

ABTA response to the Department for Transport Draft Aviation Policy Framework

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 1,300 members and over 5,100 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, from call centres to internet booking services to high street shops.

The success of ABTA Members' businesses is directly reliant on the UK's aviation infrastructure, with many of ABTA's larger Members themselves part of groups that own airlines. ABTA Members provide 90% of the package holidays sold in the UK as well as selling millions of independent travel arrangements. The provision of quality, efficient and competitively priced passenger air travel is vital to the business interests of Members. ABTA Members have been actively involved in the preparation of this consultation response.

Executive Summary

Timing and Economic Impact

- Although there are some welcome commitments within the consultation document, particularly involving improved surface access to airports, the Government fails to address the most fundamental challenge facing the aviation industry, namely the pressing need for increased airport capacity. Capacity constraints are not only hurting the UK's aviation industry, but are also damaging the many industries reliant upon it, and therefore the whole of the UK economy.
- If the Government is serious about driving growth, it must not delay any further. Our continental competitors have continued to invest in their future aviation infrastructure, and the UK is falling further behind in the absence of a failure to provide effective policy guidance. We are concerned that the Government's timetable will lead to a policy vacuum which will make business investment decisions a challenge, and will delay or void them. A point often raised by our

Members is that the Government's lack of a credible aviation policy, hence a lack of continuity and certainty in recent years, is influencing their willingness to invest.

- ABTA believes the Government needs to provide a clear long-term framework for UK aviation that supports growth whilst meeting EU environmental objectives and addressing local impacts. Government's role should be to facilitate the conditions to allow airports and airlines to meet aviation demand in the UK. Within such a framework, UK airports and airlines will then be able to make decisions that best meet demand and provide the greatest benefit for passengers.
- ABTA is pleased that the consultation acknowledges aviation's contribution to the economy and that one of the main objectives is to ensure that the UK's air links continue to make it one of the best connected countries in the world.
- We are deeply concerned there appears to be inherent thinking within the Department for Transport and the wider Coalition that business traffic is more valuable than leisure traffic and that any expansion allowed should be for the benefit of business traffic. Many air routes that clearly cater to business travel are also dependent on leisure travellers for their financial viability. Furthermore, it has been demonstrated that leisure traffic brings a significant financial benefit to the UK economy, whether inbound or outbound.
- Not only is the UK's competitiveness constrained by lack of runway capacity, it is also constrained by high aviation taxes in the form of Air Passenger Duty (APD), on top of which there is now the added cost of aviation participating in the EU Emissions Trading Scheme (ETS). ABTA accepts that aviation should pay its proper environmental cost but believes that this cost is more than reflected in the current APD levels. UK businesses and travellers cannot continue to pay the relentless annual increases in APD rates which are putting us at a competitive disadvantage compared to our European neighbours and damaging the position of the UK as a hub for global air travel.
- ABTA calls for a proper review of the economic impacts of APD. Without this review it will be hard to properly understand the future role for aviation and we call for any aviation consultation to ensure that the consequences of APD levels is adequately modelled and understood.
- ABTA believes it is essential that any Aviation Policy Framework agreed is robust and has cross party support so that it continues beyond a single Parliament. Aviation policy cuts across Government and any future policy must sit alongside a raft of measures that address other policy concerns such as planning, connectivity and taxation. Further, that UK Government processes, such as planning and regulation, do not create excessive costs for business and, moreover, have cross-Government department cooperation.
- ABTA agrees with the Government's analysis and value of connectivity and looks forward to the Call for Evidence.
- ABTA supports short term strategies to optimise the use of existing runways. We believe that measures should be taken to reduce queues at UK borders and to simplify the UK visa process and its cost. We believe strongly that usage of slots is a commercial matter for individual airlines.
- ABTA does not see a problem, in principle, with liberalising of air services and extending fifth freedom policies to Gatwick, Stansted and Luton airports but questions whether they will deliver any real benefits.

Climate Change and the Environment

- ABTA supports the objective of the 2003 White Paper to limit/reduce the number of people significantly affected by noise. Whilst noting the importance of aviation in the consultation we are concerned at the number of questions in this consultation relating to noise and other environmental impacts from aviation. This suggests the Government's starting point is restricting aviation growth rather than positive steps that Government could take to support aviation's growing contribution to economic recovery.
- Aviation has a strong track record in improving its environmental performance and in delivering quieter planes. We are confident that the UK industry is at the forefront of developing solutions to ensure that the 2050 target for CO₂ emissions can be met without the need for demand growth to be artificially constrained.
- ABTA supports the work of Sustainable Aviation which has been established specifically to address sustainability issues and, in particular, their 2050 road map.
- ABTA supports the Government accelerating the coordination of environmental policy in the UK, the EU and globally and supports further Government exploration of the concept of noise envelopes.
- The biggest incentive that the Government can offer to improve performance would be to agree a credible aviation policy to encourage future growth. This, in turn, will fund innovation. ABTA supports the retention of the 57 dB LAeq 16 hour contour whereby the noise levels are averaged over a 16 hour time period but believes that it is unnecessary to map noise exposure around the noise designated airports to a lower level.
- ABTA understands that there is a clear trade-off between reduction in CO₂ emissions and noise reduction and that CO₂ reduction delivers greater benefits.
- ABTA welcomes a review of departure noise limits, more transparency and independence in the enforcement of noise limits and more comprehensive monitoring and publicly available data.

Working Together

- ABTA agrees with the overall objective of working together. We believe that outcomes which are achieved in cooperation with the sector and communities are better as everyone concerned has a vested interest in making them work. Airport Consultative Committees are important and ABTA welcomes efforts to improve their influence and performance. Improving the passenger experience is of vital importance to ABTA and its Members.

Chapter 2: The benefits of aviation

ABTA is pleased that the consultation acknowledges aviation's contribution to the economy. The aviation sector offers a wide range of benefits to the UK: it facilitates business and leisure travel of British citizens across the world; it brings business and visitors into the UK; it enables the import and export of goods; all of which contribute to a successful and growing UK economy. ABTA believes that aviation is a key plank of the UK's growth strategy and that we need an aviation policy from Government that recognises its pivotal role in the UK's recovery. Aviation contributes £49.6 billion to the UK economy¹.

