

Regional, Industry and Government News	Civil Aviation Bill
<p>17 Dec. 2012 - Civil Aviation Authority (CAA) announces decision in Aer Lingus Heathrow complaint case</p>	<p>19 Dec. 2012 - The Civil Aviation Act has become law and paves the way for airports to offer better facilities and information for passengers</p>
<p>The CAA has published its decision on a complaint made by Aer Lingus about landing charges for small aircraft and charges on airlines for passengers on domestic and Irish flights at Heathrow Airport.</p>	<p>The new Act sees a number of key changes to the powers and responsibilities of the aviation regulator, the CAA, including: giving the CAA a single overriding duty for its airport economic functions to further the interests of passengers and owners of cargo in the provision of airport operation services; and giving the CAA more effective enforcement powers. The CAA will work to bring the new airport economic regulatory framework fully into force in April 2014.</p>
<p>18 Dec. 2012 - Welsh Government reaches deal to buy Cardiff Airport to bring it into public ownership</p>	<p>Further details on the Civil Aviation Act can be found in an email from the SASIG office sent on 30 Dec. 2012 or on the SASIG website.</p>
<p>The nationalisation of the airport comes after a few years which have seen declining passenger numbers and the loss of a number of key routes. Bristol Airport operators have said that it is seeking assurances that Cardiff Airport will be run on a commercial basis and will not receive subsidies from the Welsh Government; and have also questioned whether the acquisition of a commercial business operating in a highly competitive market is the best use of taxpayers' money.</p>	<p>Publications</p>
<p>18 Dec. 2012 - Heathrow Airport operators expect new larger aircraft such as the Airbus A380 to boost passenger numbers in 2013 following a 10.1% jump in earnings for 2012</p>	<p>18 Dec. 2012 - Institute of Directors report claims London needs three new runways The report 'Flying into the Future', suggests that the majority of respondents (59%) feel that the lack of capacity at Heathrow Airport has an effect on inward investment in the UK and identifies a need to expand London airports.</p>
<p>18 Dec. 2012 - Leeds Bradford Airport owners have opened the £11mn terminal expansion, with a 65% increase in airside space and enhanced commercial facilities</p>	<p>19 Dec. 2012 - The Guild of Travel Management Companies have produced a report, '10 Routes to Growth', to identify the 10 most direct routes to international destinations that business travellers want from Heathrow but are currently being forced to connect via another European hub</p>
<p>19 Dec. 2012 - Government decision on international aviation emissions announced Government will defer a decision on whether to include international aviation emissions in carbon budgets until the setting of the fifth carbon budget in 2016, by which point there should be more clarity on how aviation emissions will be tackled at an EU and global level. Caroline Flint, Shadow Energy and Climate Change Secretary, has issued a press release on the decision.</p>	<p>Consultations</p>
<p>19 Dec. 2012 - Fourth South East England hub airport proposal in Deal in Kent, is unveiled by engineering firm Beckett Rankine</p>	<p>20 Dec. 2012 - The Civil Aviation Authority has published for consultation its latest thinking on whether Stansted Airport should be fully de-regulated from 2014 The consultation is about whether the airport should be subject to economic regulation; it does not cover the type of regulation that any licence would contain, which would be consulted on in 2013.</p>
<p>29 Dec. 2012 - Analysis by the Department for Transport suggests that a 50% rise in air passenger duty at Heathrow and Gatwick would be high enough to persuade passengers to switch to airports like Luton and Stansted</p>	<p>House of Commons Questions</p>
<p>The report, 'Modelling the Effects of Price Differentials at UK Airports', is being studied by several MPs, who are keen for it to be submitted as evidence to the Airports Commission. It suggests that applying different rates of tax at airports would create a better regional balance in passenger numbers and take pressure off Heathrow and Gatwick.</p>	<p>Timetable for the public consultation on operational freedoms at Heathrow Airport (see 'Airports Commission') – Goldsmith, Z – 19 Dec. 2012</p>
	<p>Number of staff employed by the Airports Commission (see "Airports Commission") – Goldsmith, Z - 19 Dec. 2012</p>
	<p>SASIG 2012/13 Meeting Dates</p>
	<p>The next SASIG meeting will be on:</p> <ul style="list-style-type: none">• Friday 1 March 2013, 11.00am – 1.00pm <p>Meetings are held at Local Government House, Smith Square, SW1P 3HZ, with lunch provided afterwards; location map.</p>

Government News

8 Jan. 2013 - [The government's mid-term review has come under fire from the Airport Operators Association for failing to mention aviation in any detail](#)

The 46-page document makes only a single mention of aviation, despite talking in length about government plans to invest in infrastructure and modernise the UK's transport system.

8 Jan. 2013 - [Welsh First Minister makes a statement about the nationalisation of Cardiff Airport](#)

9 Jan. 2013 - [John Woodcock announces his resignation as shadow transport minister](#)

10 Jan. 2013 - [Jeremy Lefroy MP \(Cons; Stafford\), has signed a pledge to support the aviation industry and the economic benefits and jobs it brings to the UK and the Stafford constituency](#)

House of Commons Questions

[Assessment of the effect of air passenger duty on the competitiveness of regional airports with London airports](#) - Goldsmith, Z - 9 Jan. 2013 (see 'Air Passenger Duty')

[Number of arrivals and departures at Heathrow Airport with London as the final destination](#) - Goldsmith, Z - 7 Jan. 2013 (see 'Heathrow Airport')

[Congestion premium at Heathrow Airport](#) - Goldsmith, Z - 7 Jan. 2013 (see 'Heathrow Airport')

Airports Commission

2 Nov. 2012 - [The Airports Commission website has been launched](#)

10 Jan. 2013 - [London mayor Boris Johnson has launched a public consultation on the way forward for London's airports and the capital's aviation capacity](#)

The Mayor of London has released a [draft set of criteria](#) that he believes would provide the fairest possible evaluation of the increasing number of plans proposed to solve the desperate need for more aviation capacity in the southeast. Londoners and members of the aviation, business and political communities are being asked what they think about the new criteria.

