West Windsor Residents' Association

Chairman: [redacted]

Airports Commission
6th Floor
Sanctuary Buildings
20 Great Smith Street56
London SW1P 3BT

11th July 2013

Dear Sir / Madam,

RESPONSE TO 'AIRPORT OPERATIONAL MODELS' DISCUSSION PAPER

West Windsor Residents Association represents more than 1000 households in the Royal Borough of Windsor & Maidenhead. Our members include many people who are currently employed, or have worked in the airline industry over the past six decades. They also have experience of living under a flight path into Heathrow, where there is often no respite from aircraft noise between 4am and 11pm. Thus, we not only understand the adverse impact that the aviation industry has on our environment but also the service it offers and its positive impact on the economy.

Many of our members have a good working knowledge of the functioning of airline operations, including flight operations, aircraft and crew scheduling, maintenance and ground operations, passenger service, security and catering.

GENERALLY

In responding to the Discussion Paper, there are three key elements that need to be considered:

1. Consistency: there needs to be a consistent theme in progressing towards a long term target, e.g. the previous monopoly was required to sell airports in order to attain a more competitive environment in which aviation should operate. That theme does not appear to be carried through in this document.
2. Balance: Although the needs of the UK economy should be accorded the highest priority, recognition of the need for transport policy to contribute to a better geographic balance to that economy is required. Also a proper balance between economic needs and environmental needs must be maintained unless there is no other choice.
3. Uncertain future: As indicated in Para 1.7 of Paper 4 there are several way in which global aviation may develop so the airport operational model that is developed for the medium and long term must have the flexibility to adjust to both those suggested futures and any other, as yet unforeseen developments. This is vital if related local economies are to develop in a sustainable manner.

Clarification of "focal airport". The description of a "focal airport" as a SINGLE LARGE AIRPORT serving the rest of the country is inappropriate as it removes the necessary level of competition and is therefore not consistent with previous decisions. The proper alternative is to consider any airport providing a significant hub operation as a "focal airport" and these responses are made on that basis.

RESPONSE TO THE SPECIFIC QUESTIONS POSED:

1) Do you consider the analysis supports the case for increasing either hub capacity or non-hub capacity in the UK? Is there any additional evidence that you consider should be taken into account?

It is unclear how precisely hub or non-hub capacity is to be provided. Once a slot is granted it is surely up to the airline how they make use of it. It would appear that with the increased range of new aircraft and a natural preference, particularly among business passengers, for point to point travel, together with the likelihood of increased low cost leisure travel there will be an increased demand for travel to be point to point. Table 4.1 appears to indicate the necessity to consider providing for increased hub activity at additional airports rather than concentrating on a single dominant hub.

Although the report refers to benefits of scale in a single hub that surely is not an overriding factor if an alliance/s can be attracted to an alternative airport purpose built for their operations and it is made clear that the current dominant hub will continue to operate under current "constraints".

2) To what extent do the three potential futures outlined present a credible picture of the ways in which the aviation sector may develop? Are there any other futures that should be considered?

Future 1;

Whilst it appears very likely that alliances will continue to strengthen that does not require a specific dominant hub. The main reason for splitting the ownership of airports was said to be to increase competition. If the basic market would support two or more focal airports that should afford the opportunity for both airports and alliances to compete with each other.

Future 2:

Seems entirely plausible particularly if an alliance is formed between Middle Eat and Pacific Rim interests.

Future 3:

A significant integration between low-cost and full service models seems unlikely without a significant change to the operating models of one or the other or both. The restrictions currently applied to low-cost travel, e.g. baggage, would make it difficult to book a through flight on a transfer basis. Nevertheless the need for a specific dominant focal airport should decrease.

3) How are the trends discussed (e.g. liberalisation, growth of low cost carriers, consolidation of alliances, and technological changes) likely to shape the future of the aviation sector? Do they strengthen or weaken the case for developing hub vs. non-hub capacity?

As indicated earlier it is unclear how one develops hub vs. non-hub capacity other than the provision of facilities to develop or constrain the capability to handle transfer passenger demand which would presumably depend on the type of airline/alliance that one hopes to attract to make use of that airport. The trends discussed would appear to lend themselves to development of a number of focal airports rather than a single dominant focal airport. The increase in range of new aircraft the overall forecast increase in basic demand, as well as an increase in low-cost airline activity appears to offer the possibility of more point to point travel and therefore a reduction from the current high level of transfer passenger activity at Heathrow with its inherent problem of excessive peak period activity.

4) What are the impacts on airlines and passengers of the fact that the wave system at Heathrow operates under capacity constraints?

It clearly impacts on the extent to which the peak demand can be catered for. In many way that is no bad thing since the level of transfer passengers is already at around 38pc and the only apparent benefit they provide to the UK economy is in terms of purchases at the retailers serving the airport terminals. It is true that some routes are dependent on transfer passengers to be viable but other routes, e.g. To New York are served excessively as a result of catering for transfer demand.

The comment in Para 2.9 of Discussion Paper 4 that airlines transferred from Gatwick to Heathrow because it was the busier of the two airports suggests that any further expansion of Heathrow would lead to even less competition.