Being an island nation on the periphery of Europe, a strong and comprehensive network of air services is an absolutely vital component of a competitive UK economy. Many parts of the UK are dependent upon aviation as a lifeline, not just for communication purposes but economically (e.g. the Scottish Highlands and Islands, Northern Ireland). UK plc benefits from the excellent air connections with cities worldwide, which has until now made the UK an easily accessible country in which to set up businesses. Investors particularly view London as one of the most attractive cities in which to do business in Europe and the quality of its international connections and domestic networks is viewed as key.

ABTA believes it is essential that the Government does not favour one type of aviation over another. We are deeply concerned there appears to be inherent thinking within the Department for Transport that business traffic is more valuable than leisure traffic and that any expansion allowed should be for the benefit of business traffic. Many air routes that clearly cater to business travel are also dependent on leisure travellers for their financial viability. BAA itself acknowledges that the passenger mix at Heathrow is split equally between business, leisure and Visiting Friends & Relatives (VFR) traffic. Not only does the Department's apparent view misrepresent the composite nature of most flying today, it also seeks to pick winners in aviation rather than allowing the market to develop based on competitive forces and value for money considerations from the consumer.

ABTA strongly believes that the aviation and tourism sectors (domestic, outbound and inbound) could help to rebalance, strengthen, and stabilise the UK economy in this time of economic difficulties. Aviation offers the potential to be a catalyst underpinning growth across the whole of the UK economy. This can only happen if Government creates a policy environment where growth can be realised. We note that all forms of tourism (whether inbound, outbound or domestic) bring economic benefit to the UK, and aviation facilitates a very significant part of that tourism benefit.

We are concerned that the capacity of these sectors to deliver growth is being limited by the current block on necessary airport expansion and continuous tax increases. Ultimately, these policies will begin to suppress demand, risking the future of international and regional airport routes and the economic benefits which this

¹ Oxford Economics, Economic benefits from air transport in the UK, 2011

connectivity brings, making the UK an unattractive destination for incoming tourism and international development. It is also worth noting that the UK is not pursuing a policy in line or comparable with our international competitors.

Aviation is an essential enabler for inbound tourism to the UK². 73.5% of visitors arrive by air. The only markets where non-aviation modes of transport have a significant share are France, Belgium, Germany, Ireland and the Netherlands where ferries or the Channel Tunnel provide viable alternatives to flying. The majority of visitors do not face a choice in how they get to the UK particularly, and most importantly, those arriving from long-haul destinations including from the world's growing economies. Their choice is to fly to the UK or go elsewhere.

ABTA recently published research³ which found that outbound travel directly accounts for 1.6% of UK GDP (£22 billion), with a total economic impact through the supply chain of 3.8% of GDP (£55 billion). The research also found that the sector underpins more than 1.2 million jobs across the UK economy and brings in over £6 billion in tax revenue to HM Treasury. Crucially, the report underlines the critical mass of other industries across the UK economy that outbound travel touches, and supports, such as retail, financial services and construction.

The history of aviation policy is a record of decisions delayed, avoided and reversed. There have been many former Government reviews of aviation policy, the most recent resulting in the 2003 White Paper which made clear recommendations. However, upon assuming office, the Coalition Government initiated a significant change of course, cancelling the third runway at Heathrow and banning any further airport expansion in the South East of England. With this in mind, any airline or airport would be cautious about bringing forward proposals for radical (or indeed, any) growth in capacity. ABTA believes it is essential that any Aviation Policy Framework agreed is robust and has cross party support so that it continues beyond a single Parliament allowing a clear policy environment for investment decisions to be made. Aviation policy cuts across Government and so any future policy must sit alongside a raft of measures that address other policy concerns such as planning, connectivity and taxation

Not only is the UK's competitiveness constrained by lack of runway capacity, it is also constrained by high aviation taxes in the form of Air Passenger Duty (APD) on top of which there is now the added cost of aviation participating in the EU Emissions Trading Scheme (ETS). ABTA accepts that aviation should pay its proper environmental cost but believes that this cost is more than reflected in the current APD levels. UK businesses and travellers cannot continue to pay the relentless annual increases in APD rates which are putting us at a competitive disadvantage compared to our European neighbours and damaging the position of the UK as a hub for global air travel. ABTA is part of *A Fair Tax on Flying*⁴ which has called on the Government to undertake a review of APD to assess the damage it does to the UK economy. We believe such a review should inform future

² VisitBritain, evidence to Aviation APPG, 2012

³ *Driving Growth - The economic value of outbound travel* (2012)

⁴ <http://www.afairtaxonflying.org/facts/>

aviation policy as taxation levels do directly contribute to the success or failure of routes and aviation's economic position in general.

Connectivity:

1. Do you agree with our analysis of the meaning and value of connectivity, set out in Chapter 2?

ABTA believes that air transport plays a vital and unique role in providing the international and regional connectivity that the UK, as an island nation, fundamentally needs. Connectivity not only creates the conditions for economic growth and investment in the UK, but also creates the conditions under which the British public can travel for both business and leisure purposes. We are concerned that the Government takes real comfort from the fact that the UK is one of the best connected countries in the world. Current connectivity is no guarantee of future economic performance and certainly will not be without future growth. Paragraph 2.19 of the consultation document states that London, with its five airports (Heathrow, Gatwick, Stansted, Luton and London City), is exceptionally well served. However, their combined six runways are matched alone by Amsterdam Schiphol's six runways on a single site. Frankfurt, Paris, Madrid and Rome all have four runways and have demonstrated a much more tangible commitment to future growth and a hub airport.