Around 15 different proposals have already been made public and the Mayor has made it very clear that he wishes to see the speediest possible resolution to the debate on where to build a multi runway hub airport, so that the British economy is given the best chance to prosper in the face of huge competition from its global rivals. His draft criteria have been designed to reduce the plans already suggested to a more manageable number by applying rigorous tests of their viability.

The consultation closes on 8 February 2013.

House of Lords Questions

[Average percentage of total capacity used at London's commercial airports over the past six months](#) - Lord Spicer - 8 Jan. 2013 (see 'Airports Capacity')

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Regional News

5 Jan. 2013 - [East Grinstead Town councillors negotiate with easyJet bosses to fly aircraft higher into the sky to reduce noise levels on the ground](#)

Airline bosses of easyJet have agreed to changes that see flights taking off from Gatwick Airport in an easterly direction ascending at a sharper incline than before and climbing higher much faster.

7 Jan. 2013 - [Plans to almost double the capacity of Luton Airport have received support from 65% of respondents following a public consultation](#)

However, campaign group, Hertfordshire Against Luton Expansion [said](#) the figures released by London Luton Airport Operations Limited bosses did not show the full picture. The full breakdown, provided with the [airport's planning application](#), shows only 26 per cent of responses from members of the public were positive, while 64 per cent were against expansion.

8 Jan. 2013 - [Aberdeen Airport is rebranded as Aberdeen International Airport](#)

The change comes after the terminal's parent company dropped the name BAA Ltd and allowed its individual airports to operate more independently. It is hoped the new title will help the airport's drive to expand its roster of destinations.

8 Jan. 2013 - [Morrison & Morrison & Co, the Australasian consortium bidding for Stansted Airport, has pulled out of the running for buying the Essex airport after failing to secure bank finance for its offer](#)

8 Jan. 2013 - [The owners of Liverpool John Lennon Airport have appointed Matthew Thomas as the new chief executive](#)

Mr Thomas currently works as the commercial director for the Vantage Airport Group, the parent company of John Lennon Airport.

10 Jan. 2013 - [New East West railway line will be re-instated to offer alternative route to Heathrow Airport](#)

The new East West Rail Link between Bedford and Oxford, Aylesbury and Milton Keynes will enable people to travel on to Reading and thereby bypass the capital as a way of getting to Heathrow. Work on the line is due to be completed by March 2019.

Industry News

7 Jan. 2013 - [IAG Cargo, the single business created following the merger of British Airways World Cargo and Iberia Cargo, is to launch a thrice weekly cargo service between Heathrow and Chengdu in south-west China from 22 Sept. 2013](#)

10 Jan. 2013 - [Manchester Airports Group operators seek to build on recent traffic growth provided by budget and Middle East carriers](#)

European News

8 Jan. 2013 - [European Union airport traffic in recession for second month running](#)

The latest traffic figures for Europe's airports reveal flat growth of 0.6% for overall European passenger traffic in the month of November.

Events

Please click on the [Bulletins page](#) of the SASIG website for the complete list of events.

Media

7 Jan. 2013 – [Stansted Through the Years](#) – Film produced by Stansted Airport TV

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SASIG Weekly Report – Parliamentary & Government News

12-18 January 2013

Central Government and Agencies
<u>Civil Aviation Authority - CAA Publishes review of NATS regulation</u>
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<u>Transport Committee - Greater Manchester Chamber of Commerce; Birmingham Chamber of Commerce; Scottish Chambers of Commerce; Liverpool Chamber of Commerce - Aviation Strategy</u>
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<u>Mawhinney - Airports (Gatwick, Heathrow and Stansted)</u>
<u>Berkeley - Airports (capacity)</u>

Central Government and Agencies

Civil Aviation Authority - CAA Publishes review of NATS regulation

18 January 2013

The UK Civil Aviation Authority (CAA) has today published a review of its regulation of the en route part of NATS' air traffic control business, NERL.

The continued provision of a safe, efficient and sustainable en route air navigation service is essential to further the interests of airspace users. The review examines what the CAA needs to achieve from its regulation of NERL in light of likely future changes in the market context such as demands from users for lower prices, future traffic projections and the increasing diversification of NATS' activities.

The publication follows a formal three-month consultation period, where the CAA took views from stakeholders, including NATS themselves, and held a series of meetings to discuss the review. The CAA has no concerns about NERL's safety performance and competence – a record that is among the best in the world. But long-term forecasts for traffic growth and congestion will challenge traditional approaches to safety management. Hence it is important that NERL continues to maintain its strong approach to safety management.

The review sets out the six Strategic Outcomes that the CAA aims to secure through regulating NERL in the period to 2020. Those are that:

- NERL continues to maintain a high level of safety.
- NERL makes a sufficient contribution to meeting the EU-wide efficiency targets under the Single European Skies scheme (SES).
- NERL maintains sufficient financial and non-financial resources and avoids exposing en route airspace users to unacceptable risks arising from NATS' activities outside the regulated business.
- NATS plays its full part in developing the strategic capabilities necessary to deliver their contribution to the CAA's Future Airspace Strategy.
- There is clarity on NERL's regulatory obligations and relationships with the CAA.
- In regulating NERL, the CAA can be neutral with respect to its ownership, as it has sufficient regulatory levers to achieve its objectives.

The review sets out that cost efficiency from NERL is vital during the period from 2015-2019 and should not be at the expense of continuing to provide the level of service quality airline customers expect in terms of flight delays and the environmental impact of flight routings. Cost efficiency will be a key focus for the next price control round, on which CAA has started separate consultation.

The review document will be available on the CAA website (not yet on the website - 18 Jan. 2013).

For further media information please contact the CAA Press Office on: 0207 453 6030
press.office@caa.co.uk .

