for revisions which make this possible.

165. It is apparent that the current PSO regulations are not clear, and do not work in the best interests of the regions. The Government should seek revisions which put it beyond doubt that:

- Profitable routes may be protected;
- Links to individual specified airports may be subject to a PSO;
- Routes to the crown dependencies are also capable of being protected.

166. However, PSOs are not the only way in which regional access to hubs might be protected. If slots are owned by Governments, then a proportion can simply be reserved for regional services. If open trading in slots were permitted, local or regional authorities could bid for slots. It is clear that this could be a possibility under future EU rules, although it might also cause state aid problems. During the course of our inquiry, the States of Guernsey took the principle still further, and purchased Aurigny airlines to ensure the continuation of links to Gatwick. This, too, could be a model which would be followed more widely, although as Guernsey is not a member of the EU it may have had a freedom of action which is currently denied to other areas.

167. We understand why the Secretary of State is reluctant to show his hand to the airlines. His reluctance to risk incurring public expenditure unnecessarily is in itself commendable. However, in playing poker with the airlines, the Department for Transport risks condemning regional economies to slow decline. There has to be cohesion between regional economic policy and transport policy. It is absurd to put billions of pounds into regional aid yet not give the any assurance to provide guaranteed air access. The White Paper is about setting out the future of aviation in the United Kingdom over the next 30 years. The Government must therefore provide a long-term vision for regional air services. If no protective action is taken, we are certain that the problems we see today will recur when the new runway capacity begins to fill up. New capacity may postpone the problems; it will not solve them.

**Level of Access**

168. Although we believe that some regions will need access to London hubs, we do not believe that such access should be without limit. We support the greatest possible use of regional airports, where possible, and would hope that some of these would develop to provide a wider range of links than at present. Not all demand can be serviced by regional development, however. All our witnesses felt that access to Heathrow would be of prime importance, but many accepted that for them the issue was now whether they would be able to keep access to Gatwick. The States of Jersey currently have 11 or 12 rotations a day.

---

215 Q2088-2089
at Gatwick and would like to have four rotations a day at Heathrow.\textsuperscript{216} In cases such as this the Government has to judge the extent to which the economic benefit of the slots to the region and in this case, to the capital, is outweighed by the economic disbenefits of tying up slots unnecessarily, and so reducing the ability of a hub to offer the range of connections that makes it attractive. The Environment, Transport and Regional Affairs Committee suggested that three return services a day should be protected. We agree. \textbf{We strongly support improvement of the links between Gatwick and Heathrow, so that passengers from regions with access to Gatwick can transfer onto Heathrow quickly and easily. We note that, in the past, there were measures such as a dedicated helicopter link.}

\textit{A PSO Network}

169. For many regions, access to a London hub is a key issue. But for island communities, aviation may be as important as a link with other parts of their region, as much as a link to the world outside the United Kingdom. On our visit to Inverness and Orkney, we discussed the position of Orkney islanders, who have a choice between a short flight and a ferry ride of 1 hour followed by a lengthy drive, and of those on the Shetland Isles, for whom the only alternative to flying is a thirteen and a half hour ferry ride.

170. Air fares on these routes are extremely high. No one suggested that the airlines involved were acting improperly; the fares were a reflection of the size of the market, and the nature of the services offered. Nonetheless, the cost of flights caused severe difficulties for those on the islands. Several regional authorities are pushing for an enhanced PSO network to link the islands with one another and the mainland. Public subsidy would be used to reduce the cost. Lower costs would increase patronage, and the subsidy was forecast to reduce over some 10 years from £11m per annum to £5m per annum. It was argued that support for aviation should be seen in the context of the considerable subsidies available to other transport modes.\textsuperscript{217} Funding would be provided by the Scottish Executive.

171. Some of those we met were sceptical about whether the subsidy would be reduced as quickly or as radically as claimed. There is however, some practical evidence to support the projection: Orkney Islands Council has introduced low fares to its islands, and the network appears to have increased traffic considerably. Moreover, the subsidy for any PSO should be offset against savings in public sector aviation bills. A quarter of flights in the Highlands and Islands are supported by the public sector, either because public servants travel on local or national business, or because patients need to be moved to hospital.

172. It will be for the Scottish Executive to decide whether to support the PSO, and for the United Kingdom Government to decide whether to put forward the application to the Commission. Among many other policy considerations, the Executive will have to balance the extra subsidy to aviation against the subsidies available to other transport modes which offer less to island dwellers. These are not matters for us. \textbf{We consider any request from the Scottish Executive for an enhanced PSO network for the Highlands and Islands should be immediately accepted by the United Kingdom Government. Such a network

\textsuperscript{216} Q 907
\textsuperscript{217} Q 1483
would provide useful lessons about the extent in which air transport can be improved by selective subsidy.

Planning

173. The time taken to progress Terminal 5 from conception in the 1985 Airports Policy White Paper to approval in November 2001 demonstrates the difficulties in approving major infrastructure projects in the United Kingdom. The Terminal 5 proposals were examined at the longest public inquiry in United Kingdom planning history, lasting 3 years and 10 months. Such a protracted process is in no-one’s interest.

174. By contrast, Amsterdam-Schiphol, Frankfurt and Paris-Charles de Gaulle have all delivered significant infrastructure improvements including runways and terminal buildings over much shorter periods. In the Netherlands, a new law was passed in February 2003 to allow for faster planning of runways. Frankfurt airport has achieved new runway and terminal capacity in around 10 years from discussion to opening. Both Schiphol and Frankfurt have detailed airport expansion plans looking forward 10 to 15 years. It appears that the mixture of local, regional and national government ownership (with some private sector funding in Frankfurt) has helped to promote the airport development. Manchester Airport Group is owned by a group of 10 local authorities. It told us that:

“our local authorities, our shareholders, have always taken a long view of the airport’s development. That facilitated, I think, the right decision at the right time in terms of the runway. The second point is that … their influence was evident in terms of the airport’s commitment to working with the local community to recognise and respond to the negative effects of growth in a way that probably owed something to that ownership.”

It is also noteworthy that Schiphol and Frankfurt are actively planning ahead to acquire the land required for future development.

175. We are struck by the apparent impetus that local authority and regional governmental ownership appears to have led to a more pro-active stance on airport development. Indeed, Manchester Airport did not require a new White Paper to bring forward its proposed second runway.

Speeding up the planning process

176. The Planning and Compulsory Purchase Bill contains a number of provisions which are intended to make the planning process quicker. The Bill provides for a slimmed down series of plans at a local level, gives the Secretary of State powers to appoint more than one planning inspector at a public inquiry and will provide for more generous compensation settlements for those affected by major development.
177. The Secretary of State told us that the new proposals would speed up the planning process.\textsuperscript{223} He assured us that the measures to speed up the planning process would not “short-circuit people’s right to express their views in a particular planning process”.\textsuperscript{224} BAA, stressed the importance that a clear national policy in airport capacity would have in securing additional capacity:

“The prerequisite of our successfully being able to do that as speedily as possible is a strong government policy framework. That will help us to make a planning application which will get an approval and which we can start building on”.\textsuperscript{225}

178. Air transport movement limits for airports are agreed either set as a result of public inquiries or are with local authorities and consultative committees or through public inquiries. Over recent years, airports have significantly improved their relationships with such groups. The reality is however, that the limits agreed are only ever short-term agreements. Nowhere has this been more clearly demonstrated than through BAA’s apparent u-turn on the environmental consequences of a third runway at Heathrow. We therefore welcome the Government’s decision to provide certainty in airport planning. \textit{Identifying sites where development is possible in the next 30 years may be unpopular in the short-term but will remove blight and uncertainty from many areas. No policy which ignores the need for this is worth having. Better planning, more rapid decisions and responsiveness to the need for local mitigation will make clear to people where they stand.}

179. Two parties to the judicial review over the failure to include Gatwick in the initial consultation believed their property had lost value as a result of the consultation. The Judge ruled:

“It would need an enormous and unwarranted expansion of Article 8 to hold that, by consulting on a range of options, the Secretary of State was interfering with Article 8 rights of persons who would be disadvantaged by the absence of further options. If that were to be the price of consultation, the undesirable consequence would probably be a reduction in consultation”.\textsuperscript{226}

We believe that this ruling is sound. The Government is to be commended and not pursued for such a full and open consultation.

180. The consultation also identifies employment, housing and other land-use issues that the different expansion options raise. We have previously called for greater integration between the Department for Transport and the Office of the Deputy Prime Minister on such matters.\textsuperscript{227} \textbf{We expect the White Paper to explain how the broader land-use planning, zoning, housing, employment and schooling implications of the plans are to be met.}

\textsuperscript{223} Q1906
\textsuperscript{224} Q1907
\textsuperscript{225} Q285
\textsuperscript{226} Medway Council and Others versus Secretary of State for Transport, para 41
\textsuperscript{227} Transport Committee, First report of Session 2002-03, Railways in the North of England, Session(2002-03), HC782-I
**Compensation**

181. The Planning and Compulsory Purchase Bill contains new measures to improve the compulsory purchase and compensation arrangements available to people suffering loss of home or negative impacts from new development.\(^{228}\) The Department for Transport provided us with a summary of the main provisions.\(^{229}\) Currently, residential owners are eligible for a disturbance compensation in addition to the open market value of their property (10 per cent of the house value up to a maximum of £15,000). These values are being reviewed. The new bill will provide further compensation for commercial and agricultural losses and compensates tenants as well as owners. Provisions for those whose property prices are affected by noise remain subject to the Land Compensation Act 1973. The mitigation and compensation costs of the development options have been omitted from the consultation document’s assessments.\(^{230}\) The results presented in the consultation therefore exaggerate the benefits of each option.

182. The changes to the planning system offer some scope for reducing the time to deliver major infrastructure projects. It should be possible to complete a major development within 10 years from the submission of a proposal. This is achieved in neighbouring European countries which are often praised for their consultation processes and environmental credentials. More generous compensation is also needed to provide some comfort to those who will be uprooted or disturbed as a result of any expansion in the 30 year plan. This must be addressed when the Planning and Compulsory Purchase Bill is reconsidered in Standing Committee.

**Rail access to airports**

183. There are two aspects to improving rail services to airports:

- The potential to replace short-haul flights with rail services; and
- Improving the number of people using public transport to access their local airport.

**Rail-air substitution**

184. One of the main arguments advanced in favour of rail-air substitution is that rail is a more environmentally friendly mode of travel than air. The Commission for Integrated Transport has found that emissions of carbon dioxide are 5 to 7 times higher for domestic air travel than for rail.\(^{231}\) The Royal Commission on Environmental Pollution told us that short-haul flights in particular used more fuel per passenger kilometre because of the relative influence of take-off and landing,\(^{232}\) and that a switch to high-speed rail for shorter journeys would reduce emissions.\(^{233}\) The other argument commonly advanced is that

---

228 Library of House of Commons, *The Planning and Compulsory Purchase Bill*, Research Paper 02/81, p15
229 AVN 57A
230 BAA, *Responsible Growth*, p57
232 The environmental effects of civil aircraft in flight, p24
233 Q817
switching air traffic to rail could release some slots at congested airports and reduce the need for further expansion.

