



Response by the Chartered Institute of Logistics and Transport to the Airports Commission's Consultation on Shortlisted Options for a New Runway

HEATHROW IS THE BEST TRANSPORT OPTION, BUT THE IMPACTS MUST BE CAPPED

Summary

- There is clear need for additional runway capacity in South East England, and it can be provided within the limits, targets and legislation set to control the environmental impacts. The Airports Commission must therefore make a strong recommendation to Government that it should support the provision of additional runway capacity.
- On the basis of the evidence published by the Commission, the Heathrow runway options are better from an overall transport perspective simply because the airport is closer to the centre of gravity of the population and economic activity, but the Heathrow Hub surface transport proposition as proposed by the promoters is inferior. The Heathrow options are clearly superior to Gatwick in terms of their business case and airline preference, but are significantly worse in terms of a number of environmental impacts. The assessment of the operation of the HENR option require more work to demonstrate what level of capacity is compatible with safe operations.
- The benefits of the Gatwick option are also greater than the impacts, and this option should be retained for the longer term, with land and infrastructure safeguarded.
- The Heathrow options would be financially more sound than Gatwick, but the airlines will not be prepared to pre-fund the development.
- On balance, the surface access elements of Heathrow and Gatwick are equivalent. Heathrow has the merit of potential access from all directions, but the challenge of demand significantly exceeding the capacity of road and enhanced rail networks. There are a number of disadvantages in the Heathrow Hub's proposals for a new station on the Great Western Main Line and we therefore support the Commission's decision to evaluate the proposal with the same surface access infrastructure as the Heathrow Airport scheme. Gatwick's road and enhanced rail networks have sufficient capacity, but a weakness in east-west accessibility.
- The Airports Commission's assessments do not take account of a number of mitigation strategies proposed by the promoters. Many of these mitigation

measures are credible, but to provide confidence that they will be achieved, and as an incentive to promoters, they should be conditions of any approval.

- **CILT is confident that the UK aviation sector can grow within the legislated carbon emissions (and other climate change) targets. It should be for the industry to manage this through the combination of technical measures and carbon trading.**
- **Exceeding local air quality limits is a risk with the Heathrow options. If the limits are exceeded at sites directly associated with the airport, a reduction in future years' aircraft movements should follow, until air quality improves. Sites related to the majority of non-airport traffic on nearby motorways should not be counted, although they may be required to be in a wider scheme.**
- **Existing aircraft noise impacts are much greater at Heathrow than anywhere else. If additional runway capacity is allowed there, aircraft movements should be capped to ensure a significant reduction in the impact, for example to 500,000 people within the 55 dB L_{den} contour, or the equivalent for other metrics. On the Airports Commission's assessment, the North West Runway is more likely to achieve this than the Extended Northern Runway.**
- **The promoters of the Heathrow options believe that there will be no increase in airport-related road traffic. Approval for these options should therefore be subject to conditions requiring this. If airport-related road traffic increases in any one year, this should be followed by a reduction in future years' passenger numbers.**
- **CILT supports market-determined solutions, but recognises that some social and economic objectives require intervention. In terms of the South East England runway capacity debate, CILT supports the reservation of slots in the newly provided runway capacity for key domestic routes.**
- **The Airports Commission should recommend that Government prepares a continuously-updated airport strategy for the whole of the UK, which integrates aviation with other transport modes and fits with wider economic, environmental and social policies.**
- **The Airports Commission should recommend that the Government should support the Heathrow North West Runway option through the appropriate Parliamentary and Planning approvals processes. This support should be conditional upon this option achieving tough noise, local air quality and surface access conditions, which cap activity if they are not achieved.**

Introduction

- 1 The Chartered Institute of Logistics and Transport (CILT) is a professional institution embracing all transport modes whose members are engaged in the provision of transport services for both passengers and freight, the management of logistics and the supply chain, transport planning, government and administration. We have no political affiliations and do not support any particular vested interests. Our principal concerns are that transport policies and procedures should be effective and efficient and based, as far as possible, on objective analysis of the issues and practical experience and that good practice should be widely disseminated and adopted.