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Civil Aviation Authority - CAA announces decision in Flybe's Gatwick complaint investigation

17 January 2013

The UK Civil Aviation Authority (CAA) has today published its decision on a complaint made by Flybe about changes to Gatwick Airport's charges which came into effect in April 2011.

The changes led to Gatwick's summer landing charges being increased by 62.5%, while their winter charges were reduced to zero. Other charges were kept at the same level. As such, the entire cost increase allowed under the CAA's price cap for Gatwick was loaded on to summer landing charges.

Flybe's complaint, made under section 41 of the Airports Act 1986, was that structuring charges in this manner unreasonably discriminated against it and other operators of small aircraft at Gatwick.

The CAA has found that although the changed charges discriminate against airlines using small aircraft, the discrimination was not unreasonable, because Gatwick's objective of increasing the efficient use of its single runway in re-structuring its charges, justified the decision to make the changes.

The decision document sets out that while the CAA believes that some passengers may be harmed by GAL's changes to its charging structure, the numbers involved are likely to be small and the adverse effects would be balanced by benefits to other passengers.

Today's announcement follows a provisional decision in line with today's final decision, published for consultation in September 2012.

The CAA's full decision document can be seen here: [Investigation under Section 41 of the Airports Act 1986 of the structure of airport charges levied by Gatwick Airport Limited - CAA decision](#)

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National Audit Office (NAO) - Planning for economic infrastructure

16 January 2013

The National Audit Office has highlighted five key risks to the value for money of projects included in the government's national infrastructure plan.

The government expects £310 billion to be spent by 2015 and beyond on new infrastructure projects in sectors such as energy, rail, roads, water, waste, flood defences and digital communications. Such large-scale infrastructure projects pose significant challenges. With limited funds available, the government is looking to private companies to wholly own and finance around 64 per cent of the £310 billion, with the burden of funding likely to shift towards the public as consumers rather than taxpayers.

The first of the risks to achieving value for money is that forecasters might get wrong the need for infrastructure in the long term (demand forecasting for many years ahead is an inexact science).

Secondly, uncertainty over government policy might lead project sponsors, lenders and contractors to defer or abandon projects in the UK for opportunities elsewhere.

Thirdly, there is the possibility of a failure to take into account the cumulative impact on consumers of funding those infrastructure projects where the costs are recovered by charging users. Increasing the burden on consumers may increase the risk of financial hardship, or the need for unplanned taxpayer support. The full impact of spending on economic infrastructure in the years ahead is unclear. While there is information on individual sectors, no overall assessment has been undertaken by government.

Taxpayers may be exposed to substantial losses as a result of government guarantees to bear some project risks (such as cost overruns) should they materialize. The government has taken steps to attract new sources of finance. One of these steps has been its offer to give guarantees to attract construction finance which, while it may help to source new finance, may also expose government to increased financing risk. The Treasury is seeking to address the final risk, that delivery costs might turn out to be higher than they should be, with a cost reduction programme aimed at reducing costs by 15 per cent.

The NAO has made a series of recommendations to help ensure value for money is achieved. It calls for the Treasury to work with departments and regulators to provide greater clarity for consumers regarding the financial impact of planned infrastructure investment. Where there are limits on affordability and availability of finance, the NAO notes that the Treasury and departments may need to refine their prioritization of infrastructure programmes and projects.

Amyas Morse, head of the National Audit Office, said today:

“Economic infrastructure keeps the country running. Demand for infrastructure is set to increase, fuelled by population growth, technological progress, climate change and congestion.

“But there is a lot at stake in taking forward the national infrastructure plan in an environment of straitened resources, with real risks to value for money and uncertainty about the sustainability of piling costs on to consumers.

“I have made a number of recommendations which look to the Treasury, departments and regulators to provide greater clarity on the costs which taxpayers and consumers will bear. Work is already in hand to drive down the costs of delivering new infrastructure and this should continue.”

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Westminster Committees

Transport Committee - Richard Brown CBE - Rail Franchising

15 January 2013

Rising passenger numbers, improvements in rail safety and high levels of passenger satisfaction were evidence that rail franchising worked, the Transport Committee heard today.

During a session on rail franchising, the Committee heard from the following witness:

- Richard Brown CBE, Chairman, Eurostar International

Summary

Mr Brown was giving evidence to the Committee following the publication of his report into rail franchising last Thursday.

In his report, Mr Brown recommended several reforms to the current system of franchising, including the timing of refranchises, increasing the commercial experience of staff administering the process and widening the scope of information drawn from passenger experience.

Throughout the evidence session, Mr Brown defended his core claim that the current franchising system was basically fine and required only some improvements.

He also urged the restarting of paused franchises as soon as possible and called on the Government to outline his response to his report quickly.

Opening remarks

Opening the session, **Louise Ellman MP, Chair of the Transport Select Committee (Labour/Co-operative Party; Liverpool, Riverside)** invited Mr Brown to make opening remarks.

Referring to his brief to examine rail franchising and the publication of his report last Thursday, Mr Brown said the Department for Transport (DfT) had offered all the information that he had requested.

He also confirmed that he had liaised with Sam Laidlaw and **Nick Smith MP, PPS to Shadow Foreign Secretary Douglas Alexander (Labour Party; Blaenau Gwent)** over the course of his own review.

Mr Brown said his report would not make comfortable reading those in the Department.

He said some information had been redacted from the report, because of it could potentially be stock marked sensitive. However, he confirmed the Government would publish this information alongside its response to the Brown Review.

Management contracts

The Chair asked why Mr Brown had concluded that the franchising system had “not broken”.

In reply, Mr Brown said indicators such as rising passenger numbers and the high level of railway safety had shown that rail franchising was not broken. Nonetheless, he said there was scope for significant improvement.

He rejected any “fundamental restructuring” to the rail sector.

The Chair asked why Mr Brown preferred franchising to management contracts.

Stressing the difference being where the franchisee took a revenue risk, Mr Brown pointed to the example of the London Overground where the risk was held by Transport for London (TfL).