185. The Strategic Rail Authority (SRA) commissioned a study of the extent to which air currently competes with rail over longer-distance routes and the extent to which it could compete further. Figure 6 shows the comparison between mode share for rail, car and air for trips to London from the North of England and Scotland. The data excludes passengers transferring from one flight to another (interlining). It appears that very little traffic between cities in the North of England and London airports goes by air, for example, only about 8 per cent of all business trips are made by air. By contrast, air travel dominates for trips between Scotland and London for both business and leisure purposes.

186. The SRA’s study assumed that interlining traffic would continue to fly rather than take rail for the first leg of the journey. A direct Manchester-Birmingham-Heathrow link might reduce interlining traffic by 30 to 60 per cent but this in itself would not force complete withdrawal of all air services. Extensive improvements to the East and West Coast mainlines would encourage more people to take the train, and could reduce demand to fly to Heathrow from Manchester, Leeds and the North East by about 3 years traffic growth. The Royal Commission on Environmental Pollution believed that rail-air substitution could absorb 3 to 5 years growth in demand. Edinburgh City Council believed that if the rail journey time from London to Edinburgh was cut to 3 hours, rail would attract 60 per cent of passengers. BAA told us that this level of rail-air substitution would not remove

---

234 Strategic Rail Authority, Regions to London and London’s Airports Study, produced by Booz, Allen & Hamilton, 2000
235 Ibid.
236 Q817
237 Q1559
the need for a new runway but could weaken the viability of some routes for transferring passengers. Edinburgh City Council strongly advocated the development of a high-speed rail link but saw such a link as complementary to continued air services.

187. Figure 7 shows the current journey times for rail services to access London, based on 2003 rail timetable data.

188. Rail is very competitive compared to air for journey times of up to three hours, which means that for journeys to London itself rail competes with air travel from most major centres in England.

189. The high-speed rail network in France is often held up as an example which the United Kingdom should follow. The TGV in France covers the 288 miles from Paris to Lyon in just under 2 hours and the 495 miles to Marseille in just over 3 hours. This would suggest that, with sufficient investment, both Glasgow (410 miles) and Edinburgh (413 miles) could be brought within the three hour journey time. However, in spite of the upgrade to the West Coast mainline, we see little prospect that such journey times would be achievable in the short to medium term.

Figure 7: Rail journey times to access London

Source: UK national rail timetable

238 Q336
239 Q1563
240 Q69, Friends of the Earth, From Planes to Trains, October 2000
241 There are still flights on both routes
190. It is also wrong to consider expansion of the rail network to replace particular air trips in such a narrow context even if, on face value, there are environmental benefits. Expansion of the railway network must take account of the needs of all its users. Achieving a reduced journey time to Edinburgh on the existing rail network may reduce freight or regional train paths. This is a much wider policy decision which could have adverse impacts elsewhere.\textsuperscript{242} New dedicated rail infrastructure designed to reduce journey times would entail significant land-take, the Channel Tunnel Rail Link crosses open countryside for 83km for example.\textsuperscript{243} None of the advocates of rail-air substitution had adequately addressed these issues.

191. Substitution of domestic air travel by rail travel is an attractive proposition that could provide some environmental benefits. We fully support continued Government initiatives to improve rail services between city centres. \textit{Rail is competitive with air for many journeys from city centre to city centre. However, it will not remove the need for regional air access to main airports in the South East nor materially affect the case for runway expansion.}

\textbf{Surface Access}

192. “Taking the UK as a whole, 82\% of the mainland population is within one hour of an airport by car, with 80\% being within two hours drive time of one of the largest airports. The exceptions to this are, as might be expected, peripheral rural areas such as the west coast of Wales and parts of the Scottish Highlands”.\textsuperscript{244} The Government’s analysis shows that the main catchment areas for airports are local, including Heathrow and Gatwick. Accordingly, it is essential that there are good surface transport links to airports.

193. It will be difficult for airports to expand without placing pressures on the local road network and local environment. For example, 34 per cent of the 60 million passengers accessing Heathrow each year currently travel by rail, bus or coach. If an extra runway were to be built the number of passengers using Heathrow could increase to 116 million by 2015.\textsuperscript{245} Even if BAA were to meet its target of 50 per cent access by public transport, this would still mean almost 20 million extra passengers per year accessed Heathrow by car or taxi. It is therefore imperative that airport expansion plans, where agreed, include significant public transport improvements to allow people to reach the airport pleasantly and efficiently without creating congestion and pollution for local communities.

194. Many of the airlines giving evidence expressed disappointment on the extent to which airports in the United Kingdom are linked to the national rail network, particularly in comparison to Schiphol, Charles de Gaulle and Frankfurt.\textsuperscript{246} bmi told us that Schiphol airport in Amsterdam was a “fine example of integrated surface links where you walk out of the aircraft, downstairs, and you are on trains to all over Europe”.\textsuperscript{247}

\begin{flushleft}
\textsuperscript{242} Strategic Rail Authority, \textit{Capacity Utilisation Policy}, June 2003
\textsuperscript{243} Channel Tunnel Rail Link, www.ctrl.co.uk
\textsuperscript{244} \textit{Midlands Consultation}, para 2.6.1
\textsuperscript{245} \textit{South East Consultation}, p53
\textsuperscript{246} Q69, Q181
\textsuperscript{247} Q181
\end{flushleft}
195. In spite of this, the research study comparing European hubs found that major United Kingdom airports compare quite favourably with our main competitors in terms of the proportions of people accessing the airport by public transport, as shown in Table 5.248

Table 5: Proportions of people accessing airports by public transport

<table>
<thead>
<tr>
<th>Airport</th>
<th>Bus/Coach</th>
<th>Rail/Tube/LRT</th>
<th>Total Mass Public Transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schiphol</td>
<td>9</td>
<td>35</td>
<td>44</td>
</tr>
<tr>
<td>Frankfurt-Main</td>
<td>6</td>
<td>27</td>
<td>33</td>
</tr>
<tr>
<td>Heathrow</td>
<td>14</td>
<td>21</td>
<td>35</td>
</tr>
<tr>
<td>Prestwick</td>
<td>1</td>
<td>33</td>
<td>34</td>
</tr>
<tr>
<td>Stansted</td>
<td>7</td>
<td>26</td>
<td>33</td>
</tr>
<tr>
<td>Gatwick</td>
<td>11</td>
<td>22</td>
<td>33</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>16</td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>Manchester</td>
<td>3</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Birmingham</td>
<td>8</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Glasgow</td>
<td>8</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Newcastle</td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Liverpool</td>
<td>5</td>
<td></td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Mott Macdonald and Commission for Integrated Transport

196. Schiphol does not expect a change in mode share of public transport. Heathrow and Gatwick have a target that 40 per cent of people will access the airport by public transport. Public transport is also expected to achieve a 40 per cent mode share at Frankfurt through improved long-distance rail services.249 Charles de Gaulle is currently trying to develop a rail link to Paris that would give a 15 minute journey time – equivalent to the Heathrow Express.

197. It is clear from Table 5 that much more can be done to improve surface access links to airports. This must be integral to any expansion plans. There appears to be little collective responsibility for delivering improved surface access. Manchester Airport Group have had considerable difficulties developing their new interchange due to problems planning for rail expansion.250 In addition it told us that some services to the airport had recently been withdrawn by the SRA without consultation and that it had “grave concerns” about the

248 Mott Macdonald, Key European Hubs: Comparison of Aviation Policy, May 2003
249 Mott Macdonald, Key European Hubs: Comparison of Aviation Policy, May 2003
250 Commission for Integrated Transport (CfIT) Response to the Government’s consultation on the future development of air transport in the UK, June 2003
SRA’s ability to support their strategy. Sir Alan Haselhurst MP was also critical of the speed with which surface access improvements are delivered:

“One of the besetting sins I think of the British Government’s approach to the development of airports over the last 60 years is that the infrastructure and support have lagged behind. It took 50 years to produce a surface rail link in to Heathrow, having determined that Heathrow was to be London’s premier airport. Even more recently the construction of the slip roads at Junction 8 on the M11 for direct access to Stansted were 12 years behind the opening of the terminal.”

We remain concerned about the ability of the Highways Agency, Strategic Rail Authority and local authorities to be able to act in tandem to deliver the surface access strategies that will be required.

Unlike many of its international competitors, London is served by several complementary airports. Good links between these airports would greatly increase the efficiency of the system. They should be built. The provision of first class road and rail links to airports is an essential part of any future development. We expect airports to continue to make significant financial contributions to the provision of good quality surface links. However, good surface links should form part of a wider transport network serving other local objectives. It is not reasonable to expect airports to fund all of these costs. Even though some contribution should be expected from the aviation industry, the Government will have to commit significant funding to ensure high quality surface access. This must be identified as part of the review of the 10 Year Plan.

Freight

Dedicated express air freight is an increasingly important part of the freight industry in a modern economy. The consultation paper for the South East notes:

“Air freight in the UK doubled in the two decades 1969 to 1989, doubled again in the decade to 1999 and is forecast to grow even more rapidly over the next 10 years. Although air cargo, at 2.3 million tonnes a year, represents only a small proportion, by weight, of total freight movements, the emphasis on high value goods means that aircraft carry about one fifth of all UK exports of goods, by value. London airports – particularly Heathrow – predominate, accounting for around 80 per cent of the market. Around 70 percent of all air freight and parcels traffic is carried in the baggage holds of passenger aircraft, not least because of the constraints on dedicated freighter services operating out of major airports during peak hours. At Heathrow, the percentage is over 90 per cent and rising.”

---

251 Q448, Q 459
252 Q920
253 Transport Committee, Third Report of Session 2002-03, Jam Tomorrow?: The Multi-Modal Study Investment Plans, HC 38-I
254 South East Consultation Document, p 115, para 13.1
The United Kingdom currently has the largest share of air freight in the EU (19 per cent). The Government forecasts a significant increase in freight over the next 30 years as shown in Table 6.

**Table 6: UK Air Freight Forecasts**

<table>
<thead>
<tr>
<th>Million Tonnes</th>
<th>1998</th>
<th>2010</th>
<th>2020</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Express</td>
<td>0.4</td>
<td>2.3</td>
<td>4.8</td>
<td>7.1</td>
</tr>
<tr>
<td>General Cargo</td>
<td>1.7</td>
<td>3.1</td>
<td>4.7</td>
<td>6.5</td>
</tr>
<tr>
<td>Total</td>
<td>2.1</td>
<td>5.4</td>
<td>9.5</td>
<td>13.6</td>
</tr>
<tr>
<td>Annual Growth (per annum)</td>
<td></td>
<td>8.3%</td>
<td>5.8%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Express share</td>
<td>20%</td>
<td>42%</td>
<td>50%</td>
<td>52%</td>
</tr>
</tbody>
</table>

*Data Source: Department for Transport South East Consultation*

200. Not only is air freight as a whole growing, specialist express services are growing more quickly than general services. Belly hold freight will simply follow the distribution of passenger capacity, but dedicated air freight can be directed to dedicated airports. The Government has to decide how best to accommodate this growth.

201. We were able to hold discussions with both UPS and FedEx during our visit to the US. There is no doubt that express hubs not only provide direct employment, but can attract significant amounts of business as companies are attracted to the good logistic links they offer. They can provide an economic boost to their area. There is equally no doubt that dedicated freight airports have to operate at night if they are to offer their customers the services they need.