5) How does increasing size and scale affect the operation of a focal airport? Is there a limit to the viable scale of an airport of this kind?

Increasing the size and scale of a focal airport increases its capability to cope with peak periods but makes that airport increasingly dependent on transfer passengers. As the scale of operation at Heathrow has expanded it has seen a percentage increase in transfer passengers considerably in excess of the percentage increase in total passengers.

Depending on its location it can have an increasingly adverse impact on the environment of its neighbours as well as imposing possibly unacceptable pressures on local services. The environment should be considered by insuring that any airport granted to build additional runway should be required to consider the need for runway alternation in assessing its handling capacity

Up to a point it can have a positive on the local economy but it also has the possibility of creating a "bubble" if taken to excess. This would, of course, be a major problem if the impact envisaged in "Future 3)... Para 1.7 of the consultation document comes to pass.

The most critical aspect of all is that any increase in the dominance of a given airport will, of necessity, have an adverse impact of any similar airport to provide effective competition.

6) Would expanding UK hub capacity (wherever located) bring materially different advantages and disadvantages of expanding non-hub capacity? You may wish to consider economic, social and environmental impacts of different airport operational models?

See answer to question 1. It is unclear how precisely one could provide capacity to serve a given purpose, i.e. hub or non- hub, other than limiting the terminal facilities etc. that would facilitate the transfer of passengers. What purpose would be served by that other than to limit excessive costs? Clearly the operation of low cost point to point may require more night flights in order to provide the number of turnarounds to make the operation viable.

In our view there is a need to provide additional airports capable of offering facilities to provide for competing hub operations and this requires expansion of Fifth Freedom Right and the provision of facilities to insure that various airports can compete effectively.

The position taken in some responses to dealing with airport capacity that one should consider the merits of a dominant hub compared only with point to point operations is not sensible. There should be the provision of at least two competitive hubs to serve London and one in the Midlands or North of England. Also further capacity should be allowed for in the vicinity of London to serve the anticipated increase in demand for low cost flying.

7) Do focal airports and non-focal airports bring different kinds of connectivity and, if so, which users benefit the most in each case?

Non focal airports offer the benefit of point to point flying which any passenger would surely prefer so long as there is sufficient demand in that airports catchment area to allow the operation of a given frequency of flights over the required route structure. The lack of a need for connections reduces the level of peak period activity albeit there is likely to be favoured periods in the day for some departures

The focal airports initial purpose should be to provide for transfer passengers that enable the operation of flights that would not be viable without them. If capacity is not constrained they enable an increase in the operation of frequencies over high yield routes.

8) What would be the competitive effects (both international and domestic) of a major expansion of hub capacity, and what is the associated risk?

There would be considerable benefits in increasing hub activity at additional airports. That surely was the purpose in addressing the previous monopoly controlling those airports. Those airports and the facilities serving them would need to be developed in order to allow proper competition. In particular we need a competitive approach to open up more routes to serve the Pacific Rim, Middle East, South America and Africa in the medium to long term.

A dominant hub would not provide for real competition and would be likely to incur an unacceptable environmental impact ultimately resulting in a constrained operation, albeit at a higher level.

9) To what extent do transfer passengers benefit UK airports and the UK economy?

The main benefit to the UK economy would appear to be for the retail trade at airport terminals and the operation of some routes that would not be viable without them.

9) Is there any evidence that the UK (or individual countries and regions within the UK) are disadvantaged by using overseas focal airports?

We have seen no evidence to support that view.

10) What specific characteristics of the UK and its cities should be considered? For example, does the size of the London origin and destination market and density of route networks support or undermine the case for a dominant hub?

As indicated in previous responses a single dominant hub undermines the ability to provide proper competition and will ultimately become "constrained". The size of the London origin and destination market appear to provide more than adequate support for two major hubs along similar lines to Kennedy and Newark serving New York

11) Could the UK support more than one focal airport? For example, could an airline or alliance establish a secondary hub outside London and the southeast, for instance in Manchester or Birmingham?

See previous answers. There are good reasons to presume that additional focal airports should be provided to serve not only Manchester or Birmingham but also London. As indicated previously the necessary facilities would need to be provided to enable an alliance to compete properly from another focal point. The problem of attracting an alliance to move to a different focal airport would need to be recognised such as the moving of staff and facilities and the need to develop a new catchment area as well as the loss of established route connections in the initial phases of the move. These costs could possibly be offset by sale of current slots, lower landing fees during the initial move and other considerations such as APD differentials

12) To what extent is it possible to operate a successful "constrained" focal airport by focusing on routes where feeder traffic is critical and redirecting routes which are viable as point to point connections to other UK airports?

It seems unlikely that an airport/alliance would accept splitting its operation in the manner suggested but there is no doubt that airlines/ alliances would consider the viability of moving to a purpose built airport if it became known that their current airport would continue to be constrained. All this subject to recognition of the cost involved in effecting that change.

In the short term there appears to be adequate airport capacity to cope with the current level of demand.

This concludes the submission on behalf of the West Windsor Residents' Association. The Association thanks Mike Sullivan for his extensive contribution to the preparation of this submission.

Signed

Chair, West Windsor Residents Association