He said giving franchisees the revenue risk added an incentive for them to run the franchise well.

The Chair asked why Mr Brown felt the Thameslink service should be a “more of a management contract”.

Mr Brown said it was important to focus the franchisee on delivering a smooth service during a likely difficult transition.

Iain Stewart MP asked if the management contract style could be increasingly used for rail services in major conurbations.

In reply, Mr Brown said the development of urban rail services required very intensive development, saying a concession could only work with a passenger transport executive (PTE) or a body like TfL present.

Mr Stewart asked if there could be a possibility of compromise where a franchise would cross a PTE boundary.

Responding, Mr Stewart said less profit franchises would need a higher weighting to quality in franchise bidding, adding this was not considered at the moment.

Fragmentation

The Chair asked if Mr Brown was opposed to the fragmentation of rail franchises.

Mr Brown stressed that he was opposed to the tendency seen since privatisation to create smaller franchises.

Franchise risk

Graham Stringer MP asked why governments had not been able to remove the risk associated with franchises away from the public sector.

Responding, Mr Brown said franchises were complex by “necessity” owing to the size of the contracts involved, adding that he had suggested franchises could range between five and fifteen years.

Graham Stringer MP asked if the system could move to a hybrid model with a profit share to capture the commercial acumen, but also guard against the risk of super profits for the franchisee.

In reply, Mr Brown said he had recommended a profit share model for franchises, but stressed the importance of keeping DfT as an equal partner in franchises.

Graham Stringer MP asked what would happen if the operator of last resort would be allowed to compete in the franchise market.

Stressing the lack of risk from directly-operated railways, Mr Brown said such a model would not serve to remove the risk from the public sector at all.

Graham Stringer MP said Mr Brown had not considered directly-operated railways in his report.

Referring to the recommendations in the Transport Committee's recently published 'Rail 2020' report for better benchmarking, Mr Brown said he agreed with that point, as opposed to encouraging the growth of directly-operated railways.

Graham Stringer MP asked if there was being a movement of travellers from the roads back to rail.

In reply, Mr Brown said rail had greater scope for transport growth than roads.

Passenger perspective

Sarah Champion MP asked what system could be put in place to better quantify the passenger experience of the rail network.

In reply, Mr Brown said most people in the rail sector acknowledged the National Passenger Survey as "a pretty authoritative account". However, he called for the scope of the Survey to be deepened below franchise level, in evaluate the performance of franchises once let.

Sarah Champion MP asked what sanctions could be put in place for an underperforming franchise.

In reply, Mr Brown returned to his point for certain benchmarks, with the money paid for falling below them put back into the franchise.

Restarting franchising

Lucy Powell MP asked if the recommendations for restarting franchising were reasonable.

In reply, Mr Brown stressed the importance of DfT to move fast in restarting the three paused franchises and announcing what would happen in the future.

He also said that the Transport Secretary had said he would announce would was happening with the three paused franchises in February.

The Chair asked if the time scale of the Brown Review recommended enough time for DfT to meet its recommendations.

In reply, Mr Brown said he felt that it did.

Karen Lumley MP asked about the challenge of putting staff in DfT with the necessary commercial experience to help the franchising process.

Mr Brown said it was up to the Department to put in place the necessary assurances on pay and other areas in order to get the right people in.

Open procurement

Karl McCartney MP asked what DfT could do to aid more open procurement process for franchising.

Among the improvements of to the process needed, Mr Brown stressed the improvement of awareness of the digital information centre available to bidders and improving the commercial expertise of staff in the Department.

Building on this, he said that there was still the potential for new companies to enter the franchise market, pointing to the recent entry of MTR from Hong Kong.

Defaulting on a franchise

The Chair asked what was meant by Mr Brown's suggestion that a franchise be "tolerated" to fail.

In reply, Mr Brown said it was "not realistic" to expect a franchise to reimburse the premium to the Government if a franchisee walked away. He described it as "an uneconomic cost".

Pressing by the Chair, Mr Brown said there was a balance on the amount of capital put up the franchisee between being a deterrent and the Government paying a higher margin to franchisees, if they chose to leave.

However, he stressed that no steps could ever eliminate the possibility of a default by a franchisee.

Later, the Chair asked if any franchisee who defaulted should be excluded from future bidding processes.

"It would be foolish to make it an automatic exclusion," said Mr Brown, adding that it should be taken into consideration by those administrating the franchising process.

Alliancing and cooperation

Sarah Champion MP asked about the progress made on cooperation in the rail sector.

In reply, Mr Brown said he felt that partnership working with becoming the norm in the sector and could offer leadership to DfT on this issue.

Pressing by Sarah Champion MP, Mr Brown said industry should be leading on this area and not waiting for the Department to put its own mechanisms in place.

Later, the Chair asked the witness why he had encouraged franchisees to form alliances with Network Rail.

In reply, Mr Brown said there should be a financial incentive for train companies to work with Network Rail to find efficiency savings and see the cost of the requests they made of the body.

Franchise flexibility

The Chair asked if it was unfair to new bidders to build flexibility into franchises.

In response, Mr Brown said the Government would want to make changes to the rail franchises over the lease, such as electrification of the line. He also added it was important to encourage franchisees to come forward with new ideas over the length of their lease.

Commercial expertise

Graham Stringer MP asked about the mechanics of DfT putting commercial expertise in place.

In reply, Mr Brown said the “absolute priority” was to put people with commercial expertise in place in the Department quickly.

Graham Stringer MP asked which of the three alternatives for DfT’s franchise staff structure outlined in the Report the Government would be likely to accept.

Mr Brown said one concern would be the retention of the capability and quality of staff for DfT to oversee the franchising process.

Turning again to open access, Mr Brown said he had not considered this as an alternative model.

Graham Stringer MP asked if the capacity still existed in the rail sector to be bid for large franchises.