202. The freight integrators would like to use an airport closer to the South East, where demand for express is concentrated, both to bring traffic closer to demand, and to reduce the change of delay through road construction. They are confident that the noise impacts would be limited, since increases in traffic could be met by using bigger aircraft, rather than using more flights. However, as discussed in Chapter 4, there is strong resistance to night flights. The Government and the air freight industry must explain how the significant economic benefits conferred by this industry can be secured while controlling any adverse effects from the necessary night operations.

203. We accept that express services have real and beneficial impacts on local economies. However, they exist to service markets and the United Kingdom is the biggest market for such services in Europe. Policy cannot be made on the assumption that the integrators would withdraw their services altogether if they were not provided with exactly the capacity they required. However, we should also recognise that if the United Kingdom were to reject night flights altogether, it would be rejecting a key means of support for modern industry. There needs to be a careful balance between economic and social needs, and a dedicated freight airport might provide that balance. Communities which

---

can see direct benefits from air freight, such as jobs, are likely to accept that some disturbance goes with it. There are significant risks to the United Kingdom economy and its relative standing in Europe in the air freight market if no solution can be found.

Security

204. Aviation will only prosper if it offers a convenient, secure, way to travel. The events of September 2001 have led to a great increase in security, at some cost, and we applaud the emphasis on ensuring that passengers can travel safely. The United Kingdom already has one of the best, if not the best, security regimes in the world, and we do not wish to compromise it.

205. However, security clearance and screening must be efficient. If it is not, then passengers will not fly, since the time for security screening erodes or eliminates the difference in journey time between air and other modes, and the experience of air travel becomes unpleasant. We received ample evidence in the USA of the impact that the “hassle factor” had had on the aviation market. It is now being addressed – for example, San Francisco airport is run on a regime which requires the delays for security checks to be no longer than 10 minutes. Some United Kingdom airports are far from such levels of efficiency. Airports and airlines should ensure that they combine high levels of security with efficient procedures to reduce delays. The CAA and the Government should ensure that security regulations are appropriate, and properly implemented.

8 The Way Forward

206. The White Paper must set out a coherent aviation policy for the future. It should not just be a statement about if and where any new runways are required but a document setting out the regional, national and international policies that the Government will pursue. This report has set out many of the issues it should cover.

207. We believe that the Government’s underlying forecasts for the growth of the industry are as robust as such long term forecasts can be. This does not mean that the Government has adopted or should adopt a predict and provide approach. Environmental constraints will continue to limit airport capacity near busy cities. There are many uncertainties to deal with. The expected Aviation White Paper will only be the beginning of a process. The Department for Transport must establish a delivery unit to ensure its policies have real results and that policy evolves to meet changing market conditions and expectations.

208. Other European countries appear to plan airports on a rolling 10 to 15 year basis. Whilst working within similar environmental constraints, they can define, consult on and construct new terminal or runway capacity in around 10 years. We must match that here. If the new procedures in the Planning and Compulsory Purchase Bill do not speed up the planning process sufficiently, the Government will need to look at this again. The Department’s delivery unit must ensure this. It would be absurd if the planning system effectively meant that we were having to decide now what we would need in 2030.
Short-term considerations

209. It is clear that there are capacity issues that need to be addressed now. Heathrow and Gatwick are already operating at or near capacity. Even assuming that all available slots can be used, then, based on the current modest growth rate of 2.2% per annum and the assessed full capacity of the four BAA London area airport runways, all these runways will be fully utilised within 3 years. The spare capacity at Luton could theoretically provide capacity for a further 5 years. We support the provision of new capacity at the earliest opportunity. There is no prospect of getting planning permission for a new runway within this period; the Department for Transport consultations assume that the earliest any new runway capacity could be made available is 2011. This is optimistic. Constrained capacity in the South East will lead to further reductions in regional access to London airports which we believe will have serious detrimental impacts on their economies. It will also increase some services in the regions creating pressure for runways outside the South East. Doing nothing is not an option.

210. There are hard choices to be made. The immediate options for increasing capacity are:

- To increase the use of other South East airports and appropriate regional airports;
- To operate Heathrow mixed mode;
- To consider the use of feeder airports and/or a new runway

Increased Use of South East Airports

211. Luton is eager to expand its use to some 30million ppa, although it suggests this is best done by runway extension rather than realignment or replacement as suggested in the consultation document. It noted that this would also increase competition with BAA. Long-term, there is some concern that the full potential from the development of London Luton might be compromised if either a third runway were developed at London Heathrow or there were additional development at London Stansted. However, the planned expansion of Luton could be achieved long before either of these two other options.

212. Many of the other airports in the South East gave evidence to suggest that their use could be expanded, for scheduled or general aviation or freight — we received submissions from the operators of Southend, Biggin Hill, Farnborough, Lydd and Manston airports. We are not in a position to evaluate their claims, but it is likely that there will be some scope for expansion here.

Mixed Mode at Heathrow

213. Heathrow’s runways are operated in “segregated” mode, that is with aircraft taking-off from one runway with landings on the other. This is to provide local residents some relief

256 Year to May 2003
257 Q409. See also Luton airport’s submission to the Departmental consultation, to be found at: http://www.london-luton.co.uk
258 AVN 08; AVN 65; AVN 67
from noise and overflight. The landing and take-off runways are switched each day under the terms of the amelioration policy known as the “Cranford Agreement”.

214. If Heathrow’s runways were operated in “mixed mode”, that is both runways used for take-off and landing (as on the single runway at Gatwick), then it is understood that a further 50,000 ATMs could be handled. This would give about an additional 8 movements per hour. The main technical problems are the need to reconfigure airspace and the possibility of a shortage of facilities to handle the extra movements until Terminal 5 is delivered. There will also be a need to re-examine the problems that could result from any increase in noise pollution.

**Feeder Airports**

215. Whilst both of the measures above could offer some relief, we are firmly of the opinion that they will be insufficient, in themselves, to solve the short-term capacity problem. One alternative is the use of feeder airports. In 1998, a predecessor committee recommended that the use of Northolt and Redhill as feeder airports for Heathrow and Gatwick should be seriously considered. These recommendations were rejected by Government.

216. In the course of this inquiry, Redhill has once again put itself forward as a complementary feeder airport for Gatwick. It is understood that all the land required to develop Redhill as London’s regional airport, with a capacity of some 20 million passengers per annum and 200,000 ATMs, is already in the ownership of the airport company or its associates, and that the proposed development is not subject to the restriction of the BAA / West Sussex County Council 2019 legal agreement. The airport company told the Committee that the new facility could be operational within 4 years of receiving planning permission.

217. The physical separation of Redhill from Gatwick would, as with Northolt and Heathrow, reduce operational flexibility for airlines, but its more ready availability and the resulting ability to increase activity at or for Gatwick, and reductions in delay and programme disruption could offset this inconvenience.

218. The private sector operators of Northolt agreed it would be possible to have some scheduled services there, although they considered great expansion in use would not be compatible with the need to maintain it as a secure facility for the MoD and VIP flights. Northolt is some 6 miles north of Heathrow. It has an existing 1684 metre runway with an alignment which currently conflicts with those of Heathrow. To maximise its potential alternative use the runway would need to be realigned, parallel with those of Heathrow and lengthened to 2000 metres. As such, 70 per cent of the aircraft that currently use Heathrow could be handled at Northolt. It therefore offers a similar potential to the proposed short runway at Sipson. It also has excellent public transport potential with five rail and underground lines bordering the site.

---

259 AVN 46
260 Ibid
219. The development of Northolt aerodrome, as a potential reliever airport for Heathrow, was proposed by our predecessor Committee in its 1998 report on Regional Air Services as a means of providing a rapid availability of additional runway capacity to serve the United Kingdom’s premier network airport. The Government replied that it did “not propose to consider any proposals to develop Northolt as a major civil airport, since it is clear that the environmental consequences would be unacceptable.”

220. Despite this firm response, the Government has included as one of its options the development of a new third Heathrow runway. Its own assessment of this option is:

“The Government recognises that the environmental impacts of a third runway at Heathrow, particularly noise and air quality, would be significant and that even with concerted effort by the industry to minimise environmental impacts, it might be difficult to make them acceptable.”

This is confusing and contradictory. The development of Sipson would entail the closure of RAF Northolt. The Government’s planning policy guidance states clearly:

“The environmental impacts of aviation proposals will always need to be very carefully considered. Existing sites with established aviation uses, including redundant military airfields, will often provide the best opportunities for aviation facilities”

Key considerations for the South East

221. None of the options canvassed is without drawbacks. Those living near lightly used airports are likely to oppose their increased use. Operating Heathrow mixed mode would end the significant relief that runway alternation under the “Cranford Agreement” gives local residents. Feeder reliever operations could only be introduced if ATC and other environmental issues were resolved - although this is true of all the runway development options proposed.

222. It must be sensible to use available capacity to the environmentally acceptable limit, before new build is imposed. The most pressing question for the Government is how important is Heathrow for national prosperity? If the Government believes that Heathrow must expand to maintain its position as a prime European hub then expansion is needed there as a matter of urgency. In the short term it could be done by “mixed mode”; in the longer term by an additional runway. Providing extra capacity at Heathrow would also have significant environmental impacts. Although it may be possible to align any third runway in such a way as to “secure” important buildings, it will severely affect them. A third runway at Heathrow would mean the destruction and relocation of a number of existing communities. Such a decision cannot be taken lightly.

223. The Department has acknowledged that a third runway at Heathrow would also mean Northolt had to be closed due to conflicting air traffic patterns. If Northolt is closed,

261 The Government’s Response to the Environment, Transport and Regional Affairs Committee’s Report on Regional Air Services, Cm 4257, January 1999, Para 31
262 South East Consultation, Para 1.10, p9
263 HC Deb, 03 June 2003, col 292W
there will be a large, redundant airfield 6 miles from Heathrow. If capacity near Heathrow is felt to be necessary, the Department should be prepared to consider ways in which Northolt could be used to provide a “regional runway” for Heathrow. Such use would have impacts on the local population, but they could be far less than the impacts of further development at Heathrow. There would be a need for surface links from Northolt to Central London and between Northolt and Heathrow itself. Such an option may prove cheaper, faster and less environmentally damaging than a third runway next to the existing site.

224. The use of feeder-reliever airports is not supported by the major scheduled airlines. This is perhaps surprising given the strength of their lobbying for extra capacity at both Heathrow and Gatwick. BAA opposes their use which is perhaps less surprising as it currently does not own either airport. We note that the two Frankfurt airports part-fund a bus link between them even though they are over 100km apart. Co-operation between feeder-reliever and major airports in the United Kingdom, whilst different in nature, should be possible. Many airlines, users and regional representatives told us that demand for a feeder reliever airport does exist. We strongly recommend the establishment of such an airport. Its most important function would be to act as “London’s regional airport”. A failure to adopt such recommendations would require the Government to advocate the development of a runway on a new site, although this might be next to an existing airport. It could take as long as 15 years to build any such runway. This would fail to address the very real problems that exist now and leave the Government with a policy vacuum.

**Regional Airports**

225. The evidence suggests that the demand for point-to-point travel from regional airports will continue to rise. Targeted improvements to runways, taxiways, aprons and terminal facilities should be enough to ensure demand is, for the most part, met. However, if the policy is to constrain aviation growth in the South East, further runways may be required in the Midlands and Scotland between 2020 and 2030.