- 2 The Institute has a specialist Aviation Forum, a nationwide structure of locally based groups and a Public Policies Committee which considers the broad canvass of transport policy. This submission draws on contributions from all these sources.
- 3 This is the CILT's response to the Airports Commission's consultation on Increasing the Long-Term Aviation Capacity, published on 11 November 2014. We have structured our response under seven sub headings (not all headings are used for every question):
 - Airline considerations
 - Forecasts
 - Environmental issues
 - Cargo
 - Surface access
 - Approvals
 - Runway operations

Where we refer to the specific options, we use the initials GSR for Gatwick Second Runway, HENR for Heathrow Extended Northern Runway and HNWR for Heathrow North West Runway.

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

Airline considerations

- 4 As the prime user of any additional capacity, and as the direct interface with the air passenger and shipper, the airlines' views on the options are very significant. No doubt many airlines will respond to the consultation, but their individual views must recognise that they will speak from their own particular market perspective, and their planning horizon is much shorter than the long term view required for airport planning. Airlines may also seek to defend their current main base by arguing against expansion, providing that they have sufficient slots to enable their growth. The airlines' main concerns relate to cost, market access, competition and interlining.
- 5 Airlines' concerns about **costs** arise from the current CAA regulatory regime for Heathrow and Gatwick which includes charges based on predicted passenger numbers and the estimated cost of development providing a return to a Regulated Asset Bases (RAB). The charges for any particular year include an element of funding for a development which may not be available until a future year. The Heathrow Terminal 5 planning process took so long that airlines were paying for elements of T5 for nine years before it opened. On behalf of airlines, the Board of Airline Representatives in the UK (BARUK) has noted that such charges which are eventually met by the passenger will be an important factor in the choice of options. In particular, BARUK has indicated that airlines insist that no advance financing is met by today's passengers and that new infrastructure is paid for by those who will benefit, not today's passengers. Low Cost Carriers (LCCs) have also expressed concerns about how charges will fund new capacity, with Easyjet suggesting that, as they make £8 profit per seat, an increase in charges from the current £9 to an average of £15 to £18 (or even up to £23), as

predicted by the Airports Commission, would hit the airline's economics. However, Easyjet have also noted that they already fly from other, high-priced, main hubs in continental Europe such as Paris CDG, Rome and Amsterdam Schiphol and that, "if it was right for us to fly out of Heathrow...we would consider flying out of Heathrow".

- 6 In terms of **market access**, studies carried out by Heathrow Airport and confirmed in the International Transport Forum/SEO Economic Research paper for the Airports Commission indicate that the greater number of passengers with the highest propensity to travel, are located closer to Heathrow than Gatwick. CILT's own analysis of the CAA survey data for districts and boroughs indicates that around 29% of Heathrow's 41.6m origin or destination passengers comes from the boroughs along the Thames valley from Tower Hamlets to Oxford. However, the CAA Catchment Area Analysis of 2011¹ said that, "...of its 41.6 million surface passengers, Heathrow's catchment area, as defined in this chapter, contains 32.7 million of them across 125 districts. Ten districts in Heathrow's catchment area are served solely by Heathrow at the 80% benchmark level. Interestingly, Heathrow only has a 55% share of passengers in those districts, which means that 45% of 2.7million passengers fly to one of the three other London airports. There are 21 districts that lay in overlaps between (only) Gatwick and Heathrow, of which Heathrow has a 28% passenger share. The most notable finding is perhaps that 73 districts, representing 60% and 62% of London airport passengers and Heathrow's passengers respectively, are located in areas of overlap between Heathrow, Gatwick, Stansted and Luton. While Heathrow has a 45% share of all passengers in such districts, the concentration of 56.9 million passengers in areas of four-way catchment overlaps suggests that there is a significant prospect that a large proportion of passengers can choose (in principle, at least) between multiple London airports. However, these figures do not take into account the different mix of passengers at the London airports or other factors affecting passenger choices, such as route availability and affordability of surface access transport." (paragraph 3.33). We suggest that research on why passengers choose airports is needed - see our response to Question 4.
- 7 200 major companies are located within an hour's travel time of Heathrow but only around half of that number are within an hour of Gatwick.
- 8 The example of Mirabel Airport in Montreal should not be forgotten. This was a new airport for the city and although the long haul flights moved there initially in 1975, by 1997 all flights had moved back to Dorval airport as Mirabel was too far from the city centre and proved unpopular with passengers and airlines. Also the distance between the two airports for connecting passengers from short haul to long haul meant that passengers chose instead to connect via Toronto. Currently Mirabel is only used for cargo operations and the passenger terminal is to be demolished.
- 9 Airlines face **competition** from each other and from other modes on short haul routes and naturally seek to protect their markets. CILT's view is that there should be as little interference in the market as possible. For example, the GSR option should not be based on having to implement Traffic Distribution Rules (TDRs) which are in any event probably contrary to EU competition law and the US-EU open skies agreement. It is possible to operate without specific TDRs, as is apparent from the experience of the Irish subsidiary of Norwegian Airlines operating from Gatwick and the IAG-owned OpenSkies operating from Paris Orly. However for most other countries bi-laterals are just on a country by country basis and the number of flights by each country is balanced.

