



ABTA response to the Airports Commission Increasing the UK's long-term aviation capacity

Introduction

This response is submitted on behalf of the membership of ABTA – The Travel Association. ABTA was founded in 1950 and is the largest travel trade association in the UK, with around 1,200 members and over 4,500 retail outlets and offices. Our Members range from small, specialist tour operators and independent travel agencies specialising in business and leisure travel, through to publicly listed companies and household names.

The success of ABTA Members' businesses is directly reliant on the UK's aviation infrastructure; many of ABTA's larger Members are themselves part of groups that own airlines. ABTA Members provide 90% of the package holidays sold in the UK, with Members also selling millions of independent travel arrangements for business and leisure. Annually, ABTA Members' turnover is in excess of £30 billion. The provision of quality, efficient and competitively priced passenger air travel is vital to the business interests of Members.

ABTA has met with, given oral evidence and made a number of submissions to the Airports Commission in the last two years. We would like to reiterate the importance of leisure aviation to the UK economy, as a wealth and job creator without which many air routes essential to the business health of the UK would simply not exist. Aviation operates as an 'aviation mix' with leisure, business and VFR passengers all flying on the same aircraft on the same routes. The different mix of aviation models all contribute to the UK's economy: scheduled, charter, no-frills, leisure, business and freight.

Executive Summary

- ABTA reiterates the view that the UK must urgently increase its hub capacity beyond the current constraints, while developing further non-hub capacity where required, in order to maintain the UK's competitive position.
- ABTA believes that both Gatwick and Heathrow have made a compelling case for a new runway. ABTA agrees with the Commission's assessment that there is a demand case for a second net additional runway by 2050, particularly within the context of connectivity and resilience.
- ABTA believes that it would be appropriate for both Gatwick and Heathrow to be given the go-ahead for planning in the next Parliament, with market forces and passenger demand dictating which runway is built first.

- ABTA believes that effective, efficient, high quality and resilient surface transport to airports benefits not just air passengers and airport staff but also the local population and is an integral part of the sustainable growth of any airport.
- ABTA fully supports the work of Sustainable Aviation and others in mitigating environmental impact.
- ABTA supports the continued need for night flights.
- ABTA believes that passengers deserve an accessible, smooth, efficient and high quality airport experience.

The case for expansion

ABTA reiterates its view that increasing the UK's hub capacity beyond its current constraints, and developing further non-hub capacity where required, is essential to maintaining and improving the UK's competitive position. In order to expand the UK's long-haul connectivity, adequate hub capacity is required. This will attract more visitors and foreign direct investment, will stimulate business and productivity growth, with attendant benefits to employment and economic growth. The economic benefits associated with enhanced hub capacity are much greater than those offered by expanding non-hub capacity alone. The UK needs to be able to compete on connectivity with other countries (many of whom are international 'competitors') whose Governments have supported hub growth.

London's hub capacity is not only important to passengers but is also the UK's key hub for international air freight.

A report recently undertaken by Oxford Economics for the Airport Operators Association¹ showed that the UK aviation sector is worth £52 billion in GDP annually, representing 961,000 jobs (3.3% of the UK total) and £8.7 billion in direct taxation to the Treasury. The recent Commons Library Standard Note² showed the UK tourism industry contributing £56 billion in economic output and employing 2.8 million people (9% of the UK total). Research for ABTA carried out independently by the Centre for Economic and Business Research (Cebr)³ highlights the positive economic impact of the UK's outbound tourism industry, worth £54 billion in GDP and representing 1.2 million jobs throughout the UK, in industries as diverse as retail, financial services, and construction.

ABTA is calling on the Government to act urgently upon the eventual recommendations of the Airports Commission after the General Election this year.

ABTA believes that an important role for the Government will be to work with the eventual private infrastructure developer to ensure that Government investment in surface access goes as far as possible. This will benefit not only passengers, and staff working on the airport, but local communities and businesses in the area. Furthermore the Government should play a key role in ensuring that any development is delivered in accordance with agreed time scales.

¹ Economic Benefits from Air Transport in the UK – November 2014

² Standard notes SN06022 – 6 January 2015

³ Driving Growth – The Economic Value of Outbound Travel – June 2012

ABTA believes that the work the Commission has already undertaken in preparedness for planning purposes through a National Policy Statement or a Hybrid Bill will stand the Government in good stead to deliver additional capacity within an agreed timeframe.

Questions inviting views and conclusions in respect of the three short-listed options

Q1: What conclusions, if any, do you draw in respect of the three short-listed options? In answering this question please take into account the Commission's consultation documents and any other information you consider relevant. The options are described in section three.

Both Heathrow and Gatwick airports have made compelling cases for a new runway, and both cases for expansion are logical: Heathrow is full, and Gatwick is operating at full capacity at peak times.

While we understand that the Commission will recommend only one net additional runway, the Commission have themselves said that there is a demand case for a second additional runway to be operational by 2050. ABTA believes that it would be appropriate for both Gatwick and Heathrow to be given the go-ahead for planning in the next Parliament, with market forces and passenger demand dictating the sequence of their construction.