226. The biggest concern remains regional access to the main airports of Heathrow and Gatwick. In the absence of Government intervention, regional services will continue to be cut. The Government must address the regional access issue by agreeing a minimum level of access of at least three return services per day. The most effective way to do this would be through some form of slot reservation.

**Medium to long term**

227. We have set out our belief that the case for action in the short-term is clear. The scale and timing of future expansion will follow from other decisions taken, including the location of the first runway and a number of external factors. However, we think it is extremely likely that some further increases in capacity in the South East will be necessary between 2015 and 2030.

---

264 Ibid.

228. The Government needs to be extremely clear about where such development is likely and about where it would be considered acceptable. PPG 13 already requires that local authorities should “avoid development at or close to an airport or airfield which is incompatible with any existing or potential aviation operations”. We believe the Government should ensure that this guidance is followed, particularly at any sites where potential future expansion is identified in the White Paper. We believe safeguarding should be kept to a minimum, but that the options for development should be clearly set out so that those who choose to live near a major airport scheduled for expansion have no grounds for complaint. Given the market driven nature of aviation infrastructure provision in the United Kingdom, it is possible that unforeseen development may be put forward and approved. All parties must recognise that the Government can only reduce uncertainty; it cannot eliminate it.

229. We see the future of airport development in the United Kingdom being centred on targeted expansion of existing sites. We have not seen any off-shore or green field developments that would provide a solution to the capacity problems. The new sites and extensive new land access infrastructure required to service them would have high environmental costs. The only way to ensure that a newly built hub airport would be successful would be to close down existing ones. This would be neither cheap nor easy; airport operators and airlines would expect compensation for their losses and local communities would lose the employment that established airports provide.

230. The only certainty in the White Paper is that it whatever it says it will not be universally popular. Balancing the considerable economic and social benefits of aviation with the environmental consequences is difficult. Such trade offs cannot be solved in one document but will require perseverance and skill in negotiating agreements at a European and International level over many years. The decisions on expansion and policy are amongst the most difficult to face a Secretary of State for Transport. By engaging in a full and open consultation, he has at least provided everyone with the opportunity to air their views and influence the debate.

9 Conclusion

Conclusions

231. A modern economy needs the links to the outside world that aviation provides, both to ensure its own businesses are competitive and to maintain and attract business from overseas. The United Kingdom has a successful, open economy. It will not retain it if its air links are allowed to stagnate. The Department’s decision to develop and set out future aviation policy is a brave but necessary step; nothing similar has been done for 20 years. Decisions about the future of the industry cannot be ducked simply because there is no decision that will satisfy everyone.

232. The Government must ensure that the White Paper contains clear proposals to support regional economic growth. Regional airports can be expected to benefit from the growth of point to point services, and we support this. However, point to point alone will not allow access to the same range of destinations as a major hub. There will always be a
need for services which offer interlining, at the very least to support business services and to provide vital connections from peripheral areas. As Manchester’s traffic and network grows, it is likely to become an increasingly important alternative network hub to serve the United Kingdom regions.

233. There are significant social benefits brought about by air travel. It is neither possible nor desirable for the Government to dictate how much we fly. It must set the framework in which the frequency with which we fly does not jeopardise environmental or economic goals.

**Capacity**

234. There is a shortage of capacity in at major airports the South East now. Not only is the South East is the biggest market for aviation in the United Kingdom, capacity issues in the South East have an impact on the whole of the United Kingdom. They must be resolved. In the final weeks of the consultation, several airlines implied that further regional services would be withdrawn unless extra capacity was provided at Heathrow. We deplore this tactic, particularly when the proponents have shown little regard for the regions and indeed have treated many of them with contempt.

**Forecasts**

235. A cogent aviation policy must include an assessment of likely future demand for air services. The forecasts produced by the Department represent a reasonable assessment of the future demand to fly based on current assumptions. We recognise that this consultation is not simply an exercise in ‘predict and provide’. However, we consider it essential that the Government keeps its forecasts under active review, monitors the effects of its policies on demand and is ready to adapt them as necessary.

**Environmental Issues**

236. The failure to provide an adequate definition of a sustainable aviation policy has left the Department open to criticism that whatever answer it arrives at from the consultation will, de facto, be sustainable. The Department should define what a sustainable aviation policy might look like and how, if at all, that would differ from the policies in place today. There are also some concerns about the reliability of its data on air quality. This must be resolved urgently.

237. We recognise that emissions from aircraft have an impact on the global climate and must be tackled. The United Kingdom cannot tackle climate change emissions from international aviation unilaterally and should not try to do so. Not only would this damage our industry, it would be ineffective in producing the reductions needed. We recommend that the United Kingdom Government continues to pursue the development of an international climate change emissions trading scheme for aviation through ICAO.

---

266 bmi, British Airways
238. The White Paper must identify the extent to which night operations can expand at existing airports without compromising noise protection standards. This is likely to affect the location and nature of future development of the air freight industry. Night noise is a very contentious issue. If the United Kingdom were to reject night flights altogether, it would be rejecting a key means of support for modern industry. There needs to be a careful balance between economic and social needs, and a dedicated freight airport might provide that balance. Communities which can see direct benefits from air freight, such as jobs, are likely to accept that some disturbance goes with it. There are significant risks to the United Kingdom economy and its relative standing in Europe in the air freight market if no solution can be found.

239. The best approach to managing environmental impacts must be to:

- ensure that future airport master plans and associated land-use recognise the need to separate residential areas from major pollution sources;
- ensure long-term agreements over the noise limits to which local communities can be exposed, particularly in relation to night flights;
- give airports the statutory powers to fine aircraft which deviate from prescribed tracks other than for safety reasons;
- use the funds from environmental fines to benefit affected communities;
- offer adequate compensation to people affected by new development or significantly expanded use; and
- provide high quality insulation and mitigation measures to protect those people living in noise affected areas.

240. Major airports must adhere to a series of key performance indicators. These should include compliance with noise and track keeping standards. We recommend that major airports should investigate the possibility of setting up noise tracking systems such as that in operation in San Francisco.

241. In the longer term, it is possible that radical changes in aircraft design will help to reduce the environmental impacts of aviation. This will only happen if the international community agrees standards and regulations which give airlines and aircraft manufacturers incentives to continue the impressive improvements they have already made.

**Industry Structure and Regulation**

242. The White Paper is not just about deciding where future runway capacity might be needed. It must also deal with the fundamentals of the industry. Between them, successive Governments, CAA and BAA have failed to deliver the objectives of the 1985 White Paper. The current system has failed to provide adequate incentives under which new runway proposals are brought forward when the need arises.
243. The CAA has not shown us that it is capable of providing the right framework in which to encourage runway development where it is needed. The relationship between the CAA and the Competition Commission also needs to be resolved. A regulatory system in which two bodies do the same job twice, and wrangle over the extent of one another’s powers and responsibilities, must increase the costs of regulation. Still more significantly, it must act as a considerable barrier to a clear, coherent policy on aviation, which is essential for the future of the industry.

244. The Government and BAA have an ambivalent relationship in which BAA expects to provide advice, but is itself a monopoly supplier. BAA is hiding behind the Government by recommending four options including both Heathrow and Gatwick and inviting Ministers to pick “up to three”. At best the company was culpably short-sighted when it told the Terminal 5 inquiry that an extra runway at Heathrow would be unacceptable for environmental reasons; at worst it was wilfully misleading.

245. We believe that the dominant position of BAA means that the ownership structure of the United Kingdom’s airports is deeply flawed. It is ineffective and inappropriate to have a single private sector operator controlling such a large part of our aviation infrastructure. If the Government is wedded to the idea of maintaining BAA in its current form, it must undertake a thorough review of the way in which it is regulated. The regulatory system should align BAA’s airports development policy with Government policy including regional development, access and associated environmental objectives rather than abstract economic theory. The Government must not assume that extra capacity in the South East should be provided by BAA. In our view it would be more appropriate to break up its monopoly.

246. If the important decisions about how much capacity is required and where it is to be located are to be made by the Government, it must ensure that what is built fulfils the purposes for which it was intended. In other countries, Governments play a prime role in developing airport infrastructure and this has been shown to be effective. The Government should also take a leading role here and provide financial support if necessary.

International Issues

247. The European Union is trying to take an increasingly prominent role in aviation matters. One key issue relates to the ownership and trading of slots. We do not understand why the Commission wishes to make trading in slots illegal while it works up a policy to make such trading legal. As we have seen, the bias in the allocation system toward new entrants gives slot holders an incentive to hoard slots; secondary trading at least gives some incentive to release slots which an airline cannot use to best advantage.

248. We agree that airlines should have no fundamental property rights in slots. They are created as much by the infrastructure providers as by the airlines themselves. A market in slots would have to be coupled with measures to ensure wider economic interests were also protected. Slot allocation systems should allow slots to be used for the benefit of the region around the airport and for the benefit of peripheral regions which need transport links. This is not to say that slot trading should necessarily be forbidden; but other interests must be protected, since the economic interests served by a market in slots will be those of the
Airlines, and, by proxy, their most lucrative markets. However, legal certainty about ownership is essential to make such a system work.

249. A further issue is the international negotiations about the Transatlantic Common Aviation Area with the US. The constituent countries of the Union will have to agree a negotiating position for the EU. The United Kingdom Government’s negotiating position should take account of the fact that national airlines dominate the slots in Amsterdam - Schiphol, Frankfurt and Paris - Charles de Gaulle, while Heathrow is open to a far greater range of traffic. Any negotiation must protect the strong position that the United Kingdom has achieved in Europe in its air service relations with the USA and address the issues of cabotage, Fly America, freight and ownership restrictions.

250. The European commission is also seeking membership of ICAO. We completely understand Member States’ concern about this. It would be bizarre to agree to a change in ICAO membership which reduced the collective power and influence of member states from the EU itself. If the EU had an additional seat there would be a danger that a tortuous round of negotiations in ICAO would be preceded by an equally complex round of negotiations within the EU itself.

Air Traffic Control

251. The efficient control of air space is fundamental to achieving any significant expansion in capacity from existing or new runways. Air Traffic Control is safety critical. Planning needs to begin now to ensure that the United Kingdom has the resources necessary to cope with the increases in traffic predicted. This will not simply be a matter of having sufficient air traffic controllers; there will need to be capacity to deal with rapid changes in airspace management and additional research and development to ensure that Air Traffic control can help minimise the environmental impacts of aviation. The Government must, as a matter of urgency, consider whether the present structure for National Air Traffic Services, and the resources available to it, are adequate. We share our predecessor Committee’s belief that the funding and ownership arrangements are not robust.

Regional Access

252. The range of regional air services to the key London hubs of Heathrow and Gatwick has been cut, and without action will certainly be cut further. There has to be cohesion between regional economic policy and transport policy. It is absurd to put billions of pounds into regional aid yet not give the corresponding assurance to provide guaranteed air access. The Government must provide a long-term vision for regional air services. Even if more capacity is provided, if no protective action is taken, we are certain that the problems we see today will recur when the new runway capacity begins to fill up. Firm Government action to secure these vital regional links is the only way forward. We believe that at least three return services a day should be protected for those regions which require access to Heathrow or Gatwick. This could be through PSO designation or specific slot allocation or ownership. Many of the services being cut today remain profitable. Protection of services need not be synonymous with subsidy.
253. The European regulations governing slot allocation are currently being negotiated. The Government should seek revisions which put it beyond doubt that:

- Profitable routes may be protected;
- Links to individual specified airports may be subject to a PSO;
- Routes to the crown dependencies are also capable of being protected.