¹ <http://www.caa.co.uk/docs/5/Catchment%20area%20analysis%20working%20paper%20-%20FINAL.pdf>

Sometimes countries do allow fifth and sixth freedom rights within these bi-laterals for non hub airports but these are relatively rare.

- 10 The yield per passenger appears to be lower at Gatwick than Heathrow. This is sometimes called the 'Heathrow premium' and it is noted that airlines operating from both Heathrow and Gatwick charge less from Gatwick. While in theory this might be because of a scarcity of seat availability on Heathrow flights, there is a conundrum in that on many routes there is plenty of choice (eg. Heathrow-New York). Our response to Question 4 is that more research is needed to understand this issue.
- 11 Many of the previous studies including the ITF/SEO paper commissioned by the Airports Commission show that **interlining** opportunities are greater at Heathrow because of the base operators BA and Virgin and the fact that the STAR and Skyteam alliances have considerable presence at Heathrow. There is no comparable hub operation at Gatwick, and there is little experience yet of the working of the Gatwick Connect self-connect operation. This may become more popular but it is difficult to predict the outcome as it requires behaviour change. Currently, travel supermarket websites show only direct flights or connections via an alliance.
- 12 Domestic flights which provide a valuable connection for many parts of the UK have reduced significantly at Heathrow and are similarly limited at Gatwick, with the recent announcement about the cessation of Virgin Atlantic's Little Red services at Heathrow and the withdrawal of many Flybe routes from Gatwick being the most recent examples.

Forecasts

- 13 Whilst we do not have access to the sophisticated modelling programmes used to generate the forecasts provided to the Airports Commission, we would like to make some general comments relating to some of the methodology, and recent trends.
- 14 In terms of **methodology**, our interpretation of the forecasts is that the growth projections at the regional airports have a fixed relationship to those at the major SE airports. It is our opinion that the growth seen at many regional airports over the last decade is now starting to mature as LCC operators are reaching market fulfilment within their regions. We are of the view that some of the regional growth outlined in your forecasts will not be sustained in the longer term. For example, as Gatwick develops more sophisticated routes, the behaviour pattern of passengers in the SW is quite likely to alter in favour of Gatwick, rather than current more accessible airports. The same can be said for changes in the patterns of behaviour between the London airports as Gatwick develops its route structure thus becoming more attractive to passengers currently using, say, Heathrow.
- 15 **Recent trends** are not necessarily a good indicator of a long term forecast, but it is worth noting that Gatwick's annual total for 2014 was 38 mppa, compared with the latest baseline forecasts for 2030 of 42-44 mppa (carbon traded) or 41-42 mppa (carbon capped). While these numbers are close to the assumed capacity of 45 mppa, the recent trend indicates that, in the baseline situation, the full capacity might be utilised earlier. This does raise some concerns over the current forecasting model's validity, algorithms, etc.

Environmental issues

- 16 Under this heading, we comment on carbon, noise and air quality. We have dealt only with these three impacts because these are areas where we have some expertise in terms of the way in which aviation and transport in general performs and deals with them.
- 17 Because the Heathrow options attract more passengers, it is inevitable that they will produce more **carbon** - around three times as much additional (217.1 mt(HENR), 244.6 mt (HNWR), 76.2 mt (GSR), Table 12.1). Although the Commission's conclusion is that the impact of all three is ADVERSE, it is clear that the Heathrow options are worse than Gatwick. Nevertheless, we believe that the legislated target for the UK as a whole can be met with any of the options.
- 18 In terms of **noise**, the most obvious conclusion is that, in terms of total numbers of people affected, Gatwick has far less impact than Heathrow, whatever scenario or metric is considered. However, when considering the difference between the current and future situations, and between the with and without additional runway cases, it is not so clear. For example, the impact of GSR is always that more people are affected than at present, whereas some of the Heathrow scenarios involve a reduction in the numbers affected compared with today. The HENR option is worse than the HNWR option, possibly because the appraisal of the HENR option did not include as much mitigation as the HNWR option. One of the measures is to consider the numbers of new people affected, as recent reactions to airspace changes have found this to be a highly sensitive area. As would be expected, GSR and HNWR involve more new people than HENR, although the absolute numbers of new people for GSR is small relative to HNWR. Overall, we agree with the Commission's conclusion that the noise impact of HENR and HNWR is SIGNIFICANTLY ADVERSE and that of GSR is ADVERSE.
- 19 Given the road traffic conditions, it is clear that the HENR and HNWR options are significantly worse in terms of local **air quality** than GSR. This is an impact covered by legislation and the Heathrow options give rise to a high risk that the legal limits will be exceeded, compared to a limited risk for GSR.