We agree that hub airports play an important role in that they are able to serve destinations that other airports cannot, supplementing local demand with domestic and international transfer traffic and cargo. However, we believe there can be only one hub airport in the UK with a comprehensive route network. Having more than one hub makes it difficult for any transfer passengers to move between airports. As acknowledged in the consultation, Heathrow has a unique role as the UK's only international hub airport. The capacity challenge at Heathrow has become increasingly problematic for UK regional airports in establishing links to the UK hub. 18 regional airports were served by Heathrow in 1990, but this has fallen to only six. At the same time, routes between the UK's regional airports and Amsterdam Schiphol have increased dramatically with 18 now having direct links⁵ which is not surprising given Schiphol's six runways. All of these connections to Schiphol from the UK will soon drive connectivity through that airport to much higher levels than is ever likely to become available at Heathrow. We believe that the UK's hub airport needs to be able to grow to reflect market demand and ensure continued international importance. If that additional capacity cannot be realised at Heathrow then it needs to be found elsewhere.

We are concerned by the suggestion in Paragraph 2.23 that the destinations served from Heathrow to the Brazil, Russia, India and China (BRIC) countries compares favourably with its main EU competitors. Coupling all the BRIC countries together ignores the fact that China (with the exception of Hong Kong) is poorly served. For example, Chengdu and Chongqing are just two Chinese cities that are experiencing dramatic growth rates, but are not served by a UK airport, severely reducing the ability

⁵ All Party Parliamentary Group for Aviation – *Inquiry into Aviation Policy and Air Passenger Duty* (August 2012)

of the UK's businesses to expand into those markets and for Chinese from those cities to invest in the UK. Frankfurt, for example, has 47 flights per week to China, compared to Heathrow's 30, and Paris has 48 flights per week to Brazil, compared to Heathrow's 20.

The inability to grow connections to these new and burgeoning economies is a direct consequence of the lack of capacity at Heathrow and Gatwick. If capacity is constrained, routes from emerging countries will not go to airports outside the South East but to other European cities. This is no time for the UK's aviation infrastructure to fall behind that of the developed world. Any new routes to these cities should not be at the price of existing established profitable routes which all support the economy. Substitution is no way of demonstrating a commitment to future economic growth.

Many airports might feel they have the scope to offer long-haul services but it is debatable they would be able to mount viable services in the long-term. The development of long-haul point to point services, with no or few transfer passengers, could be risky. Without transfer passengers, it is likely that even Heathrow could not mount viable services to some destinations. Services commence, then are subsequently withdrawn. Operators might have spent money promoting these new routes. For example, AirAsiaX commenced flights from Stansted and then moved to Gatwick before it decided to stop operating to the UK altogether, due in part to the increasing levels of APD. Recession has seen a significant reduction in the levels of scheduled operation from Manchester to the USA because money was being lost on these routes. This includes British Airways and, more recently, BMI. Some of these routes are now being re-introduced, but they were withdrawn at significant passenger detriment and inconvenience at the time.

In summary, we agree with the Government's analysis and value of connectivity and look forward to the Call for Evidence.

Fifth freedoms:

2. Do you support the proposal to extend the UK's fifth freedom policy to Gatwick, Stansted and Luton? Please provide reasons if possible.

It is clear to ABTA that Gatwick is already full for much of the day and that there is little point in trying to open it up to other services without additional capacity being added. We are concerned that any demand could only be satisfied at the price of existing operations with an inevitable impact on leisure traffic and calls for it to be moved elsewhere. As mentioned in the introduction to our Chapter 2 responses, leisure traffic is important and underpins many routes perceived to cater to business travel highlighting the importance of allowing the market to develop based on competitive forces.

Airlines will take many issues into consideration when contemplating whether to start services. This includes accessibility to the airport in terms of feeder traffic from other domestic airports, as well as surface access transport. Whilst Gatwick has a domestic flight network, Luton and Stansted only have no-frills airlines with no interlining

possibilities which are so important to foreign long-haul airlines in building sufficient demand for a route to be established and, importantly, to become profitable. The availability of good public transport to access airports is very important particularly the speed of journeys into Central London and to other towns. See our comments under Question 5.

It must also be noted that although Stansted has hosted long-haul airlines in the past, all of these services have been lost mostly due to a downturn in business and being uneconomic to continue the flights. But, before it decided to stop services to the UK, due in part to the increasing levels cost of APD, AirAsiaX had moved its service from Stansted to Gatwick. Similarly, Air Berlin has also moved its services from Stansted to Gatwick.

Although there is spare capacity and there should be freedom of choice, the question has to be asked as to why foreign long-haul airlines would want to serve Luton and Stansted when UK scheduled airlines have chosen not to. Connectivity is just as important to their operations as it is to UK scheduled airlines. Airlines generally prefer to operate from one or two airports rather than spread their aircraft fleets and crew across multiple airports, hub operations in particular being economically more efficient. Airlines do not wish to be the sole carrier on a particular route as if something goes wrong with their aircraft, there is no alternative which can be very costly for them. This is one of the reasons why Stansted lost its transatlantic services. Further, many of the new generation aircraft are now able to operate longer routes without the need to stop over at an intermediate point.

In summary, although ABTA does not see a problem with liberalising of air services and extending fifth freedom policies to Gatwick, Stansted and Luton, the points above suggest there would be little benefit from the liberalisation. Further, it remains uncertain as to the real benefits likely to be generated to either consumers or the economy in real terms.

3. Are there any other conditions that ought to be applied to any extension of the UK's fifth freedom policy to Gatwick, Stansted and Luton?

If fifth freedom policies were to be extended, ABTA believes that consideration should be given to reciprocal rights for UK airlines. We believe that equal opportunities should be given to charter airlines which are normally covered by a Memorandum of Understanding as they fall outside the Air Services Agreements. We would not support any extension to fifth freedom policies which excluded charter airlines.

Airports outside the South East:

4. Do you agree that the Government should offer bilateral partners unilateral open access to UK airports outside the South East on a case-by-case basis?

ABTA supports passengers being able to fly from the airport of their choice which will be that closest to their home or business. Equally, passengers flying into the UK will wish

to use the airport closest to their destination. This, in turn, helps prevent unnecessary road journeys at a cost to the environment.