The Scottish Executive may decide to back proposals for an enhanced PSO network for the Highlands and Islands. This should be immediately accepted by the United Kingdom Government. Such a network would provide useful lessons about the extent to which air transport can be improved by selective subsidy.

**Planning**

254. The changes to the planning system offer some scope for reducing the time to deliver major infrastructure projects. It should be possible to complete a major development within 10 years from the submission of a proposal. This is achieved in neighbouring European countries which are often praised for their consultation processes and environmental credentials. More generous compensation is needed to provide some comfort to those who will be uprooted or disturbed as a result of any expansion in the 30 year plan. This must be addressed when the Planning and Compulsory Purchase Bill is reconsidered in Standing Committee.

**Road and Rail Links**

255. We fully support continued Government initiatives to improve rail services between city centres. Rail is competitive with air for many journeys from city centre to city centre. However, it will not remove the need for regional air access to main airports in the South East nor materially affect the case for runway expansion.

256. The provision of first class road and rail links to airports is an essential part of any future development. Without them, expansion cannot go ahead. Airports should make significant financial contributions to the provision of good quality surface links but such links should form part of a wider transport network serving other local objectives. It is not reasonable to expect airports to bear these costs alone. Government will have to commit significant funding to ensure good quality surface access.

257. We also strongly support improvement of the links between Gatwick and Heathrow, so that passengers can transfer quickly and easily between the two airports. For example we note that in the past, this was done by a dedicated helicopter service.

258. New capacity has been and will be provided at Paris-Charles de Gaulle, at Frankfurt and at Amsterdam–Schiphol airports. New capacity is needed in the South East now. The evidence we received convinced us that there is a strong case for such capacity at or near Heathrow. However, environmental concerns must be overcome before this can be considered. That is the Government’s first decision.
259. It could take as long as 15 years to build any new runway. This would fail to address the very real problems that exist today. Constrained capacity at Heathrow and Gatwick will lead to further reductions in regional access to London airports. There are a range of measures, particularly feeder-reliever airports, that would provide for more immediate availability of runway capacity at or in close proximity to the airports where the demand is greatest. We strongly recommend the establishment of such an airport. Its most important function would be to act as “London’s regional airport”.

260. A third runway at Heathrow would entail the closure of Northolt, which is some 6 miles north of Heathrow and close to many public transport routes. The Government must urgently consider whether an extended and realigned runway at Northolt would provide an increase in capacity more quickly and with lower environmental impacts than a third runway at Heathrow.

261. In the longer-term, the Government will have to decide where further capacity is required. It may be necessary to plan for expansion at Gatwick. Without such capacity there may be real damage to the economic prospects for the whole of the United Kingdom. The BAA has a crucial role in this.

262. Identifying sites where development is possible in the next 30 years may be unpopular in the short-term but will remove blight and uncertainty from many areas. No policy which ignores the need for this is worth having. Better planning, more rapid decisions and responsiveness to the need for local mitigation will make clear to people where they stand.

263. We have seen no evidence that there is an overwhelming case for a new airport based on a greenfield site. Such an airport would be economically unworkable and politically and environmentally unacceptable. It is not simply a case of providing new runways, but the associated surface access, support buildings and development that would accompany this. The Government’s own White Paper says that there should be no viable alternative were such an expansion to take place.

264. Any development will have environmental impacts. We believe those impacts will be minimised by:

- Making best use of existing facilities;
- Expanding existing airports on a case by case basis; and
- Dismissing the construction of new major airports on greenfield sites.

This is also the most practicable way of providing the extra capacity that we need.

265. The Aviation White Paper will only be the beginning. None of its goals will be achieved unless the Government immediately takes action to plan and monitor and ensure the delivery of the developments and policies it proposes. The Department for Transport must establish a delivery unit to ensure its policies produce real results and that policy evolves to meet changing market conditions and expectations.
Annex 1: Recommendations

1. The Department’s decision to develop and set out future aviation policy is a brave but necessary step; nothing similar has been done for 20 years. Decisions about the future of the industry cannot be ducked simply because there is no decision that will satisfy everyone. (Paragraph 12)

2. Creeping development over the last two decades has increased uncertainty for people living near airports and alienated those who hoped expansion was over. It has led to uncoordinated, piecemeal development which failed to reconcile the strategic needs of the United Kingdom with local environmental concerns. (Paragraph 13)

3. The Government states that this is not a consultation simply based on ‘predict and provide’. We believe there is merit in this view. (Paragraph 20)

4. We believe that the forecasts produced by the Department represent a reasonable assessment of the future demand to fly under current assumptions. Assumptions about real-term reductions in ticket prices and the impacts of a changing industry structure may have significant impacts on the size and shape of future demand. We consider it essential that the Government keeps its forecasts under review, monitors the effects of its policies on demand, and is ready to adapt them as necessary. (Paragraph 22)

5. The rise of the no-frills carriers has provided the main engine of growth in aviation over the past five years. The Department must continue to monitor the rise in no frills carriers and adapt its forecasts and policies accordingly. (Paragraph 27)

6. Charter airlines are required to be bonded to protect the consumer against the collapse of the airline or tour operator, unlike the scheduled airlines, including low-cost carriers. This is discriminatory. The Government must urgently consider whether all airlines should provide this level of consumer protection. (Paragraph 28)

7. Our predecessor Committee found that liberalising international access to regional airports would bring economic benefits to the regions and that Government policy should seek to maximise the contribution regional hubs made to meeting demand. Regional airports can also be expected to benefit from the growth of point to point services. However, regional hubs will take time to develop and point to point services alone will never offer the same range of destinations as a major national hub. There will always be a need for services which offer interlining at such hubs, at the very least to support business services and to provide vital connections from peripheral areas. (Paragraph 34)

8. The inevitable long-term uncertainty about forecasts should not be an excuse to delay important and long overdue decisions about aviation policy and infrastructure now. (Paragraph 36)

9. Not only is the South East the biggest market for aviation in the United Kingdom, capacity issues in the South East have an impact on the whole of the United Kingdom. They must be resolved. (Paragraph 47)
10. The Government must ensure that the White Paper contains clear proposals to support regional economic growth. (Paragraph 54)

11. A modern economy needs the links to the outside world that aviation provides, both to ensure its own businesses are competitive and to attract business from overseas. The United Kingdom has a successful, open economy. It will not retain it if its air links are allowed to stagnate. (Paragraph 55)

12. There are many social benefits brought about by air travel. It is neither possible nor desirable for the Government to dictate how much we should fly. It must set out the framework where the amount we fly does not jeopardise environmental or economic goals. (Paragraph 56)

13. The Department must define what it considers to be a sustainable aviation policy and how, if at all, that differs from the policies in place today. The failure to provide an adequate definition of a sustainable aviation policy has left the Department open to criticism that whatever answer it arrives at from the consultation will, de facto, be sustainable. It could and should have avoided this. (Paragraph 63)

14. The imposition of a fuel tax on aviation would have to be done at an international level. We do not believe that this is feasible. (Paragraph 72)

15. We recommend that the United Kingdom Government continues to pursue the development of an international climate change emissions trading scheme for aviation through ICAO. The United Kingdom cannot tackle climate change emissions from international aviation unilaterally and should not try to do so. Not only would this damage our industry, it would be ineffective in producing the emission reductions needed. (Paragraph 73)

16. A shortage of capacity can itself harm the environment. The extra fuel and local pollution costs of aircraft waiting in stacks or on airport aprons are currently ignored in determining operating capacities. This must be wrong. The provision of extra runway capacity should be used to improve the environmental and operational efficiency of existing airports wherever possible. This should be reinforced by air traffic control approaches which reduce environmental impact and a realistic assessment of achievable capacity at an airport. The Government must provide clear guidance on how this will be achieved. (Paragraph 75)

17. In the longer term, it is possible that radical changes in aircraft design will reduce the environmental impacts of aviation. Such investment must be supported and the international community must agree standards and regulations which give airlines and aircraft manufacturers incentives to continue the impressive improvements they have already made. (Paragraph 77)

18. The White Paper must identify the extent to which night operations can expand at existing airports without compromising noise protection standards. This is likely to affect the location and nature of future development of the air freight industry. (Paragraph 82)
19. There is scope for international regulation to set maximum noise levels; beyond that, noise control is a matter to be decided in the light of local circumstances. European initiatives to provide environmental noise protection must not weaken existing United Kingdom regimes. (Paragraph 85)

20. Both the previous and the current Government have accepted the principle that Airports should be given the statutory power to fine off-track aircraft, but failed to find the necessary parliamentary time. We recommend that the Government uses the next suitable legislative opportunity to provide airports with a statutory power to fine off-track aircraft as a means of enforcing preferred noise routes and easing the impact on local communities. (Paragraph 89)

21. The best approach to managing noise and other environmental problems must be to:

- ensure that future airport master plans and associated land-use recognise the need to separate residential areas from major noise nuisance sources;
- ensure long-term agreements over the noise limits to which local communities can be exposed, particularly in respect of night flights;
- offer adequate compensation to people affected by new development or significantly expanded use;
- provide high quality insulation and mitigation measures to protect those people living in noise affected areas; and
- use penalties collected for breach of noise and other environmental standards for the benefit of local communities. (Paragraph 93)

22. We are disappointed by the lack of research to inform our inquiry over matters such as the trade-off between reduced levels of noise from individual aircraft versus the increased numbers of flights. The Government must invest more to determine acceptable local environmental noise limits. (Paragraph 94)

23. Major airports must adhere to a series of key environmental performance indicators. This should include compliance with noise standards. We recommend that major airports should investigate the possibility of setting up noise tracking systems, such as that in operation in San Francisco. (Paragraph 95)

24. The Government cannot take decisions about future expansion at Heathrow or any other site if it does not have a robust understanding of the air quality assessments on the site. The Department must ensure that those assessments are soundly based, and must do so quickly. (Paragraph 101)

25. A new airport on a greenfield site would have huge environmental impacts, not only in itself but because of all the associated surface access and development which would accompany it. The Government’s Integrated Transport White Paper says that there should be no viable alternative were such an expansion to take place. We believe that expansion at or near existing sites, where appropriate, is a viable and more practicable solution. We therefore suggest that the Government could minimise the heritage and ecological impacts of expanding airports by:
• Making best use of existing facilities;
• Expanding existing airports on a case by case basis; and
• Dismissing the construction of new major airports on greenfield sites. (Paragraph 105)

26. BAA appears to be hiding behind the Government by recommending four options including Heathrow and Gatwick and inviting Ministers to pick “up to three”. The fact that BAA is trying to force Government into this difficult choice unguided does not absolve it of responsibility. At best the company was culpably short-sighted when it told the Terminal 5 inquiry that an extra runway at Heathrow would be unacceptable for environmental reasons; at worst it was wilfully misleading. (Paragraph 112)

27. We consider that a regulatory system in which two bodies do the same job twice, and wrangle over the extent of one another’s powers and responsibilities, must increase the costs of regulation. Still more significantly, it must act as a considerable barrier to a clear, coherent policy on aviation, which is essential for the future of the industry. The relationship between the CAA and the Competition Commission needs to be resolved. (Paragraph 115)