Cargo

- 20 Cargo throughput at Heathrow is much more (1.5 million tonnes) than at Gatwick (90,000 tonnes), the ratio being much greater than for passengers. Cargo facilities at Heathrow are therefore much larger in size, amounting to 174,000 m² within the airport and probably a similar amount outside the boundary, compared with 27,000 m² at Gatwick. The HENR master plan appears to show no additional provision for cargo, while the HNWR master plan shows a complete rearrangement of the existing cargo area, and the potential for a cargo rail link. The HNWR submission also considers the particular role of air cargo at Heathrow. The GSR master plan shows a significant increase in the area designated for cargo facilities, although it would be still significantly less than at Heathrow.
- 21 The key reason that Heathrow currently handles so much more air cargo than Gatwick is, of course, the different nature of the types of service, with Heathrow operating many long haul scheduled services with wide bodied aircraft by full service airlines, while Gatwick has a higher proportion of short haul services on narrow bodied aircraft provided by LCCs. While this situation would alter to some extent with the GSR option, it is clear that the HNWR option (and possibly the HENR option, if it does include redeveloped cargo facilities) would provide more capacity for air cargo. Heathrow is also better located in terms of road access for cargo shippers.

Surface access

- 22 CILT has significant expertise this area and would like to comment on accessibility, capacity, mode share, high speed rail and the Heathrow Hub.
- 23 **Accessibility** by surface access is related to the issue of market access discussed above under airline considerations. Comparing Gatwick with Heathrow it is clear that Heathrow will have better links from more points of the compass. London, and in particular central London, is always going to be the main origin and destination by a large amount, but Heathrow's road connections via the M25, M3, M4 and M40 are wider (in terms of access to the market) than the M23 and M25 links at Gatwick. Current rail access is wider at Gatwick, with two key London routes and multiple routes to the south. Currently, Heathrow's rail links are only to London, on two routes. However, the Western Rail Access to Heathrow (WRAtH) project and the Southern Rail Access (SRA) if implemented, will significantly widen the range of rail routes, together with Crossrail extending the reach eastwards. Gatwick, on the other hand, while enhancing its northern reach through the Thameslink project, will remain poorly connected by rail to the east and west.
- 24 The **capacity** of the road and rail networks can also be compared. There is some spare capacity available on the existing road networks serving Gatwick, but little spare at Heathrow. The Heathrow promoters, recognising this, have proposed mitigation in the form of a package of management measures which will result in no more airport-related traffic on the roads than currently. This is a key issue which affects costs and local air quality, and the Heathrow options would perform much better if the proposition is accepted. In CILT's view the proposition can be guaranteed by a condition which requires the result (no additional airport-related road traffic) to be achieved in each year, failing which the number of passengers in subsequent years would have to be reduced.
- 25 The capacity of the rail network at Gatwick will be adequate once the Thameslink project is complete, which is a better position than that for Heathrow where the Piccadilly Line will be significantly overcrowded, Crossrail heavily congested and SRA exceptionally busy.
- 26 As noted above, Heathrow's case rests in part on no additional road traffic, while the Commission's **mode share** forecast assumes the current situation remains. Heathrow Airport's record of action on reducing workforce single occupancy car use is second to none, encompassing major investments in public transport, financing free bus travel with car parking income and widespread travel planning. Controlling staff car parking is largely within the Airport's gift and the target is comparable with a major city, well served by public transport, with limited parking. It is also relevant to note that staff travel tends to be less related to the peak hours (with a preponderance of three shift working) and thus some growth can be accommodated at off peak times.
- 27 Rail mode share forecasting is also fraught with difficulty because of its reliance on generalised cost and its inability to cope with unquantifiable issues such as dedication. The forecasts indicate that Crossrail will be heavily congested and the Piccadilly Line significantly overcrowded while Heathrow Express remains well within capacity. One aspect of dedication is that every train departing from the dedicated platform is going to the same destination, whereas only one in six Crossrail trains will be going to Heathrow. The current situation on the Piccadilly Line with trains going to other destinations causing passenger uncertainty is an example of this. As the forecasts are for peak hours, they also fail to take account of the better use made by airport services of both the infrastructure and the trains, all of the day and seven days a week for both air

