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DISCUSSION PAPER ON AVIATION CONNECTIVITY AND THE ECONOMY

Aberdeen Airport Consultative Committee is established under UK civil aviation legislation. It is independent of the airport's ownership and management, although the Managing Director attends and advises meetings as appropriate. The Committee has 20 members, drawn from the local authorities most closely affected by its operations, local community councils, professional and trade organisations, such as the local Chamber of Commerce and ABTA, and organisations connected with aviation, including NATS and the local Airport Operators' Committee, and chaired by an appointment that is free from any specific stakeholder interest. The airport is predominantly a business airport, with a throughput of more than 3million passengers a year. In addition to scheduled services to London and most of the UK's provincial airports, and international scheduled services to Europe's main hubs, Aberdeen is also the world's busiest civilian helicopter airport, servicing the off-shore energy sector.

This paper offers the views of the members of the Consultative Committee on the Commission's discussion paper number 2, on aviation connectivity and the economy.

By way of preface, we are aware that the Managing Director of Aberdeen International Airport (AIA) and the Director of NESTRANS (the Regional Transport Partnership for the north east of Scotland) have both recently submitted papers on this subject. We do not therefore propose to repeat all of the background information to the development of the airport or duplicate the statistical evidence that both adduce.

Rather, we wish simply to reinforce that the north and north east of Scotland economy is heavily reliant on a sustainable and effective network of air links.

We note recent press reports[1], from which it appears that the Commission already recognises the fear in the further regions of the UK that Heathrow (and the major airlines that it serves) will continue to grow links to international destinations at the expense of regional flights. We note that this is also referred to in chapter 4 of the Commission's latest discussion paper, 04 Airport Operational Models. We appreciate this recognition and hope that the following paragraphs will help encourage the Commission to maintain its concern for UK regions as it continues its work.

Connectivity is vital to our economy. Some 56% of all air travellers from Aberdeen are flying on business: a greater proportion we believe than from Heathrow or any other UK airport with the possible exception of London City. The propensity to fly is possibly also even greater than in the south east of England (more than 5:1), but the population of the north and north east of Scotland is not sufficient to sustain regular services beyond the main UK and European hubs, supporting the argument that connectivity is vital.

Air links are vital to our economy. Our peripheral geographical location within the UK militates against surface travel for both point to point and interlining journeys. London is seven hours from Aberdeen by the fastest trains and provincial cities such as Manchester, Birmingham and Norwich are between six and eight hours by train, and even longer by road. In the time it would take to get from Aberdeen to London by train, a business traveller can fly to London, do a day's business and be ready to fly home again. Even if High Speed 2 is completed at some indeterminate date in the future, the service will terminate at Edinburgh and/or Glasgow, requiring a change of train onto a journey that will take another 2½ to 3 hours to/from Aberdeen, so will offer no benefit to the north east of Scotland.

One major consideration, which the Committee has communicated to the Department of Transport in previous consultations, is that this element of connectivity is needed now, not just as part of planning for future provision.

International air links are vital to our economy. Aberdeen is one of the major eastern hemisphere bases for just about every major multi-national and UK operator in the energy sector. These companies require ready access, in-bound and out-bound, from and to the full range of global oil and gas producing locations on a daily basis. Many of these are far beyond any direct air service from Aberdeen, or indeed from Heathrow or its European competitors, from arctic Siberia to equatorial Africa, from the depths of Australia to off-shore Latin America.

The UK and Scottish governments' strategies[2],[3] for oil and gas both call for an increasing internationalisation of the energy supply chain sector. The energy sector

[1] For example, The Daily Telegraph and The Independent, 16 May 2013

[2] https://www.gov.uk/government/publications/uk-oil-and-gas-industrial-strategy-business-and-government-action-plan

[3] http://www.scottish-enterprise.com/~/media/SE/Resources/Documents/MNO/Oil-and-Gas-strategy-2012-2020.pdf

is currently valued at £17.2 billion per annum in total, with a target of reaching £30 billion per annum, with 60% being international trade, by 2020. A recent report indicates an intention of the sector to commission 40 new oil and gas wells in the UK North Sea/North Atlantic sectors, potentially worth £25 billion in revenue to the exchequer over their lifetime. Without effective air links from Aberdeen, much of this business could potentially be lost to the UK altogether. The sector accounts for some 40,000 jobs in the north east of Scotland and off-shore and a further 400,000 related jobs UK-wide.

The energy support sector that now forms an operational and knowledge base in the north east of Scotland is, it is forecast, likely to remain long after oil and gas runs dry in the North Sea and Shetland basins: and the most pessimistic forecasts still place this at 25 or more years away.

A similar level of demand for UK and international air links exists from the financial services sector in the north east of Scotland, the distilling industry and other high value added food and drink companies, the life sciences sector and our higher education institutions. The tourism industry in the north east of Scotland is also reliant on sustainable international connectivity as it seeks to extend its promotion of the area for in-bound tourism to an increasingly wider top end global market.

Regular seamless connections through hub airports are vital to our economy. Business travellers require smooth transfers through a single airport, preferably with through ticketing on one airline or alliance. Such services are currently offered from Aberdeen by BA and, to a lesser extent, Virgin Atlantic through Heathrow, KLM through Amsterdam, Air France through Charles de Gaulle, Lufthansa through Frankfurt and SAS through Copenhagen. Currently, more passengers choose Heathrow for point to point and interlining from Aberdeen than these European hubs taken together[4]. In order to maintain choice that includes connectivity through Heathrow, slots must be preserved for domestic services from Aberdeen (as well as from other UK peripheral airports). It is no good for any UK airport strategy to propose that domestic passengers from peripheral regions fly into another London airport, in order to transfer through Heathrow, or use surface transport to London to get to Heathrow. This could be the death-knell for connectivity from UK regions through London, which would militate against customer choice, competition between airlines and alliances and, potentially against the profitability of the UK's remaining major flag carriers.

In short, we seek the support of the Commission to the interests of the more peripheral regions of the UK for some form of safeguarding of slots at the UK's main hub, both for point to point and connectivity purposes, now and in the future. In the short to medium term, this means Heathrow. In the longer term, it means whatever hub configuration is recommended by the Commission and implemented in practical terms. We do not seek to enter the debate as to whether the UK's main hub should continue to be Heathrow for all time, or in some other location.

[4] Based on statistics provided by Aberdeen International Airport, drawn from destination information from airlines

Finally, we are disappointed that the recent Aviation Framework document did not address the safeguarding issue, beyond yet another rehearsal of the Public Service Obligation provisions, but simply notes that many airports have over the past 20 years lost their connections through Heathrow. As we have said, connecting from a UK peripheral region through Gatwick, Stansted or Luton to Heathrow does not offer an acceptable alternative, in terms of time or convenience. Businesses require smooth and straightforward transfers, in many cases using the same airline or alliance for through ticketing and connectivity reasons. This can normally only be achieved through Heathrow in the UK context; the alternative is to use a European hub, losing business to the UK facility.

Dr Peter Smart
CHAIRMAN