As previously mentioned, it is necessary for there to be sufficient demand in order to mount a viable service. Lack of demand has led to many services being started up from regional airports then discontinued. Equally, airlines would prefer to operate from a few airports rather than spread their aircraft fleets and crew across multiple hubs. If as pointed out in the consultation at Paragraph 2.72 the UK adopted an open access policy in late 1990s and, per Paragraph 2.73, there is no evidence to suggest bilateral agreements offer constraints, it is questionable as to whether it should be extended further. Manchester and Birmingham already offer such possibilities, but they have not been taken up to the extent they might be, possibly because such flights are not commercially viable.

ABTA would comment that the South East already suffers from a fragmented aviation network with a number of large airports and many smaller airports which are not connected. Offering bilateral partners open access to UK airports outside the South East could make the UK aviation network even more fragmented.

5. Do you have any other comments on the approach and evidence set out in Chapter 2?

ABTA would like to make the following comments in relation to points made in the consultation.

Short term strategy

Use of existing runways

We believe that better use should be made of existing runways. We support the Operational Freedoms trials at Heathrow with runways being used simultaneously for either arrivals or departures in a bid to cut delays and cancellations and get punctuality back on track. We also support the ending of the Cranford agreement and recommend that consideration should be given to moving as soon as possible to full mixed mode utilisation of runways at Heathrow on a permanent basis allowing for more slots to be made available. Mixed mode is implicit in single runway operations at every other airport in the UK.

At Paragraph 2.35, there is a suggestion that access to smaller aircraft should be limited. ABTA would point out that it is simply not viable to mount some services using only large aircraft. Not only would some routes not be sustainable with large aircraft, but business travellers value the choice of frequency to the more popular business destinations to fit in with their working day. We do not believe that the Government should interfere with commercial arrangements and would suggest that it is far better to have smaller aircraft flying full than larger aircraft flying with empty seats. As there are significant commercial pressures on airlines to fill their aircraft and provide optimum capacity already it is our view that Government should not seek to interfere with the

market and specify aircraft size options. We believe fierce market forces already apply to these commercial decisions and we have not seen any compelling evidence presented that would suggest otherwise. See our comments in Question 6 regarding Per Plane Duty.

Border Controls and Visas

ABTA would support the suggestion, at Paragraph 2.36, of working with the US authorities to extend the current US entry pre-clearance facilities enjoyed by Irish airports. We believe this would be invaluable for outbound passengers from the UK and make arrival formalities in the USA much easier.

ABTA's position on UK border controls (Paragraph 2.40) is that, whilst we all want a safe and secure UK border, long queues to enter the UK undermine our position as a global trading hub and creates a poor welcome to Britain for visitors and returning citizens. We support measures to minimise queues and achieve a good first impression of the UK. It is essential that it is properly resourced. Additional short term measures, mostly driven by the Olympics and Paralympics are welcome. However, a permanent fix in the service quality and resourcing of the Border Force to ensure that passengers are dealt with quickly and efficiently is needed to this problem.

The Border Force targets for queues are 25 minutes for EU nationals and 45 minutes for non-EU nationals. We believe that queue measurement should be defined as a maximum queue length rather than as an average. We further suggest that the targets are too high and that passengers deserve to be processed in a shorter time.

ABTA supports moving to risk based immigration controls. The e-Borders programme is a key Coalition Government commitment helping combat the threat of terrorism, organised crime and immigration abuse at the same time facilitating legitimate travel. The purpose of eBorders is to collect and analyse passenger, service and crew data provided by airlines in respect of all journeys to and from the UK in advance of travel, supporting an intelligence-led approach to operating border controls. The airlines have already spent millions of pounds adjusting their systems to comply with eBorders requirements and are concerned that this data is not being properly used. We are pleased to see that the Border Force is intending revisiting risk-based checks and has restarted the pilot of immigration controls being relaxed for low-risk travellers. ABTA welcomed the introduction of the ePassport gates but is disappointed that the electronic equipment is not always robust and does periodically have to be turned off. It should be available at such time as the airport is open and not linked to immigration officials' shifts. We also support the extension of IRIS until such time as an electronic service can be offered to non-EU nationals living in or frequently visiting the UK who are not eligible to use the ePassport gates.

ABTA supports moves to simplify the UK visa application process, per Paragraph 2.41. The UK is uncompetitive in terms of cost (£78 compared to €60 for a Schengen visa) with more complicated and intrusive documentary requirements compared to the Schengen visa which allows access to 26 countries. It is estimated that visa liberalisation

could deliver an extra £2.8 billion annual spend from tourism to the UK. During his speech⁶ on 14 August, the former Culture Secretary, Jeremy Hunt MP, acknowledged the need to improve the visa system to attract more Chinese visitors to the UK and also the need to improve the number of flight connections to China.

Slots

ABTA's view on airport slots, per Paragraph 2.49, is that they are a commercial matter for the individual airline. Slots at UK airports are allocated independently and transparently by Airport Coordination Limited. When the European Commission consulted in 2010 on Regulation 95/1993, the airline respondents expressed broad satisfaction with the current slot regulation and stressed that the issue is the shortage of capacity at certain airports which changes to slot allocation will not address. We do agree with the need for a transparent secondary trading market for slots as suggested by the Commission.

Mention is made in Paragraph 2.53 of Public Service Obligations. As previously mentioned, we believe that the use of slots is a commercial matter for airlines and therefore we have not supported PSOs to preserve slots for domestic services into Heathrow or Gatwick. This is a direct consequence of constraining capacity in London and the South East. Artificially protecting regional access into Heathrow and Gatwick would result in manipulating the optimal economic outcome with consequent adverse use of a scarce resource. Instead, we favour increasing capacity.

The consultation suggests, at Paragraph 2.57, that Route Development Funds might be introduced as start-up aid for new services. We would suggest that any such services must be commercially viable and not distort competition. Aid for start-up routes must be subject to very careful management and control.