Responding, Mr Brown said it was important to rebuild the impression of the rail sector as a viable destination for investment, adding he felt franchising should be restarted as soon as possible to minimise the damage.

He added the scheduling of re-franchising should also be spread out in the future.

Foreign investors

The Chair asked why the British rail sector was so popular with foreign investors.

In response, Mr Brown said this was symptomatic of the openness of the wider British economy. He stressed the importance of diversifying the franchise market and ensuring that the capital requirements were not so high as to put investors off.

He added he felt the current franchising system had about “the right balance”.

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Transport Committee - CBI, BCC, IoD, London First and City of London Corporation - Aviation Strategy

14 January 2013

The UK did 20 times more trade with countries its airports offered direct flights to, the Transport Committee heard today.

During a session on the Government’s aviation strategy the Committee heard from the following witnesses:

- Rhian Kelly, Director, Business Development, Confederation of British Industry
- Mike Spicer, Senior Policy Adviser, British Chambers of Commerce
- Corin Taylor, Senior Economic Adviser, Institute of Directors
- John Dickie, Director, Strategy and Policy, London First
- Stuart Fraser, Deputy Chairman, Policy and Resources, City of London Corporation

Summary

The witnesses represented the interests of employer organisations and major businesses, such as financial services, to the Committee's inquiry on aviation strategy.

Opening remarks

Opening the session, Louise Ellman MP, Chair of the Transport Select Committee, asked about the impact on business from the indecision over aviation capacity.

In reply, Mr Dickie said the problem rested with reaching businesses being able to reach emerging markets like China. He added it was problematic to discern the exact impact.

Infrastructure and transport were important to a business, said Mr Fraser, adding that many young people were not drawn to London as they had been in the past.

He added that much business was done in Hong Kong with key emerging markets like China.

Ms Kelly said many businesses viewed London as the route into East Asia, adding a lack of capacity could lead to businesses locating to mainland Europe.

Mr Taylor said the Institute of Directors (IoD) had found that a third of businesses felt flights to long term markets were important.

Building on this, Mr Spicer agreed it was important to realise it was difficult to discern the impact on business.

In response to a question from the Chair, Mr Taylor said the relationship between trade and availability of direct flights of reciprocal.

Capacity and emerging markets

Dr Kwasi Kwarteng MP asked if there was clear evidence that a lack of capacity was impeding the UK's ability to compete with emerging markets.

Mr Taylor agreed, with Ms Kelly added that some evidence suggested the UK did 20 times more trade with country its airports had direct flights to.

The Chair asked if the loss to individual businesses could be quantified.

In reply, Ms Kelly said there should be agreement among competing evidence on this matter, adding that the CBI's report on this area would be published in March.

Connectivity

Karl McCartney MP asked how important connections with airports and central business districts were to hub airports, pointing to Gatwick Express.

In reply, Mr Fraser said constraints of airport capacity restricted choice in this area and prevented intuitive decisions from being made in this area.

Mr Dickie said investments could be made in surface connectivity, for example investing in Gatwick Express and the completion of Crossrail.

Ms Kelly called for greater connectivity at airports such as East Midlands or Newcastle.

Alternative hub airports

In response to the Chair, Mr Fraser said there was only room from one hub airport in the UK.

Mr Kelly said point-to-point to the Far East, such as those out of Gatwick Airport, could be viable.

Iain Stewart MP asked if Gatwick could be developed as an alternative hub.

Turning to the example Stansted, Mr Spicer said a 45 minute rail connection until central London was slower than many business travellers expected.

Mr Taylor said there could be a potential to develop Gatwick, whilst Mr Dickie felt competition and choice in the aviation sector could only come from a growth in airport capacity.

Mr Stewart asked if an extra runway could be built at Heathrow, Gatwick and Stansted, with the market being left to sort out the use.

In response, Ms Kelly said the Davies Commission provided the opportunity to assess areas like that.

The Chair asked if airport traffic would move to an alternative hub from Heathrow.

In reply, Mr Fraser said a new airport would have to be built at the same time as running Heathrow, followed by a seamless transition to the new site. He added that spare transport capacity tended to be filled very quickly when built.

Referring to suggestion from Ryanair Founder Michael O'Leary, Mr Taylor said he felt the most straightforward issue was to address capacity at Heathrow.

Mr Dickie stressed short term solutions for Heathrow, including using both runways for simultaneous take-offs and landings, as well as removing smaller jets.

Business opinion and priorities

The Chair asked what the top priority for businesses in aviation capacity would be.

In reply, Mr Fraser said Heathrow was essential to business, adding that there was plenty of room to build on improvements for surface connectivity for the City, particularly with Crossrail coming.

He also suggested that Britain look to sell other areas of expertise to emerging economies, thus requiring greater capacity at a hub airport.

Ms Kelly once again stressed the needs to build an evidence base moving forwards.

Mr Kwarteng asked if business opinion had shifted on aviation capacity over the last few years.

In reply, Mr Taylor said IoD members polled favoured a third runway as a single favourite option, whilst rejecting a new airport in the Thames estuary, if it led to the closure of Heathrow.

He also called for a join-up approach to planning major rail and aviation projects in the future.

Ms Kelly said there was “no stand out option for the long term” on aviation capacity, but felt business now attached more importance to the issue.

Mr Spicer agreed, saying business now perceived it as a “critical issue” for them.

Mr Kwarteng asked if business could reach a consensus on the issue.

In reply, Ms Kelly said businesses wanted “an enduring solution” on aviation capacity, agreeing the need for a single answer on the question.

Graham Stringer MP asked if the panel could provide more specific answers on airport capacity.

Replying, Mr Fraser said a runway was needed at Heathrow now, not “a thousand more options”.

Mr Dickie called for an extra runway at both Heathrow and Gatwick.

Mr Taylor said the IoD wanted at third and fourth runway at Heathrow.

Mr Spicer rejected the idea of an airport in the Thames estuary.