28. The current system has failed to provide adequate incentives to bring forward runway proposals. Some of this is the fault of Government, which should have prime responsibility for ensuring essential infrastructure is provided. This must be rectified through the White Paper. The remainder appears to be the result of the dominant monopoly supplier of airport capacity in the South East behaving as a monopolist and restricting supply. The CAA has not shown us that it is capable of providing the right framework in which to encourage runway development where it is needed as it is required to do. (Paragraph 116)

29. We believe that the dominant position of BAA means that the ownership structure of the United Kingdom’s airports is deeply flawed. It is ineffective and inappropriate to have a single private sector operator controlling such a large part of our aviation infrastructure. If the Government is wedded to the idea of maintaining BAA in its current form, it must undertake a thorough review of the way in which it is regulated. The regulatory system should align BAA’s airports development policy with Government policy including regional development, access and associated environmental objectives rather than abstract economic theory. The Government must not assume that extra capacity in the South East should be provided by BAA. In our view it would be more appropriate to break up its monopoly. (Paragraph 117)

30. If the important decisions about how much capacity is required and where it is to be located are to be made by the Government, it must ensure that what is built fulfils the purposes for which it was intended. In other countries, Governments play a prime role in developing airport infrastructure and this has been shown to be effective. The Government should also take a leading role here and provide financial support if necessary. At the very least, there must be a unit in the Department for Transport
charged with ensuring that Government policies produce real results. (Paragraph 118)

31. A Transatlantic Common Aviation Area would offer benefits to both parties. If the US, which accounts for 40% of the global market, wishes the EU to open its market to US carriers it must be prepared to open its own market and make concessions to ensure that airline competition takes place on even terms. (Paragraph 127)

32. The United Kingdom Government’s negotiating position should take account of the fact that national airlines dominate the slots in Schiphol, Frankfurt and Charles de Gaulle, while Heathrow is open to a far greater range of traffic. Any negotiation should seek to protect the strong position that the United Kingdom has achieved in Europe in its air service relations with the USA. (Paragraph 131)

33. The United Kingdom Government must use the Special Committee to ensure that the Common Aviation Area benefits all parties, and does not undermine the United Kingdom aviation industry and the position it has achieved. (Paragraph 132)

34. We support the United Kingdom’s attempts to redraw the Chicago Convention restrictions on ownership and control; however, we note that consolidation alone will not make the airline industry more successful or profitable. (Paragraph 137)

35. We agree that it would be bizarre to agree to a change in ICAO membership which reduced the collective power and influence of member states from the EU itself. Unlike the Commission, we completely understand Member States’ concern about EU membership of ICAO. At the very least, preceding a tortuous round of negotiations in ICAO with an equally complex round of negotiations within the Union is as likely to diminish the Union’s effectiveness as enhance it. (Paragraph 140)

36. We do not understand why the Commission wishes to make trading in slots illegal while it works up a policy to make such trading legal. As we have seen, the bias in the allocation system toward new entrants gives slot holders an incentive to hoard slots; secondary trading at least gives some incentive to release slots which an airline cannot use to best advantage. (Paragraph 147)

37. We agree that airlines should have no fundamental property rights in slots. A market in slots would have to be coupled with measures to ensure wider economic interests were also protected. Slot allocation systems should allow slots to be used for the benefit of the region around the airport and for the benefit of peripheral regions which need transport links. (Paragraph 148)

38. We expect, as a matter of urgency, further work on ATC and the interaction between various options to be done, to ensure the White Paper is soundly based. (Paragraph 150)

39. Air Traffic Control is safety critical. Planning needs to begin now to ensure that the United Kingdom has the resources necessary to cope with the increases in traffic predicted. This will not simply be a matter of having sufficient air traffic controllers; there will need to be capacity to deal with rapid changes in airspace sectorisation and
research and development to ensure that air traffic control can help minimise the environmental impacts of aviation. The Government must, as a matter of urgency, consider whether the present structure for National Air Traffic Services, and the resources available to it, are adequate. We share our predecessor Committee’s belief that the funding and ownership arrangements are not robust. (Paragraph 154)

40. The provision of high quality air access to main London airports is essential. The regions must have guaranteed access to international routes that will support continued inward investment. We support increasing the use of regional airports so they provide direct connections with as wide a range of destinations as possible. (Paragraph 156)

41. In the final weeks of the consultation, British Airways and bmi implied that further regional services would be withdrawn unless extra capacity was provided at Heathrow. We deplore this tactic, particularly when the proponents have shown little regard for regional authorities and airports and indeed have treated many of them with contempt. This reinforces the Committee’s view that firm Government action to secure these vital regional links through PSO designation, specific slot allocation or ownership is the only way forward. This in turn can only be achieved by the rapid development of additional capacity at or near Heathrow or Gatwick. (Paragraph 159)

42. If the Department for Transport feels that existing slot allocation and protection rules do not allow the United Kingdom to protect profit making regional services and links to Crown dependencies, it must press for revisions which make this possible. (Paragraph 164)

43. The Government should seek revisions which put it beyond doubt that:

- Profitable routes may be protected;
- Links to individual specified airports may be subject to a PSO;
- Routes to the crown dependencies are also capable of being protected. (Paragraph 165)

44. There has to be cohesion between regional economic policy and transport policy. It is absurd to put billions of pounds into regional aid yet not give the any assurance to provide guaranteed air access. The White Paper is about setting out the future of aviation in the United Kingdom over the next 30 years. The Government must therefore provide a long-term vision for regional air services. If no protective action is taken, we are certain that the problems we see today will recur when the new runway capacity begins to fill up. New capacity may postpone the problems; it will not solve them. (Paragraph 167)

45. We strongly support improvement of the links between Gatwick and Heathrow, so that passengers from regions with access to Gatwick can transfer onto Heathrow quickly and easily. We note that, in the past, there were measures such as a dedicated helicopter link. (Paragraph 168)
46. We consider any request from the Scottish Executive for an enhanced PSO network for the Highlands and Islands should be immediately accepted by the United Kingdom Government. Such a network would provide useful lessons about the extent in which air transport can be improved by selective subsidy. (Paragraph 172)

47. We are struck by the apparent impetus that local authority and regional governmental ownership appears to have led to a more pro-active stance on airport development. Indeed, Manchester Airport did not require a new White Paper to bring forward its proposed second runway. (Paragraph 175)

48. Identifying sites where development is possible in the next 30 years may be unpopular in the short-term but will remove blight and uncertainty from many areas. No policy which ignores the need for this is worth having. Better planning, more rapid decisions and responsiveness to the need for local mitigation will make clear to people where they stand. (Paragraph 178)

49. We expect the White Paper to explain how the broader land-use planning, zoning, housing, employment and schooling implications of the plans are to be met. (Paragraph 180)

50. The changes to the planning system offer some scope for reducing the time to deliver major infrastructure projects. It should be possible to complete a major development within 10 years from the submission of a proposal. This is achieved in neighbouring European countries which are often praised for their consultation processes and environmental credentials. More generous compensation is also needed to provide some comfort to those who will be uprooted or disturbed as a result of any expansion in the 30 year plan. This must be addressed when the Planning and Compulsory Purchase Bill is reconsidered in Standing Committee. (Paragraph 182)

51. Rail is competitive with air for many journeys from city centre to city centre. However, it will not remove the need for regional air access to main airports in the South East nor materially affect the case for runway expansion. (Paragraph 191)

52. The provision of first class road and rail links to airports is an essential part of any future development. We expect airports to continue to make significant financial contributions to the provision of good quality surface links. However, good surface links should form part of a wider transport network serving other local objectives. It is not reasonable to expect airports to fund all of these costs. Even though some contribution should be expected from the aviation industry, the Government will have to commit significant funding to ensure high quality surface access. This must be identified as part of the review of the 10 Year Plan. (Paragraph 198)

53. The Government and the air freight industry must explain how the significant economic benefits conferred by this industry can be secured while controlling any adverse effects from the necessary night operations. (Paragraph 202)

54. If the United Kingdom were to reject night flights altogether, it would be rejecting a key means of support for modern industry. There needs to be a careful balance between economic and social needs, and a dedicated freight airport might provide that balance. Communities which can see direct benefits from air freight, such as
jobs, are likely to accept that some disturbance goes with it. There are significant risks to the United Kingdom economy and its relative standing in Europe in the air freight market if no solution can be found. (Paragraph 203)

55. Airports and airlines should ensure that they combine high levels of security with efficient procedures to reduce delays. The CAA and the Government should ensure that security regulations are appropriate, and properly implemented. (Paragraph 205)

56. The expected Aviation White Paper will only be the beginning of a process. The Department for Transport must establish a delivery unit to ensure its policies have real results and that policy evolves to meet changing market conditions and expectations. (Paragraph 207)

57. We support the provision of new capacity at the earliest opportunity. There is no prospect of getting planning permission for a new runway within this period; the Department for Transport consultations assume that the earliest any new runway capacity could be made available is 2011. This is optimistic. Constrained capacity in the South East will lead to further reductions in regional access to London airports which we believe will have serious detrimental impacts on their economies. It will also increase some services in the regions creating pressure for runways outside the South East. Doing nothing is not an option. (Paragraph 209)

58. Many airlines, users and regional representatives told us that demand for a feeder reliever airport does exist. We strongly recommend the establishment of such an airport. Its most important function would be to act as “London’s regional airport”. A failure to adopt such recommendations would require the Government to advocate the development of a runway on a new site, although this might be next to an existing airport. It could take as long as 15 years to build any such runway. This would fail to address the very real problems that exist now and leave the Government with a policy vacuum. (Paragraph 224)

59. The Government must address the regional access issue by agreeing a minimum level of access of at least three return services per day. The most effective way to do this would be through some form of slot reservation. (Paragraph 226)

60. We see the future of airport development in the United Kingdom being centred on targeted expansion of existing sites. We have not seen any off-shore or green field developments that would provide a solution to the capacity problems. The new sites and extensive new land access infrastructure required to service them would have high environmental costs. The only way to ensure that a newly built hub airport would be successful would be to close down existing ones. This would be neither cheap nor easy; airport operators and airlines would expect compensation for their losses and local communities would lose the employment that established airports provide. (Paragraph 229)
Annex 2: Previous Aviation Reports


- **Meeting with the European Commission Officials to Discuss Air Transport**, Environment, Transport and Regional Affairs Committee, Seventh Report of Session 1998-99, HC 272


- **Air Service Agreements between the United Kingdom and the United States**, Environment, Transport and Regional Affairs Committee, Eighteenth Report of Session 1999-2000, HC532

- **Developments at National Air Traffic Services**, Environment, Transport and Regional Affairs Committee, Third Report of Session 2000-01, HC 121


Annex 3: Regional Growth Scenarios

Regional Growth Scenarios

**The RASCO Reference Case (RRC) Scenario**
This scenario assumes that current policies continue in the future. It also assumes that significant new runway capacity is provided over the course of the next thirty years at London airports (up to 300 mppa).

**The South East Constrained (SEC) Scenario**
This scenario assumes that capacity at regional airports is allowed to grow in line with demand (which may necessitate major new infrastructure, including new runways, at regional airports). The critical difference between this scenario and the RASCO Reference Case outlined above, is that capacity at London airports is fixed at around 150 mppa, which would be only about half the expected demand for those airports in 2030.