Surface Access

ABTA has long supported the London airports in their aim to increase the number of passengers accessing the airport by public transport and are pleased to see the Government's views in the consultation regarding Crossrail, western access to Heathrow, continuation of the Gatwick Express, improved Thameslink services to Gatwick and Luton, and replacement of rolling stock. Businesses looking to locate to London closely examine the surface access from London airports before deciding whether to locate in London or a competitor European city. Improving these links is essential to remaining competitive. Despite improvements there remain significant challenges in offering a truly comprehensive and affordable surface connectivity network to all of the capital's airports.

Regional airports have also sought to improve their public transport links. An example of this is Bristol Airport which is contributing funding to both the South Bristol Link and Bus Rapid Transit. ABTA believes that improved surface access should be a key plank of

⁶ http://www.culture.gov.uk/news/ministers_speeches/9289.aspx

improving the UK's aviation offering and are pleased to see the above projects supported by the National Infrastructure Plan 2011.

Medium and long term

ABTA supports the Government's proposals for High Speed Rail 2 (HS2) but believes that it should complement and not be a substitute for airport capacity. We disagree with the assertion, in Paragraph 3.28, that journey time savings from Phase 1 will encourage modal shift from air to rail. This might come with Phase 2 but it is difficult to see how Phase 1 of HS2 from London to Birmingham can deliver the envisaged change; there are no flights between the two cities. The short-haul air market represents a relatively small proportion of Heathrow's total flights and passenger numbers. The airport serves a small number of destinations in Scotland, Northern England and continental Europe where there is some form of viable rail alternative available from central London. HS1 between London and Paris and Brussels has reduced the number of passengers flying between those destinations and London, but it has not replaced the routes entirely. Many of Heathrow's domestic passengers are transferring to flights to other destinations from Heathrow. Further, unless there is a direct connection to the airport allowing passengers a seamless interchange, there is no incentive to switch to rail from air. Rail is never going to be able to serve long-haul destinations, and even for short-haul routes, rail will always be more limited than in continental Europe because we are an island nation.

While we appreciate that airport capacity will be considered as a separate consultation, when considering medium and long term solutions, the Government must acknowledge that the UK's airports will be at capacity, particularly in the South East of England. Any thorough consideration of medium and long term growth in aviation should consider the impact capacity constraints are likely to have on this.

Chapter 3: Climate change impacts

Aviation's climate change impact, although growing, is relatively small at about 6% of the UK's total CO₂ emissions⁷. The aviation sector accounts for 1.6% of global greenhouse gas emissions and this will rise by just 0.5% by 2050. We acknowledge that aviation has an impact on the environment and accept it is vitally important that aviation plays its full part in reducing its level of CO₂ emissions to meet global emission targets.

The previous Government set a target that aviation emissions in 2050 must not exceed 2005 levels. The Committee on Climate Change calculates that aviation growth of 75% between 2010 and 2050 is consistent with the UK meeting its climate change targets. The industry continues to place strenuous efforts on improving fuel efficiency and operational improvements that will lead to significant reductions in carbon emissions per seat km flown.

⁷ UN's Intergovernmental Panel on Climate Change

It is important that the Government uses its influence to focus other governments' efforts on finding an international solution to climate change. CO₂ emissions will not be reduced by restricting the scale of UK aviation activity. Aviation is a global activity and its environmental effects must be tackled internationally at both industry and government level.

We support the work of Sustainable Aviation⁸ which has been established specifically to address sustainability issues. Sustainable Aviation is entirely focused on finding collaborative ways of improving the aviation industry's environmental performance and ensuring sustainable growth.

Sustainable Aviation's recent CO₂ roadmap⁹ shows that UK aviation can accommodate significant growth to 2050 without a substantial increase in absolute CO₂ emissions, through a combination of operational efficiencies, new technology and sustainable biofuels. Sustainable Aviation supports the reduction of net CO₂ emissions to 50% of 2005 levels through internationally agreed carbon trading.

Aircraft today are 70% more fuel efficient than 40 years ago and the industry will work hard to ensure that this trend continues. The UK airlines over the last two decades have a good record of fleet replacement in contrast with airlines from some other countries.

Aviation has a demonstrable and well-documented track record in improving its environmental performance. We are confident that the UK industry is at the forefront of developing solutions to ensure that the 2050 target can be met without the need for demand growth to be artificially constrained.

ABTA also supports aviation's entry into the European Union's Emissions Trading Scheme (ETS) and notes that, as a result, emissions from aviation will be capped and should continue to fall. In supporting ETS we call on the Government to work towards a truly global scheme.

6. Do you have any further ideas on how the Government could incentivise the aviation and aerospace sectors to improve the performance of aircraft with the aim of reducing emissions?

The biggest incentive that the Government can offer to improve performance would be to agree a credible aviation policy to encourage future growth. This, in turn, will lead to innovation being funded.

The Government should continue to support the work of Sustainable Aviation, the development of new initiatives and spreading of best practices.

⁸ Sustainable Aviation, Third Progress Report, 2011 www.sustainableaviation.co.uk

⁹ Sustainable Aviation CO₂ Roadmap 2012 <http://www.sustainableaviation.co.uk/wp-content/uploads/SA-CO2-Road-Map-full-report-280212.pdf>

The aviation sector invests millions of pounds every year in buying new quieter, more fuel efficient aircraft and engines whilst constantly reviewing and improving its operating procedures and standards. The Government could play its part by improving inter-departmental co-ordination and further accelerating the coordination of policy in the UK, in the EU and globally.

The inclusion of aviation in the ETS is a first step towards a global deal reducing environmental impact. We feel that the Government should continue to push ICAO to rapidly progress a global cap and trade system for emissions. Aviation is a global undertaking which requires global solutions. Whilst we recognise the UK and EU's desire to show leadership there are economic consequences in doing so. We urge that an early solution is found to problems besetting ETS with other countries' airlines refusing to participate. This brings uncertainty to the EU scheme making it all the more important to find a global solution.