HS2

Karen Lumley MP asked if northern airports, like Birmingham and Manchester, would benefit from HS2.

Mr Taylor said HS2 should run through Manchester Airport, but it was too early say what the impact on Birmingham Airport would be.

However, Mr Fraser said a “high speed train does not get you to Shanghai”.

Air Passenger Duty

The Chair asked the witnesses for their view on Air Passenger Duty (APD).

Research from the Netherlands had highlighted the cost of APD to the country, said Mr Taylor, rejecting the notion of regional APD.

Mr Spicer supported the devolution of APD to Northern Ireland, but did not support further devolution because of the potential for regional fluctuations.

Rhian Kelly rejected both differential and devolved APD.

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Transport Committee - Greater Manchester Chamber of Commerce; Birmingham Chamber of Commerce; Scottish Chambers of Commerce; Liverpool Chamber of Commerce - Aviation Strategy

14 January 2013

Airlines were not taking advantage of the spare capacity at regional airports, like Birmingham, the Transport Committee heard today.

During a session on the Government's aviation strategy the Committee heard from the following witnesses:

- Emma Antrobus, Policy Manager, Greater Manchester Chamber of Commerce
- Jerry Blackett, Chief Executive Officer, Birmingham Chamber of Commerce
- Garry Clark, Head of Policy and Public Affairs, Scottish Chambers of Commerce
- Paul Gilbert, Chairman, International Trade Committee, Liverpool Chamber of Commerce

Summary

The witnesses were representing the interests of regional economies and development of regional airports to the Committee's inquiry on aviation strategy.

Opening remarks

Opening the session, Louise Ellman MP asked if there was any evidence to support poor connectivity harming regional businesses.

Mr Blackett said many businesses in the Midlands, such as Jaguar Land Rover, could not understand the "drag on their competitiveness" from a lack of connectivity.

He said 64 per cent of those who could be using Birmingham Airport were going elsewhere.

Ms Antrobus echoed Mr Blackett's points, indicting the larger regional airport at Manchester, adding it did not have connections to many of the growing economies.

Mr Gilbert said it was a matter of time as well as cost for businesses.

Mr Clark said the Scottish businesses were reliant on domestic, as well as, international connectivity, pointing to the high level of air traffic between Scotland and London.

Airlines and regional airports

The Chair asked if the witnesses agreed that the airlines operated viable services from regional airports.

Mr Blackett said he was seeing a "pent up demand" for more point-to-point reach, pointing to link between direct flights and drawing foreign direct investors to the regions.

Dr Kwasi Kwarteng MP asked what the spare capacity at Birmingham Airport was.

In reply, Mr Blackett said it had 50 per cent spare capacity, attributing this to the way the airlines had "structured themselves around Heathrow".

Mr Kwarteng questioned why businesses were not exploiting such an availability of spare capacity.

In response, Mr Blackett said he saw these demands in local businesses in Birmingham every day.

He also drew attention to the constraints for accessing Chinese cities from Heathrow.

Accessibility to regional airports

The Chair asked what could be done to make regional airports more accessible.

Responding, Mr Gilbert said Air Passenger Duty (APD) did work to the disadvantage of the regions, adding that he would prefer to see an expansion of capacity at Heathrow.

Ms Antrobus said there was a risk of the airlines perceiving that margins were tight and that the business yield on expanding new routes would not be worth the effort.

Mr Blackett said the Government could better provide regional airports as alternative routes into the UK.

Asked by the Chair on the effect in Scotland, Mr Clark said the entry of Virgin into Scottish airports had come with the European Commission reserving slots, rather than UK Government intervention.

He added that the number of international destinations served from Scottish airports had fallen since 2007.

HS2

Karen Lumley MP asked what role HS2 could play in developing regional airports.

HS2 would be a "game changer" and help could relieve a lot of pressure on Heathrow, said Mr Blackett, adding that the long term future for integrated transport in the UK was changed by high speed rail presenting cities, such as Birmingham, as alternatives.

Ms Antrobus expressed support for HS2 and was keen to know the locations of stations when the project reached Manchester. She also said integrated transport would help prevent competition between bus and rail.

In turn, Mr Gilbert extolled the benefits of the project for the city of Liverpool.

International airports

Lucy Powell MP asked what the impact of international hubs would be on the local economies in the north of the UK.

In response, Ms Antrobus said the Dubai route from Manchester Airport had tripled since it was first launched, but it was difficult to quantify the direct demand.

Mr Clark said the Dubai route from Glasgow Airport had doubled with recent demand.

Mr Gilbert said he was a major user of Manchester Airport, using this example to underline the importance of the convenience of the easily accessible routes to centres like Dubai.

Open skies policy

Graham Stringer MP asked if the Government should allow an “open skies policy” to allow countries such as China to directly into the regions.

In reply, Mr Blackett said some softening of this measure would be sensible thing to look at.

Mr Gilbert said an open skies policy should be undertaken only on a multilateral scale.

Building on this, Graham Stringer MP asked if any witness felt expanding hub capacity in the south east was not needed.

In reply, Mr Gilbert said the hub capacity was still needed.

Ms Antrobus said the decisions on additional capacity needed to be made quickly, adding that expansion of Heathrow was not a bad thing, but the spare capacity at regional airports like Manchester had to be acknowledged.

In contrast, Mr Blackett lent towards the example of Germany where direct flights were distributed over a number of airports, calling for the definition of a hub airport to be “re-examined”.

Surface connectivity

The Chair asked what improvements could be made on surface connectivity for regional airports.

Mr Blackett said Birmingham would benefit from improvements to motorway connections.

He also raised the issue of the West Coast Main Line looking very “creaky”, with greater delays between London and Watford, calling for a reduction in the travel time between London Euston and Birmingham to under an hour.

Ms Antrobus said Manchester Airport was well-served by rail, but also singled out the motorway “as a potential issue for surface access”.