**The UK-Wide Constrained (UKC) Scenario**
This scenario assumes that airport growth is severely constrained in all parts of the UK. Development is restricted to that which has already been supported in the planning system. This constraint is reinforced through the use of measures to limit environmental impacts as far as possible. Under this scenario all airports in the UK would be effectively ‘full’ by around 2020 (and many airports would be full long before then). Many people would be forced to make long surface journeys to access air services.

**Facilitating Growth (FG) Scenario**
This scenario assumes that all airports in the UK are permitted to grow in line with demand and that demand would be encouraged. This would involve developing sufficient capacity at South East airports that they are effectively ‘unconstrained’ and major new infrastructure, including new runways, at a number of existing airports in regions.

*Data Source: DfT Consultation documents*
Formal Minutes

The following Declarations of Interest were made:

Mrs Gwyneth Dunwoody, Member, Associated Society of Locomotive Engineers and Firemen

Mr Brian H Donohoe, Mrs Louise Ellman and Mr George Stevenson, Members of Transport and General Workers’ Union

Mr Graham Stringer and Mr Ian Lucas, Members of Amicus-MSF.

Wednesday 10 July 2003

Members present:

Mrs Gwyneth Dunwoody, in the Chair

Tom Brake
Mr Brian H Donohoe
Mrs Louise Ellman

Mr John Randall
Mr George Stevenson
Mr Graham Stringer

The Committee deliberated.

Draft Report (Aviation), proposed by the Chairman, brought up and read.

Ordered, That the Chairman’s draft Report be read a second time, paragraph by paragraph.

Amendment proposed, on page 6, line 8, to leave out from "capacity" to the end of line 9.— (Mr John Randall)

Question put, That the amendment be made:—Amendment, by leave, withdrawn.

Summary agreed to.

Summary agreed to.

Paragraphs 1 to 13 read and agreed to.

Paragraph 14 read, amended and agreed to.

Paragraph 15 to 19 read and agreed to.

Paragraph 20 read, amended and agreed to.

Paragraph 21 to 27 read and agreed to.

Paragraph 28 read, amended and agreed to.
Paragraph 29 to 38 read and agreed to.
Paragraph 39 read, amended and agreed to.
Paragraph 40 to 71 read and agreed to.
Paragraph 72 read, amended and agreed to.
Paragraph 73 to 102 read and agreed to.
Paragraph 103 read, amended and agreed to.
Paragraph 104 read as follows:

“We note that any airport development is going to entail some damage to existing heritage or ecological sites of importance. The level of impact will vary between sites. The Royal Society for the Protection of Birds told us that the Cliffe option would represent "the biggest act of wildlife destruction that the United Kingdom has seen". It is also self-evidently not possible to recreate environments such as an area of ancient woodland. However, habitat relocation can be a successful way of mitigating expansion impacts at some airports. There may also be ways to change runway alignments to protect some buildings of importance.

Amendment proposed, in line 7, after the word "importance." to insert the words, "However, we agree with the RSPB and conclude that any development at Cliffe should be ruled out.".—(Mr John Randall.)

Questions proposed, That the Amendment be made:—Amendment, by leave, withdrawn.

Paragraph 105 to 113 read and agreed to.
Paragraph 114 read, amended and agreed to.
Paragraph 115 to 153 read and agreed to.
Paragraph 154 read, amended and agreed to.
Paragraph 155 to 158 read and agreed to.
Paragraph 159 read, amended and agreed to.
Paragraph 160 to 208 read and agreed to.
Paragraph 209 read, amended and agreed to.
Paragraph 210 to 213 read and agreed to.
Paragraph 214 read, amended and agreed to.
Paragraph 215 to 221 read and agreed to.
Paragraph 222 to 224 read:

Motion made, to leave out paragraphs 222-224 and insert the following new paragraph:
“It must be sensible to use available capacity to the environmentally acceptable limit, but hose environmental limits must be stringent and soundly based. It is unreasonable to expect communities to tolerate extreme levels of pollution, noise and congestion simply because there are already airports nearby. The Department itself considered the development of Northolt would be environmentally unacceptable; development of a third runway at Heathrow would have far greater impact. Both should be ruled out now. It is unacceptable to consider building new capacity at a point where even the most optimistic projections assume that a significant number of people will be exposed to pollutants above the impending EU limit”.—(Mr John Randall.)

Question put, That the Amendment be made.

The Committee divided.

Ayes, 2

Tom Brake
Mr John Randall

Noes, 4

Mr George Stevenson
Mr Graham Stringer
Mr Brian H Donohoe
Mrs Louise Ellman

Paragraph agreed to.

Paragraphs 225 to 238 read and agreed to.

Paragraph 239 read, amended and agreed to.

Paragraphs 240 to 257 read and agreed to.

Paragraph 258 read as follows:

“New capacity has been and will be provided at Paris-Charles de Gaulle, at Frankfurt and at Amsterdam-Schiphol airports. New capacity is needed in the South East now. The evidence we received convinced us that their is a strong case for such capacity at or near Heathrow. However, environmental concerns must be overcome before this can be considered. That is the Government’s first decision.”

Amendment proposed, in line 2, to leave out from the work “now” to the end and insert the words, “Its location must take into account the need to avoid unacceptable environmental impacts as well as the preferences of the aviation industry. For this reason, we cannot recommend expansion at or near Heathrow. Any decision will have to be based on detailed analyses of particular sites.”.—(Mr John Randall.)

Question put, That the Amendment be made.
The Committee divided.

Ayes, 2

Tom Brake
Mr John Randall

Noes, 4

Mr George Stevenson
Mr Graham Stringer
Mr Brian H Donohoe
Mrs Louise Ellman

Paragraph agreed to.

Paragraphs 259 to 265 read and agreed to.

Annexes agreed to.

Resolved, That the Report be the Sixth Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 134 be applied to the Report.

Several papers were ordered to be appended to the Oral Evidence.

Ordered, That the Appendices to the Minutes of Evidence be taken before the Committee be reported to the House.

Ordered, That the paper prepared by Mott MacDonald (Key European Hubs: Comparison of Aviation Policy) be reported to the House.

[Adjourned till Wednesday 10 September at half past Two o’clock.]
Witnesses

Wednesday 12 March 2003

Mr Rod Eddington, Chief Executive, and Mr Andrew Cahn, Director of Government and Industry Affairs, British Airways; Mr David Evans, Managing Director, British Airways CitiExpress

Mr Tim Bye, Group Legal Director & Company Secretary, bmi; Mr Barry Humphreys, Director of External Affairs and Route Development, Virgin Atlantic; Mr Peter North, Chief Executive, and Mr Raja Segrans, General Manager UK & Ireland, Singapore Airlines, BAR UK

Mr Peter Long, Chief Executive, First Choice Holidays plc, and Mr Bob Parker-Eaton OBE, Deputy Managing Director, Britannia Airways Ltd, The Charter Airline Group of the UK

Wednesday 19 March 2003

Mr Mike Toms, Group Planning & Regulatory Affairs Director, Mr Alastair McDermid, Group Planning, and Mr Donal Dowds, Scottish Airports, BAA

Mr Paul Kehoe, Managing Director London Luton Airport, Operations Director of TBI, and Ms Natalie Raper, Customer Services Director, London Luton Airport/TBI; Mr Ed Anderson, Managing Director, and Mr Rob Lund, Executive Director of Operations, Leeds Bradford International Airport;

Mr Geoff Muirhead, Group Chief Executive, Ms Rowena Burns, Group Strategy Director, Dr Jonathan Bailey, Head of Government and Industry Affairs, The Manchester Airport Group

Wednesday 26 March 2003

David Stewart MP, Member of Parliament for Inverness East, Nairn and Lochaber

Mr Philip Pain, Airport Director, Isle of Man Airport; Mrs Maeve Bell, OBE, Chief Executive, and Mr Alan Walker, Head of Consumer Affairs, General Consumer Council for Northern Ireland;

Mr Peter Morris, Chief Economist, Mr Philippe Rochat, Director, Aviation Environment, and Mr John Macdonald, London Airports Project Manager, IATA

Mr Piers Merchant, Director of Campaigns, London Chamber of Commerce and Industry; Mr Michael Roberts, Director, Business Environment, and Mr Joe Quill, Senior Policy Advisor, Infrastructure Group, CBI
Wednesday 2 April 2003

Mr Ian Reynolds, Chief Executive, Mr Sidney Perez, Tour Operator Representative, and Miss Susan Parsons, Manager Trade Relations, ABTA

Mr Jonathon Porritt, Chairman, and Mr Scott Ghagan, Secretary, Sustainable Development Commission

Professor Brian Hoskins, Royal Society Research Professor and Professor of Meteorology, University of Reading, and Professor Paul Ekins, Head of Environment Group, Policy Studies Institute and Professor of Sustainable Development, Keele University, Royal Commission On Environmental Pollution

Dr Mark Avery, Director of Conservation, and Mr Gwyn Williams, Head of Sites and Species Policy, RSPB; Mr Jeff Gazzard, Aviation Environment Federation, Mr Nic Ferriday, Aviation Campaigner, Friends of the Earth, and Mr Andy Critchell, Campaigns Officer, Council for the Protection of Rural England, AirportWatch

Wednesday 30 April 2003

Senator Len Norman, Committee Member, and Mr Colin Powell, OBE, Advisor, Air and Sea Transport, States of Jersey Economic Development Committee; Deputy Michael Torode, President, and Mr Richard Kirkpatrick, Chief Executive Economic Development Department, States of Guernsey Transport Board;

Rt Hon Sir Alan Haselhurst MP, Member of Parliament for Saffron Walden

Professor Nicolas Cumpsty, Chief Technologist, Rolls-Royce plc, and Mr Jeff Jupp, Formally Director Technical, Airbus UK, Royal Academy of Engineering

Professor Duncan Laxen, Managing Director, Air Quality Consultants, and Professor Stephen Stansfeld, Queen Mary’s School of Medicine and Dentistry

Mr Tony Lucking and Mr Keith Boyfield
Wednesday 7 May 2003

Mr Jon Cousens, Director of External Affairs, London Redhill Aerodrome; Mr Andrew Walters, Chairman, Regional Airports Ltd

Mr Ronald Crocker, Chairman, Professor Edward Ayensu, Chairman of the Inspection Panel of the World Bank and Mr Alistair Tucker, Aviation Consultant, The Thames Estuary Airport Company

Mr Richard Dawson, Guild President, and Mr John Levesley, Vice President, Policy, The Guild of Air Traffic Control Officers; Mr David Luxton, National Secretary, Mr Paul Winstanley, Air Traffic Controller, Swanwick, Mr Gordon Scott, Air Traffic Systems Specialist, West Drayton Prospect

Mr Ray Webster, Chief Executive, easyJet; Mr Tim Jeans, Managing Director, MyTravelLite

Mr Danny Pedri, General Manager, DHL Aviation Ltd and Mr Simon Foylan, Senior Manager of Planning, Federal Express, Association of International Courier and Express Services; Mr Steve Guynan, Secretary, British Cargo Airlines Alliance