ABTA feels strongly, and has made representation to HM Treasury, that income due to the UK from aviation's participation in the ETS should be offset against the total aviation taxation income as collected in the form of Air Passenger Duty (APD). Although ETS on intra-EU return flights currently costs a passenger an estimated £4 and ETS on return flights to destinations outside the EU an estimated £16, these figures are expected to increase significantly. UK aviation is facing the highest levels of taxation anywhere in the world. This double taxation has been recognised by the German government which has offset ETS revenues against their own much lower departure tax. Without such a provision, all passengers flying to and from the UK will be exposed to double taxation which will negatively impact upon the UK's attractiveness as a destination for business and leisure, as well as penalising the population of an island nation, who need to travel for business and leisure.

APD is a blunt instrument which offers no incentive to airlines to use more efficient aircraft with high load factors. ABTA favours the introduction of a Per Plane Duty (PPD) where the charge is more closely aligned to distance travelled and the efficiency of the aircraft.

We note that at present no income received by HM Treasury is reinvested in making the industry more sustainable. Aviation receives few subsidies when compared to other industries and we believe one option that should be considered in the future development of the sector is how investment and innovation can be incentivised. Unless they see the potential for growth, the aviation sector will be reluctant to fund further research themselves.

Further measures to incentivise airlines to invest in new fuel efficient, cleaner aircraft could be achieved such as the implementation of greater differentials in the structure of landing charges at airports.

Airspace design and air traffic management have a vital role in making best use of capacity and minimizing environmental and climate change impacts. There is a need to reduce the amount of stacking and delays in UK airspace. Better airspace management

and additional capacity could assist with this. Other factors to be considered include the need to provide scope for resilience and flow control procedures within any such design and operation.

Generally, greater coordination is needed of European Air Traffic Control with central management and active participation of other governments in Europe. We support the work being done through the Single European Sky II package (SESII) and SESAR (the technological project for modernising air traffic management in Europe).

7. Do you have any other comments on the approach and evidence set out in Chapter 3?

The consultation document suggests at Paragraph 3.26 that one alternative to air travel could be teleconferencing although it recognises this might be additional rather than a substitute i.e. shaking hands on a deal.

People also value their annual holiday. When faced with financial constraints, people will often choose a holiday over other activities or purchases. The ABTA Consumer Survey¹⁰, conducted in the summer of 2012, shows that families are most reluctant to cut back on holidays when faced with a squeezed budget. In fact, 35% were unwilling to back on holidays, compared to other leisure activities, such as eating out throughout the year, which only 14% were unwilling to cut back on.

In 1977, seven million British people went on overseas visits; in 2010, that figure was 55.5 million (36.4 million of which were on holidays). This dramatic growth in leisure air travel is due to airlines and operators making it affordable and convenient for ordinary people to enjoy a holiday in the sun, visit friends and relatives, or experience the social benefits of other cultures.

The same is also true of the Visiting Friends and Relatives (VFR) market. The UK enjoys a rich tradition of thriving diaspora communities, with London being an example of a truly multicultural city with strong links to communities across the world (one in three Londoners, for instance, was born abroad). This reality means that air travel is not only a nice to have for many UK residents, but a crucial part of their life and culture.

Chapter 4: Noise and other local environmental impacts

It is perhaps telling that 17 out of the 31 questions in this consultation relate to noise and other environmental impacts. We are concerned this suggests the Government's starting point is restricting aviation growth rather than positive steps that Government could take to support aviation.

¹⁰ ABTA 2012 Consumer Trends Survey conducted by Arkenford Ltd

Aviation has a strong track record in delivering quieter planes and continues to invest heavily in the future, for example research and development expenditure by the UK aerospace manufacturing sector was maintained at £1.77 billion in 2010¹¹.

Although the perception is that noise around airports has increased substantially over the years with a growing number of aircraft movements, aircraft have in fact become significantly quieter over the past few decades due to increasingly stringent certification and improvements in technology and the noise footprints have shrunk. In addition to investing in quieter aircraft, airlines can also adapt operating procedures such as reduced thrust take-off and continuous descent approaches. The next generation of aircraft such as the B787, A350, A320 NEO and B737 MAX will be even quieter.

There are a number of potential future technologies which will further reduce the noise impact for aircraft such as continuous descent approach, steeper glide slope, continuous climb departures. Good progress is being made towards the Advisory Council for Aeronautics, Research and Innovation in Europe (ACARE) target of reducing perceived external noise by 50% by 2020.

Noise around airports is regrettably a fact of life. We acknowledge aviation's impact and accept it is vitally important that aviation plays its part in making every effort to reduce noise and other environmental impacts. We would, however, point out that people have chosen to live in the vicinity of airports no doubt driven inter alia by jobs both on and off airport and good access to ground transport. Heathrow, for example, employs 76,000 people on site and a further 38,000 in the local supply chain and that is without businesses which have chosen to locate to the vicinity because of the airport bringing, in turn, further jobs to the area.

8. Do you agree that the Government should continue to designate the three largest London airports for noise management purposes? If not, please provide reasons.

ABTA has no objection to this.

9. Do you agree with the Government's overall objective on aviation noise?

ABTA supports the objective of the 2003 White Paper to limit/reduce the number of people significantly affected by noise and is pleased that the Government welcomes the work of Sustainable Aviation on a 2050 road map.

However, we believe that a balance must be struck between the economic benefits of aviation and the impact this has on local communities.

Regarding the comments in Paragraph 4.7 about noise at Heathrow, it must be acknowledged that the two major motorways along Heathrow's northern and western perimeters (M4 and M25) do contribute significantly to the noise levels and this is borne out by the noise monitors. The same is true of the M23 at Gatwick. Whilst passengers

¹¹ ADS evidence to Aviation APPG, 2012

and people working at the airport will use these motorways to access the airport, much of the traffic using the motorway has nothing to do with the airport.