Concluding remarks

Invited by the Chair to make concluding remarks, Mr Blackett pointed to the announcement of Jaguar Land Rover’s 800 new jobs in Solihull as an example of how aviation connectivity should support the regional industrial base.

Mr Clark called for the Government to consider a “regional solution” APD.

Agreeing, Mr Gilbert called for regional variation of APD.

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Transport Committee - Freight Transport Association; London Biggin Hill Airport; TAG Farnborough Airport - Aviation Strategy

14 January 2013

Some air traffic could be displaced to smaller airports around Heathrow to free up capacity, the Transport Committee heard today.

During a session on the Government's aviation strategy the Committee heard from the following witnesses:

- Christopher Snelling, Head of Urban Policy, Freight Transport Association
- Andrew Walters, Chairman, London Biggin Hill Airport
- Brandon O'Reilly, Chief Executive Officer, TAG Farnborough Airport

Summary

The three witnesses were representing the perspectives of the freight industry and business aviation in the Committee's inquiry into airport capacity.

Opening remarks

Opening the session, Louise Ellman MP, Chair of the Transport Select Committee, asked if freight had received significant attention in the debate on airport capacity.

Mr Snelling felt that freight had enjoyed a rising profile in recent years, but should take care not to slip under the radar.

Facing a similar question from the Chair, Robert Walter MP, said the importance of business jets was often overlooked.

Mr O'Reilly said that business aviation was overlooked, but did "punch above its weight".

Air freight

Graham Stringer MP asked about importance of Heathrow for air freight.

In reply, Mr Snelling said air freight aircraft tended to use East Midlands and Stansted, rather than Heathrow. He said the importance of the centre rested on its proximity to London and the sheer volume of freight that passed through it.

Graham Stringer MP asked about opportunities to draw freight traffic to Heathrow.

In response, Mr Snelling said access to passenger planes at Heathrow for transport was one of the key debates for the freight industry.

Alternatives to Heathrow

Dr Kwasi Kwarteng MP, asked if the freight industry would consider alternatives to Heathrow.

In reply, Mr Snelling said he found it difficult to imagine an alternative to Heathrow, adding that whilst it was "not a bad idea in principle" to build a new airport, it was unlikely unless Heathrow was to close.

Robert Walter MP, Backbencher (Conservative Party; North Dorset)s suggested some smaller flights could be displaced to smaller airports around Heathrow to help ease congestion.

Thames estuary airport

The Chair asked how the development of a Thames estuary airport would affect Biggin Hill.

Robert Walter MP, did not feel it would adversely affect Biggin Hill, with Mr O'Reilly adding that Farnborough would be similarly unaffected.

However, Mr O'Reilly called for change to air management rules to cope with such a development.

The Chair asked what impact what the impact of the uncertainty over aviation capacity would be on business aviation traffic.

In reply, Robert Walter MP, said nearly 50 per cent of the business aviation could be affected.

Mr O'Reilly affirmed the previous point for displacing some business aviation to smaller airports around Heathrow.

Commercial traffic at Heathrow

Mr Stuart asked what rights commercial traffic had to land at Heathrow Airport.

Mr O'Reilly said a private jet required an opportunity slot to land at Heathrow and could be squeezed out when demand was too great.

Building on this, Lucy Powell MP asked what the difference in landing at Heathrow or Farnborough or Biggin Hill would be.

Mr O'Reilly said it could cost four to five times as much to land at Heathrow.

The Chair asked about surface access to Farnborough or Biggin Hill airports.

Mr O'Reilly and Robert Walter MP said both airports had excellent transport connections.

Use of rail for freight

The Chair asked how freight could make more use of rail, as opposed to aviation.

In response, Mr Snelling said aviation freight and rail freight were very different sections of the market, adding aviation freight faced in the challenge of how to best bring in freight from China.

Economic benefits

The Chair asked if the economic benefit of business aviation flights could be quantified.

In reply, Robert Walter MP, said there had been 160,000 business aviation flights in and out of the whole UK last year, with the same number going in and out of Paris alone.

Night flights

The Chair asked if the airfreight industry would prefer to see a restriction on passenger-only night flights in order to boost use at Heathrow.

In reply, Mr Snelling said flexibility was important, but worried this could reduce the use of mixed-use flights to get freight to the Far East.

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House of Commons Questions

Cairns, A - Aviation in Wales

16 January 2013

Alun Cairns MP, Backbencher (Conservative Party; Vale of Glamorgan)

What recent discussions he has made on aviation policy in Wales; and if he will make a statement.

The Secretary of State for Wales (**David Jones MP, Welsh Secretary (Conservative Party; Clwyd West)**): I have had discussions with Cabinet colleagues and the First Minister about Cardiff airport and aviation policy in Wales more generally.

Alun Cairns MP, Backbencher (Conservative Party; Vale of Glamorgan):

The Welsh Government have taken the remarkable decision of tying up much needed capital public funds in the purchase of Cardiff airport, in spite of our thoughts and concerns. Will the Secretary of State take every proactive step possible to encourage new airlines to consider using Cardiff airport in order to increase the number of destinations it serves and to make the place sustainable, especially given the importance of the British Airways maintenance centre, which uses that runway?

Mr Jones: As I said, I discussed this matter with the First Minister recently. The purchase of Cardiff airport is of course a matter for the Welsh Government. I have no doubt that they will be looking to see a robust business case for that purchase, and we will be considering the issue of the operator of the airport very carefully, too. My hon. Friend makes an important point about the importance to the local economy of the BA maintenance facility.

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Goldsmith, Z - Air quality assessment (Heathrow third runway)

15 January 2013

Zac Goldsmith MP, Backbencher (Conservative Party; Richmond Park) Will my right hon. Friend's Department make an assessment of the effects on local air quality and public health of a potential third runway at Heathrow, and will he submit those findings to the Davies commission on airport capacity?

Mr Hunt: I am very happy to look into whether that is an area where my Department should take responsibility.