Wednesday 14 May 2003

Mr Simon Cole-Hamilton, Chief Executive, and Mr Ken McKinnon, Management Consultant, Inverness Chamber of Commerce; Mr Sandy Brady, Director of Strategy, and Mr Tom Matthew, Transport Policy Manager, Highlands and Islands Enterprises

Mr Bob Macleod, Managing Director, Highlands and Islands Airports; Mr Howard Brindley, Director of Strategy, and Cllr Charles King, Chairman, Hitrans

Cllr Charles King, Mr Mundo Murray, Director of Technical Services, Western Isles Island Council, and Mr Cameron Kemp, Integrated Transport Manager, Highlands Council; Mr Garry Sturgeon, Team Leader, City Development, and Mr Brian Farrell, Planning and Strategy Manager, City Development, City of Edinburgh Council

Wednesday 21 May 2003

Sir Roy McNulty, Chairman, Mr John Arscott, Director Airspace Policy, and Mr Bob Cotterill, Director Economic Policy & Regulation, Civil Aviation Authority

Rt Hon Alistair Darling MP, Secretary of State, Mr Roy Griffins, Director General of Civil Aviation, and Mr Mike Fawcett, Head of Airports, Policy Division, Department for Transport
Wednesday 11 June 2003

Mr Ludolf van Hasselt, Head of Unit, Air Transport Agreements, Directorate General for Energy and Transport, and Mr Frank Benyon, Principal Legal Adviser, European Commission
List of written evidence

<table>
<thead>
<tr>
<th></th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Stephen Plowden</td>
</tr>
<tr>
<td>2</td>
<td>Inverness &amp; District Chamber of Commerce</td>
</tr>
<tr>
<td>3</td>
<td>Ezra J. Mishan</td>
</tr>
<tr>
<td>4</td>
<td>Albert E Copling</td>
</tr>
<tr>
<td>5</td>
<td>Leeds Bradford International Airport</td>
</tr>
<tr>
<td>6</td>
<td>HACAN ClearSkies</td>
</tr>
<tr>
<td>7</td>
<td>Reg Harman</td>
</tr>
<tr>
<td>8</td>
<td>Regional Airports Limited</td>
</tr>
<tr>
<td>9</td>
<td>London Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>10</td>
<td>Agenda 21 Transport Working Group, Coventry City Council</td>
</tr>
<tr>
<td>11</td>
<td>Philippa Edmunds</td>
</tr>
<tr>
<td>12</td>
<td>A J Lucking</td>
</tr>
<tr>
<td>13</td>
<td>Mark Prisk MP</td>
</tr>
<tr>
<td>14</td>
<td>Greener by Design Group</td>
</tr>
<tr>
<td>15</td>
<td>GMB</td>
</tr>
<tr>
<td>16</td>
<td>Gatwick Area Conservation Campaign (GACC)</td>
</tr>
<tr>
<td>17</td>
<td>Castle Kitchens Ltd</td>
</tr>
<tr>
<td>18</td>
<td>Kent County Council</td>
</tr>
<tr>
<td>19</td>
<td>Guernsey and Jersey Authorities</td>
</tr>
<tr>
<td>20</td>
<td>Saffron Walden and District Friends of the Earth</td>
</tr>
<tr>
<td>21</td>
<td>Highway and Islands Strategic Transport Partnership (HITRANS)</td>
</tr>
<tr>
<td>22</td>
<td>Strategic Anti-Rugby Airport Co-ordinating Group</td>
</tr>
<tr>
<td>23</td>
<td>Orkney Islands Council</td>
</tr>
<tr>
<td>24</td>
<td>Stop Stansted Expansion</td>
</tr>
<tr>
<td>25</td>
<td>NECTAR</td>
</tr>
<tr>
<td>26</td>
<td>CPRE North Yorkshire Branch</td>
</tr>
<tr>
<td>27</td>
<td>Highlands and Islands Enterprise</td>
</tr>
<tr>
<td>28</td>
<td>Department of Transport, Isle of Man Government</td>
</tr>
<tr>
<td>29</td>
<td>Warwickshire County Council</td>
</tr>
<tr>
<td>30</td>
<td>Sutton Harbour Holdings</td>
</tr>
<tr>
<td>31</td>
<td>Mobberley Parish Council</td>
</tr>
<tr>
<td>32</td>
<td>English Nature</td>
</tr>
<tr>
<td>33</td>
<td>British Air Transport Association</td>
</tr>
<tr>
<td>34</td>
<td>Highlands and Islands Airports Ltd</td>
</tr>
<tr>
<td>35</td>
<td>The Guild of Air Traffic Controllers</td>
</tr>
<tr>
<td>36</td>
<td>Royal Commission on Environmental Pollution</td>
</tr>
<tr>
<td>37</td>
<td>The Regional Air Access to London Group</td>
</tr>
<tr>
<td>38</td>
<td>The Devon and Cornwall Business Council</td>
</tr>
<tr>
<td>39</td>
<td>Christopher Tarry Aviation Industry Research and Advisory Ltd</td>
</tr>
<tr>
<td>40</td>
<td>SASIG</td>
</tr>
<tr>
<td>41</td>
<td>British Airways plc</td>
</tr>
<tr>
<td>42</td>
<td>The WESTRANS Partnership</td>
</tr>
</tbody>
</table>
Virgin Atlantic Airways
bmi
The Woodland Trust
Redhill Aerodrome Ltd
Corporation of London
London Luton Airport Operations Limited
Singapore Airlines
Newport City Council
BAA
Newcastle International Airport
European Business Aviation Association
Keith Boyfield
General Consumer Council for Northern Ireland
Friends of the Earth
Department for Transport
Sustrans
Exeter International Airport
The Charter Airline Group of the UK
GAMTA
Medway Council
Freedom to Fly Coalition
BAR UK
TAG Farnborough Airport Ltd
Newquay Cornwall Airport Joint Committee
London Ashford Airport
Local Government Association
Association of British Travel Agents
Highland Council
Association of International Courier and Express Services
Huntingdonshire District Council
Uttlesford District Council
CBI
Association of London Government
Air Transport Users Council
British Tourist Authority
Civil Aviation Authority
FedEx Express
IATA
Council for Travel and Tourism
RSPB
Royal Town Planning Institute
The Manchester Airport Group plc
The City of Edinburgh Council
Airport Operators Association
CPRE Essex
<table>
<thead>
<tr>
<th>Page</th>
<th>Institution/Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>88</td>
<td>Pembrokeshire County Council</td>
</tr>
<tr>
<td>89</td>
<td>Dundee City Council</td>
</tr>
<tr>
<td>90</td>
<td>East Hertfordshire District Council</td>
</tr>
<tr>
<td>91</td>
<td>Essex County Council</td>
</tr>
<tr>
<td>92</td>
<td>Hertfordshire County Council</td>
</tr>
<tr>
<td>93</td>
<td>UPS</td>
</tr>
<tr>
<td>94</td>
<td>Sheppey Airport Ltd</td>
</tr>
<tr>
<td>95</td>
<td>Tyndal Centre for Climate Change Research</td>
</tr>
<tr>
<td>96</td>
<td>Hillingdon</td>
</tr>
<tr>
<td>97</td>
<td>Airport Watch</td>
</tr>
<tr>
<td>98</td>
<td>Professor Duncan Laxen</td>
</tr>
<tr>
<td>99</td>
<td>Professor Stephen Stansfeld</td>
</tr>
<tr>
<td>100</td>
<td>Royal Academy of Engineering</td>
</tr>
<tr>
<td>101</td>
<td>British Cargo Airline Alliance</td>
</tr>
<tr>
<td>102</td>
<td>Prospect</td>
</tr>
<tr>
<td>103</td>
<td>The Thames Estuary Airport Company</td>
</tr>
<tr>
<td>104</td>
<td>Jerome Lynch QC, KRAG</td>
</tr>
<tr>
<td>105</td>
<td>Ministry of Defence</td>
</tr>
<tr>
<td>106</td>
<td>Shetland Islands Council</td>
</tr>
<tr>
<td>107</td>
<td>Orkney Islands Council: Department of Development and Protective Services</td>
</tr>
<tr>
<td>108</td>
<td>Orkney Islands Council: Transportation and Infrastructure Committee</td>
</tr>
<tr>
<td>109</td>
<td>London Borough of Hounslow</td>
</tr>
<tr>
<td>110</td>
<td>Flybe</td>
</tr>
<tr>
<td>5A</td>
<td>Leeds Bradford International Airport, Supplementary Memorandum</td>
</tr>
<tr>
<td>33A</td>
<td>British Air Transport Association, Supplementary Memorandum</td>
</tr>
<tr>
<td>36A</td>
<td>Royal Commission on Environmental Pollution, Supplementary Memorandum</td>
</tr>
<tr>
<td>41A</td>
<td>British Airways plc, Supplementary Memorandum</td>
</tr>
<tr>
<td>43A</td>
<td>Virgin Atlantic Airways, Supplementary Memorandum</td>
</tr>
<tr>
<td>43B</td>
<td>Virgin Atlantic Airways, Supplementary Memorandum</td>
</tr>
<tr>
<td>44A</td>
<td>bmi, Supplementary Memorandum</td>
</tr>
<tr>
<td>46A</td>
<td>Redhill Aerodrome Ltd, Supplementary Memorandum</td>
</tr>
<tr>
<td>48A</td>
<td>London Luton Airport Operations Ltd, Supplementary Memorandum</td>
</tr>
<tr>
<td>49A</td>
<td>Singapore Airlines, Supplementary Memorandum</td>
</tr>
<tr>
<td>51A</td>
<td>BAA, Supplementary Memorandum</td>
</tr>
<tr>
<td>57A</td>
<td>Department for Transport, Supplementary Memorandum</td>
</tr>
<tr>
<td>57B</td>
<td>Department for Transport, Supplementary Memorandum</td>
</tr>
<tr>
<td>57C</td>
<td>Department for Transport, Supplementary Memorandum</td>
</tr>
<tr>
<td>60A</td>
<td>The Charter Airline Group of the UK, Supplementary Memorandum</td>
</tr>
<tr>
<td>64A</td>
<td>BAR UK, Supplementary Memorandum</td>
</tr>
<tr>
<td>69A</td>
<td>Association of British Travel Agents, Supplementary Memorandum</td>
</tr>
<tr>
<td>74A</td>
<td>CBI, Supplementary Memorandum</td>
</tr>
<tr>
<td>78A</td>
<td>Civil Aviation Authority, Supplementary Memorandum</td>
</tr>
<tr>
<td>84A</td>
<td>The Manchester Airport Group plc, Supplementary Memorandum</td>
</tr>
<tr>
<td>106A</td>
<td>Shetland Islands Council, Supplementary Memorandum</td>
</tr>
</tbody>
</table>
# Reports from the Transport Committee since 2001

## Session 2002–03

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>First Report</td>
<td>Urban Charging Schemes</td>
<td>HC 390-I</td>
</tr>
<tr>
<td>Third Report</td>
<td>Jam Tomorrow?: The Multi Modal Study Investment Plans</td>
<td>HC 38-I</td>
</tr>
<tr>
<td>Fourth Report</td>
<td>Railways in the North of England</td>
<td>HC 782-I</td>
</tr>
<tr>
<td>Fifth Report</td>
<td>Local Roads and Pathways</td>
<td>HC 407-I</td>
</tr>
</tbody>
</table>

## Session 2001–02

|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|