ABTA supports the provision of Noise Action Plans at main airports. While aircraft have become quieter, people are also concerned about the number of flights and how predictable noise is. Community engagement on the Noise Action Plans setting out how noise will be managed at each individual location is a vital part of the process. Sustainable Aviation members are working with stakeholder groups to discuss how operational practices can be improved and how better to communicate on noise. To give an example, BAA publicly consulted on a five year Noise Action Plan for Heathrow detailing how the impacts of aircraft noise from 2010-2015 will be managed and, where possible, reduced. The resulting plan included more than 65 actions focusing on encouraging the quietest practicable fleet at Heathrow; introducing the quietest practicable operations; influencing planning policy to reduce the number of noise sensitive properties near Heathrow; and offering effective noise mitigation schemes. Throughout, BAA engaged communities affected by noise to understand their concerns.

10. Do you agree that the Government should retain the 57 dB LAeq,16h contour as the average level of daytime aircraft noise marking the approximate onset of significant community annoyance?

ABTA supports the retention of the 57 dB LAeq 16 hour contour whereby the noise levels are averaged over a 16 hour time period.

The aerospace and aviation sectors have worked hard to reduce noise and there has been a significant reduction of people affected by noise. For example, the number of people within the 57dBA contour around Heathrow has shrunk from two million in 1980 to 268,000 in 2008 despite an increase in aircraft movements. Other airports have reported similar reductions in the number of people affected with a continually shrinking noise footprint.

As previously mentioned, aircraft have become significantly quieter over the past few decades.

11. Do you think that the Government should map noise exposure around the noise designated airports to a lower level than 57 dBA? If so, which level would be appropriate?

ABTA believes that it is unnecessary to map noise exposure around the noise designated airports to a lower level.

12. Do you agree with the proposed principles to which the Government would have regard when setting a noise envelope at any new national hub airport or any other airport development which is a nationally significant infrastructure project?

ABTA supports the further Government exploration of the concept of noise envelopes. Noise is an important issue for local communities but it is important to recognise that a

one-size-fits-all policy is not appropriate. Different airports have different types of noise impacts depending on the types of flights operated, the density of housing near the airport and local awareness and perceptions of noise. An important principle is that as technology and operational procedures deliver improvements in noise impacts, aviation should be permitted to grow. A noise envelope may be the most suitable way of monitoring and managing the noise impacts of increase flights, with the number of flights being limited if there are any concerns that the noise envelope cannot be met. Conversely, as technology and operational procedures deliver improved noise impacts, the number of flights should be permitted to increase.

In addition to minimizing the impact of noise on local communities the shape of a noise envelope could also indicate where and how development could occur in the aviation sector. If there is no growth incentive for the airport then there is no incentive for investment.

ABTA supports the aviation sector working with the CAA to produce further guidance on how the concept of a noise envelope could be used.

13. Do you agree that noise should be given particular weight when balanced against other environmental factors affecting communities living near airports?

It needs to be understood that there is a clear trade-off between reduction in CO₂ emissions and noise reduction. For example, we understand that the A380 had to compromise on fuel burn resulting in the aircraft using over 1% more fuel to arrive at its destination than would be possible had there not been such a focus on noise reduction. Measures to combat noise and environmental pollution could include towing aircraft to and from runways using electrically powered tugs, but this would require development and investment from the aviation sector.

ABTA understands that CO₂ reduction delivers greater benefits in the long term on a global basis whereas noise reductions are more of a local benefit.

14. What factors should the Government consider when deciding how to balance the benefits of respite with other environmental benefits?

In the absence of expert knowledge, ABTA is unable to comment on this issue.

15. Do you agree with the Government's proposals in paragraph 4.68 on noise limits, monitoring and penalties?

ABTA welcomes a review of departure noise limits, more transparency and independence in the enforcement of noise limits and more comprehensive monitoring and publicly available data. As mentioned in our response to Question 9 above, we welcome the provision of Noise Action Plans which incorporate these points. We look forward to responding to the Government's consultation on night restrictions later this year.

The UK is not alone in dealing with the environmental impacts of night flights. The complex inter-relationship of airline schedules with differing time zones around the world means that communities around airports in other countries experience similar pressures. Airlines currently compete for prime take-off and landing slots so as to make optimum use of their aircraft, and provide popular route scheduling to attract passengers. Take-off and landing slots are limited; this is particularly true at congested airports. An airline's arrival time at destination will depend on the take-off slot it can obtain at the departure airport and vice versa. As a consequence, on Transatlantic and Far Eastern overnight flights, airlines have little alternative but to arrive in the early morning; this maximises capacity of their aircraft, leads to efficient fleet usage and keeps passenger prices down.

16. In what circumstances would it be appropriate for the Government to direct noise designated airports to establish and maintain a penalty scheme?

As laid out in Table 2 of the consultation document, many airports have already introduced penalty schemes on a voluntary basis with monies collected through fines being used for the benefit of the community. The projects to benefit the local community are agreed between the airport and the community. We believe this is a good system and should continue.

17. In what circumstances would it be appropriate for the Government to make an order requiring designated airports to maintain and operate noise monitors and produce noise measurement reports?

ABTA does not believe a formal order is necessary. This is done on a voluntary basis by the designated airports with noise monitors in place. There are regular discussions at the Airport Consultative Committees about the positioning of the noise monitors and noise measurement reports are shared. This is part of the work of the Noise Action Plans as noted in our response to Question 9.

18. How could differential landing fees be better utilised to improve the noise environment around airports, particularly at night?

If airlines are encouraged to use quieter aircraft, this benefits both the day time environment as well as night time. As mentioned in our introductory comments under Chapter 4, airlines have invested heavily in delivering quieter aircraft and will continue to do so.

We believe that recommending differentials in the structure of landing charges at airports at different times of the day/night might act as a deterrent at some airports, but at those which are capacity constrained and there are insufficient slots, it would be unreasonable. As mentioned above, in order to operate a viable number of rotations and keep prices down for passengers, airlines are forced into the later evening shoulder periods.

There is also the matter of resilience with the two largest London airports having little capacity spare to allow for recovery from delays caused by weather or other incidents. What should be a minor disruption can result in a severe delay. This can force airlines into later departures which might creep into the night time period.

We welcome a future CAA consultation on using Quota Count in place of the ICAO noise certification classification which we feel could be helpful to the night time noise environment.