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Timms - High Speed 2 Railway Line

17 January 2013

Stephen Timms, Shadow Employment Minister (Labour Party; East Ham): To ask the Secretary of State for Transport (1) over what time period he is assessing the proposed link between HS1 and HS2 will provide sufficient capacity; and if he will make a statement; (2) whether Transport for London, Network Rail and HS2 Ltd have assessed whether the proposed link between HS1 and HS2 will provide sufficient capacity for the foreseeable future; and if he will make a statement.

Simon Burns MP, Transport Minister (Conservative Party; Chelford): The expected demand for international passengers wishing to travel to/from regional UK cities directly to/from the continent was last assessed in September 2010 for which forecasts were produced for the year 2031. While there remains a strategic case for linking HS2 with HS1 and the channel tunnel, the analysis has shown that even in 2031 the expected international market is relatively small compared to the domestic market. My officials are continuing to work with HS2 Ltd to identify the best approach for providing the link.

Transport for London, Network Rail and HS2 Ltd have all provided service predictions for this part of the route for the foreseeable future. These forecasts have informed the design of the link along the North London Line. HS2 Ltd continues to work closely with TfL and Network Rail to consider the operational requirements of the link and a number of proposals have been considered.

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Rudd - Rail investment plans

17 January 2013

Amber Rudd MP, PPS to Chancellor of the Exchequer George Osborne (Conservative Party; Hastings and Rye): To ask the Secretary of State for Transport what plans he has for rail investment; and if he will make a statement.

James Morris MP, Backbencher (Conservative Party; Halesowen and Rowley Regis): To ask the Secretary of State for Transport what plans he has for rail investment; and if he will make a statement.

Simon Burns MP, Transport Minister (Conservative Party; Chelford): Rail is central to this country's economy and future growth. This is why the Government's High Level Output Specification (HLOS) announced in July 2012 provides for over £9.4 billion to be invested in the Railways over 2014-19. As well as supporting economic growth and generating jobs, our investment plans will deliver a greener, more cost efficient railway that is better for freight and better for passengers.

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McCarthy, Kerry - Biofuels (Feedstock Types)

14 January 2013

Kerry McCarthy MP, Shadow Foreign Office Minister (Labour Party; Bristol East): To ask the Secretary of State for Energy and Climate Change pursuant to the answer of 18 June 2012, Official Report, column 817W, on biofuels, if he will include data on feedstock types for bioliquid power plants on his Department's renewable energy planning database.

John Hayes MP, Energy and Climate Change Minister (Conservative Party; South Holland and The Deepings): The Renewable Energy Planning Database captures information about proposed renewable energy generating stations which require planning permission. The database is a live information system which we keep it under review and improve from time to time.

Biomass is a versatile fuel that can be used in renewable energy projects in a variety of ways and from many different sources. Before amending the database to include additional fields, we would need to be satisfied that the additional information could be collected in a consistent and accurate manner to a standard applicable to the database and with due regard to costs.

Generating stations who claim support for biomass under the renewables obligation are required to report information about the fuel under Article 54 of the Renewables Obligation Order, including information about the type of biomass used. Ofgem collate this data in an annual biomass sustainability report and publish it on their website:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=366&refer=Sustainability/Environment/RenewablObl/FuelledStations/ro-sustainability>

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Wallace - Regional Airports (Expansion)

14 January 2013

Ben Wallace MP, PPS to Minister Without Portfolio Kenneth Clark (Conservative Party; Wyre and Preston North): To ask the Secretary of State for Transport what steps he is taking to help regional airports expand.

Simon Burns MP, Transport Minister (Conservative Party; Chelford): The Government's Aviation Policy Framework, published for consultation last July, recognised regional airports' contribution to local and regional economies, and their important roles in maintaining air connectivity and helping accommodate forecast growth in UK aviation demand. Within the Framework document we also announced some short-term measures to make the best use of existing airport capacity, encourage investment, and improve surface access to the benefit of passengers and the wider economy. The Government aims to adopt the final Aviation Policy Framework this spring.

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House of Lords

Mawhinney - Airports (Gatwick, Heathrow and Stansted)

16 January 2013

To ask Her Majesty's Government how many organisations which the Department for Transport consulted about the Government's airport policy in the south-east of England indicated that they fully supported the Government's policy on the usage of Heathrow, Gatwick and Stansted.

Earl Attlee: The Department for Transport's public consultation on a draft aviation policy framework closed at the end of October 2012. A summary of responses to the consultation will be published alongside the final framework by March 2013.

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Berkeley - Airports (capacity)

16 January 2013

To ask Her Majesty's Government what is their latest estimate of spare capacity on runways and terminals at Heathrow, Gatwick, Luton, Stansted, London City, Southend International, and Birmingham International airports compared with actual usage in 2011-12.

Earl Attlee: Department for Transport estimates of annual runway capacities, in terms of air transport movements (ATMs), and annual terminal capacities, in terms of passengers, are published in table 2.6 of UK Aviation Forecasts 2011 (DfT, August 2011). The report is available on the department's website at the following address: <http://www.dft.gov.uk/publications/uk-aviation-forecasts-2011>.

The report sets out capacity assumptions for 2008; DfT considers these are also appropriate estimates for 2011. These capacity assumptions are also provided in the following table along with actual usage figures for 2011, both in calendar years. Usage figures for the calendar year 2012 are expected to become available in March this year.

Southend International Airport has not been included in the table. It has planning consent for 53,300 ATMs and a current 1 million passenger terminal capacity. In 2011 it was used by 1,300 ATMs and 42,000 passengers.

	DfT estimated capacity		Actual usage, 2011 CAA statistics	
	ATMs (000s)	Passengers (million)	ATMs (000s)	Passengers (million)
Heathrow	480	86	476	69.4
Gatwick	260	42	245	33.6
Luton	104	10	72	9.5
Stansted	259	35	137	18.0
London City	120	8	61	3.0
Birmingham	189	18	84	8.6

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