Through consultation with our Members, it has become abundantly clear that our membership strongly supports planning permission for expansion at both Gatwick and Heathrow.

Underpinning the need for two new runways in the South East are two critical principles: connectivity and resilience.

London needs an additional runway at Heathrow to allow the hub and its unique global connectivity to be maintained and developed allowing those UK regional routes that have lost connections to Heathrow to be regained. London also needs an additional runway at Gatwick to allow it to grow as a point-to-point airport and to operate more effectively to reduce queuing and holding. We do not believe it should become a second, split hub. Previous attempts by Government at demand management through the Traffic Distribution Rules have been tried and failed. Market forces have dictated that passengers will seek to travel from the airport most suited to their needs.

The predominantly long haul airlines' desire to benefit from those hub connections has resulted in some moving to Heathrow when slots become available, the latest being Vietnam Airways.

ABTA Members have commented on the importance of connectivity from regional airports to London. The viability of many smaller airports depends on an efficiently operating UK hub for onward connections. Capacity constraints at the UK's hub airports have helped to establish continental hubs such as Amsterdam-Schiphol, as the predominant hub for some of the UK's regional airports. We understand that the work of the National Connectivity Task

Force, under the chairmanship of Lord Shipley, has focussed heavily on the need for enhanced regional connectivity.

The second key principle concerning ABTA Members is the resilience of airport operations. As stated previously, Heathrow is full and Gatwick is operating at full capacity at peak times.

The Commission will be well aware that Gatwick's runway was closed for three hours on 29 December 2014 following the Virgin Atlantic Airways emergency landing leading to the cancellation of some flights, delays for others, and diversions to other airports. Whilst the situation was well managed this closure was to the detriment of all those passengers affected. Past closures at Heathrow have proved to cause even larger disturbances. Therefore, it is essential that the Commission ensure that the recommendations on airport capacity recognise the importance of building resilience into any expansion plans.

ABTA supports the periods of respite allowed for by the owners of Gatwick and Heathrow airports, believing they are important to the local communities.

Furthermore, Gatwick and Heathrow have put forward a package of local community pledges and other commitments to minimise and mitigate the impacts of an additional runway. ABTA supports these as it gives a degree of confidence to those most affected by the construction and operation of an additional runway that they will be compensated in some way or will have other measures put in place to minimise and/or mitigate those impacts. Mechanisms will need to be put in place to ensure these commitments are honoured by the current and any future owners of the airports.

Q2: Do you have any suggestions for how the short-listed options could be improved, i.e. their benefits enhanced or negative impacts mitigated? The options and their impacts are summarised in section three.

Surface access

ABTA believes that effective, efficient, high quality and resilient surface transport to airports benefits not just air passengers and airport staff but also the local population and is an integral part of the sustainable growth of any airport. It is an important aspect of the passenger experience and is instrumental in the choice of a passenger's departure airport. A modern integrated transport system can play a decisive role in attracting international investment, offering greater accessibility for passengers with reduced mobility, a growing percentage of the population, and easing surface transport disruptions for the local population near transport hubs.

ABTA research⁴ showed that three in five (59%) passengers consider that ease of transport connections to the airport are important or essential with 79% supporting improvement to their quality and availability.

⁴ Arkenford – August 2014

ABTA welcomes the work being undertaken by Gatwick and Heathrow to increase the number of passengers accessing the airport by public transport.

ABTA is responding to the current Network Rail Route Studies on rail infrastructure on inter alia access to airports, including improvements for Gatwick and Stansted.

ABTA does have a concern about overcrowding on rail services north of Gatwick in the morning rush hour which coincides with the airport's peak arrivals period of long-haul aircraft. ABTA acknowledges the difficult task Network Rail faces in striking a balance between the aspirations of the different stakeholders: commuters, air travellers and airport staff alike, and the need to make best use of the available capacity on the rail network in the South East and to identify priorities for investment.

ABTA is concerned not only about the reliance on the Brighton mainline to Gatwick but also about the single motorway, particularly in the longer term with the growth of passengers at Gatwick, although we note the assessments and modelling carried out by both the airport and the Commission conclude that sufficient railway capacity is expected to be available to accommodate passengers using a two runway airport. It is important that there is committed funding for these improvements.

If the Commission were to recommend Heathrow for an additional runway, ABTA believes strongly that High Speed 2 should be routed via Heathrow, not around it, as an integral point on the London to Birmingham route and, moreover, this should be part of HS2's first phase.

Environmental impacts

Sustainable Aviation⁵, the voluntary coalition of industry partners, continues to work on innovative developments, the latest being their Sustainable Fuels Road-Map launched in December 2014. Sustainable aviation fuels have the potential to play an important role in achieving the UK's ambition to reduce carbon emissions from transport, contributing to EU 2030 climate policy goals and the global aviation target. The Road-Map identifies the potential for a 24% reduction in aviation CO₂ emissions by 2050 and the generation of £265 million in economic value plus the creation of 4,400 jobs in the UK over the next 15 years.