19. Do you think airport compensation schemes are reasonable and proportionate?

No opinion.

20. Do you agree with the approach to the management of noise from general aviation and helicopters, in particular to the use of the section 5 power?

No opinion.

21. What other measures might be considered that would improve the management of noise from these sources?

No opinion.

22. Do you have any further ideas on how the Government could incentivise the aviation and aerospace sector to deliver quieter planes?

As mentioned in the response to Question 13, there is a clear trade-off between reduction in CO₂ emissions and noise reduction. Our suggestions in our response to Question 6 on emissions could equally be applied to delivering quieter planes. This includes the Government continuing to support the work of Sustainable Aviation on the development of new initiatives and best practices and the reinvestment of aviation taxation revenues in research and development.

23. Do you believe that the regime for the regulation of other local environmental impacts at airports is effective?

ABTA believes that the regime is effective. We support the work being done by airports and local authorities on improved environmental performance from ground vehicles, best practices being adopted on aircraft engines when taxi-ing and other practices mentioned in the consultation document.

As mentioned in our response under Question 5, we have long supported the greater use of public transport to access airports.

24. Do you think that noise regulation should be integrated into a broader regulatory framework which tackles the local environmental impacts from airports?

We would wish to understand more closely the intention of any proposals in this regard. As indicated earlier, we believe that it is essential that the trade-off between the national economic benefits of aviation and its local impacts are properly understood, and an appropriate balance drawn.

Chapter 5: Working together

25. Do you think Airport Consultative Committees should play a stronger role and if so, how could this be achieved?

The economic and environmental consequences of an airport's operation are significant, and they do impact on the well-being of local communities and regions.

Airport Consultative Committees are important and ABTA welcomes efforts to improve their influence and performance. ABTA representatives serve on many of the committees and are aware of the extent of the work being undertaken by the airports with the local communities. Airports are equally important to the business and tourism interests in the vicinity and they have a part to play too. But relations with neighbours are not the sole reason for Airport Consultative Committees who also have an important role vis-à-vis their airline and other partners, and their joint customers – the passengers.

Improving the passenger experience is of vital importance to ABTA and its Members. This starts with the passenger's journey from their home/place of business to the airport necessitating good public transport access. It continues with their journey through the airport. Although the airports and airlines have invested time and money in substantially improving their facilities and reducing the time spent in queues particularly at check-in and security, there is always room for further improvement. Equally the inbound journey is important with the two pinch-points being the UK Border (see our response to Question 5) and baggage reclaim. ABTA supports moves to further improve this and will continue to work directly with the airports and airlines and through the Airport Consultative Committees for the good of the passenger.

The Civil Aviation Authority has recently set up a Consumer Advocacy Panel. We believe it is important that there are links between the panel and the Airport Consultative Committees. We will certainly input feedback we receive from our representatives with a view to improving the passenger experience.

ABTA therefore welcomes the opportunity to review the membership of committees ensuring a balance between the different interests and will look forward to the consultation on this subject later this year. We welcome the appointment of an independent chairman for a fixed term and would suggest that any committee also needs to be properly supported by an independent secretary and by the specific airport.

26. Is there a case for changing the list of airports currently designated to provide consultative facilities?

ABTA does not believe this is necessary. There is a cost to providing formal consultative facilities and this should be proportionate to the size of the airport. Where formal arrangements do not exist, airports tend to have dialogue as good practice.

27. Do you agree that the Civil Aviation Authority should have a role in providing independent oversight of airports' noise management?

We are happy with the CAA having this oversight on the understanding that the wider interests of aviation have to be protected.

28. Do you agree with the Government's overall objective on working together?

ABTA agrees with the overall objective of working together. We believe that outcomes which are achieved in cooperation with the sector and communities are better as everyone concerned has a vested interest in making them work.

We agree with the recommendation in the consultation document that duplication of activity should be avoided. With regard to noise, we wonder if more could be done through ANMAC rather than each committee working individually. We have noticed in recent years that the different Airport Consultative Committees are working more collectively and sharing information. We feel that this could be expanded, especially when working on national issues, to avoid duplication particularly when it comes to the growing pressures to find suitable representatives, who have the time and knowledge, to serve on committees.

In line with supporting increased public transport access, we do support the role of the Airport Transport Forums but would point out that some of this work is already being undertaken by sub-groups of Airport Consultative Committees, for example Gatwick's Passenger Advisory Group, and would suggest that potential duplication is taken into account.

29. Is the high-level guidance provided in Annex E sufficient to allow airports to develop local solutions with local partners?

ABTA believes so.

30. Do you agree that master plans should incorporate airport surface access strategies?

ABTA agrees that master plans should incorporate airport surface access strategies. Airport master plans are valuable to the wider community in that they set out the growth forecasts, development proposals and aspirations of the airport operator over a set timeframe and can therefore be taken into account by planning authorities, developers, businesses and local people in decision making. We feel that they should be

made widely available. Gatwick is a good example of an airport consulting publicly on their proposals.

31. Do you agree that, where appropriate, the periods covered by master plans and noise action plans should be aligned?

It seems sensible to reduce the consultative burden by undertaking both at the same time.

Chapter 6: Planning

ABTA believes that it is essential that any Aviation Policy Framework agreed is robust and has cross-Party support so that it continues beyond a single Parliament. The work leading up to the 2003 White Paper was comprehensive with contributions from many people in all sectors – travel trade, communities, passengers, etc. Following its publication, work commenced in many areas involving spending large amounts of money, for example, the second runway at Stansted.

Equally, ABTA believes it is essential that UK Government processes, such as planning and regulation, do not create excessive costs for business and, moreover, have cross-Government department cooperation. We do not want to see a repeat of the Heathrow Terminal 5 planning process, which took 15 years before the terminal finally became operational. The UK planning process stands in remarkable contrast to processes in other countries, where it has been demonstrated that new airport infrastructure can be planned, constructed and made operational within a few years enabling the country to reap the economic benefits of enhanced capacity.

Lastly, we support the safeguarding of land for potential airport development.

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

Further information

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