ABTA supports the work of Sustainable Aviation and calls on Government actively to support and remove barriers to the development of these new technologies.

As well as promoting sustainable fuels, Sustainable Aviation will also continue to develop and implement operating procedures that will improve both the industry's CO₂ and noise performance such as continuous descent approaches and two segment steeper approaches.

ABTA would draw the Commission's attention to the NATS trial, in collaboration with FABEC and Heathrow, with the overall aim of cutting the amount of time aircraft spend circling in

⁵ <http://www.sustainableaviation.co.uk/>

‘holding stacks’ at Heathrow. Since April 2014, NATS has recorded a reduction of up to a minute in holding times for those flights influenced by the trial, saving airlines around £1 million in fuel and 5,000 tonnes of CO₂, as well as reducing noise for communities underneath the stacks. In September 2014 the trial entered its third phase, with the minimum stack delay threshold reduced from nine minutes to seven and the maximum speed reduction raised to 0.04 Mach from 0.03. The trial has seen air traffic controllers in the UK, France, Ireland and the Netherlands working in partnership to slow aircraft down up to 350 miles away from London in order to minimise holding times on arrival. It is the first step of a broader strategy to reduce the amount of time aircraft spend holding at Heathrow.

Questions on the Commission’s appraisal and overall approach

Q3: Do you have any comments on how the Commission has carried out its appraisal? The appraisal process is summarised in section two.

Q4: In your view, are there any relevant factors that have not been fully addressed by the Commission to date?

ABTA is content with the extensive work undertaken by the Commission on the appraisal and overall approach and believes there are no issues that have not been fully addressed.

Questions inviting comments on specific areas of the Commission’s appraisal

Q5: Do you have any comments on how the Commission has carried out its appraisal of specific topics (as defined by the Commission’s 16 appraisal modules), including methodology and results?

Forecasting future demand for aviation

We would agree that the Department for Transport’s aviation model which has been used to produce demand forecasts is robust and the most applicable.

More recently, IATA’s Passenger Forecast⁶ shows that Europe will have a growth rate of 2.7% between 2014 and 2034, catering for an additional 591 million passengers a year with a total market of 1.4 billion passengers.

Assessing environmental impacts

ABTA is confident in the approach taken by both Gatwick and Heathrow to mitigate noise and reduce the impact on neighbouring communities. Please see our points under Q2 above.

⁶ IATA 20 year passenger forecast – October 2014

ABTA supports the Commission's decision to not hold up the consultation by waiting for the outcome of the more detailed dispersion modelling exercises.

ABTA is content with the work undertaken by the Commission on the other elements in this section.

Q6: Do you have any comments on the Commission's sustainability assessments, including methodology and results?

Q7: Do you have any comments on the Commission's business cases, including methodology and results?

ABTA has no comments to make on the Commission's sustainability assessments or business cases.

Other comments

Q8: Do you have any other comments?

Importance of night flights

ABTA is concerned at the suggestion it has heard that if additional runway capacity were agreed, there would no longer be a need for airlines to operate night flights. Night flights are important to airlines, and hence to ABTA Members who sell flights/holidays:

- Aircraft commence their first flight of the day early and operate a maximum number of rotations during the day completing their last flight late in the evening.
- Long-haul flights operating across several time zones will typically depart from North America or South East Asia in late evening and will arrive early morning at their UK destination before turning around and returning.
- An aircraft's arrival time at destination will depend on the take-off slot it can obtain at the departure airport and vice versa.
- Long-haul flights feed into short-haul flights departing early which passengers use to fly to other European destinations, thus highlighting the importance of international hubs and UK connectivity.
- Night flights are particularly important to the express air freight business.

Night flights also bring economic benefits increasing the number of flights which can be operated, particularly at capacity constrained airports, and lead to additional jobs at airports and surrounding areas. Restricting flights during the night period would further undermine the UK's attractiveness as a place to do business. Full details are contained in ABTA's submission⁷ to the Commission's Discussion Paper No. 5 on Aviation Noise.

⁷ [Aviation Noise](#) – August 2013

Air passenger experience

Lastly, ABTA believes that passengers deserve an accessible, smooth, efficient and high quality experience. Although both Gatwick and Heathrow have invested time and money in substantially improving their facilities in recent years, there is always room for further improvement.

ABTA's research⁸ showed that the most important points for passengers are quality and speedy check-in and security with 87% supporting improvement. Improved communications in the event of flight delays and cancellations are also considered essential (86%) with friendliness and knowledge of airport/airline staff scoring 84% and quality and availability of public transport 79%.

Above all, it is essential that the airports continue to maintain and improve their passenger service and that any disruption during construction of a new runway and associated terminal facilities is minimised.

Thank you for taking our comments into consideration. We would welcome the opportunity to discuss any points raised in our response further with the Commission.

Further information

29 January 2015

⁸ Arkenford – August 2014