passengers and, in particular, staff. There is a danger that this forecast will lead to a proposal to replace Heathrow Express with a higher Crossrail frequency. This happened with the Gatwick Express, and clearly failed to take account of the attraction of a higher quality dedicated service. In fact, the downgrading of the Gatwick Express (which will only be partly alleviated with new trains) means that the Gatwick option is inferior to the Heathrow options in terms of the choice of service to central London, because at Heathrow the choice is of different routes with very different service offers while at Gatwick there is a choice of routes but the service offers are very similar.

- 28 The Heathrow options have the advantage of a straightforward connection to **HS2** at Old Oak Common. Gatwick's link to the high speed rail network is at St Pancras, and possibly at Old Oak Common via a Southern service.
- 29 The **Heathrow Hub** proposal for the HENR option is an imaginative solution to the problem of creating a third runway at Heathrow, but the weak point of the proposal has been the Hub station on the Great Western Main Line (GWML). Especially now that it seems to have been decided to stop all trains at Old Oak Common, the concept of a main-line station specifically for Heathrow seems to cause unnecessary complications. Also, the transit ride from the hub station is likely to be long and will have to be capable of carrying baggage (at least in the arrivals direction). Examples of long transit rides (like JFK's Airtrain or Dusseldorf's SkyTrain) are not very successful. Therefore the Airports Commission's decision to evaluate the Heathrow Hub proposal and Heathrow airport's proposal with the same rail infrastructure is supported.

Approvals

- 30 The Heathrow options have greater benefits, but worse environmental impacts, than Gatwick. Of the Heathrow options, HENR affects fewer homes, while HNWR enables more noise respite. All of the options would benefit from mitigation measures. CILT's view is that the benefits of any of the options outweigh the impacts after mitigation and, therefore, the Commission should conclude that any of the options would be acceptable.
- 31 However, our view is that the HNWR option is the best overall transport solution in terms of access to the market, both because of the wider range of road and (future) rail routes, and the distance to the key origins and destinations, for both passengers and freight. In order to make this best transport solution acceptable from an environmental perspective, tough conditions are needed.
- 32 These tough conditions should be built into the approval process, including in the Parliamentary process for approving a National Policy Statement (NPS), and the process for approving a Nationally Significant Infrastructure Project (NSIP). The conditions would therefore be able to be scrutinised by both Parliament and local government.
- 33 Our recommendation is to support the HNWR option, which rules out the HENR option, and we further recommend that if this goes ahead no safeguarding takes place for the future implementation of the HENR option. However, we believe that the GSR option should not be ruled out for all time, as it may be appropriate to consider it in the longer term and, for this reason, we recommend that the safeguarding of land should be retained (including the avoidance of residential development beneath potential flight paths) and that surface access infrastructure upgrades should also be safeguarded.

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

Airline considerations

- 34 A funding option that the Airports Commission might explore with the CAA, DfT, the airport operators and airlines is one where the airport developer pre-funds but then includes pre-opening expenditure and interest in future charges once the runway and associated infrastructure is delivered. This is often the approach taken by major property developers of housing estates and business parks. On the other hand, if pre-funding is to be used, it may be possible to reach agreement with airlines if an incentive is offered.
- 35 Although CILT favours market-determined solutions, it is recognised that the market does not always achieve some of the social and policy objectives that can be enhanced by transport. With capacity constrained, it is likely that some domestic flights will be squeezed out of the busiest airports, to the detriment of a city, region or nation. It is CILT's view that, in certain limited circumstances, it is appropriate to reserve a number of slots for such domestic services and, if new capacity is provided, this should be the case. Note that the reserving of slots is different from the question of subsidy, which may or may not be valid.

Environmental issues

- 36 CILT's view in general is that the market should determine the outcome. In the case of **carbon** emissions, the market has a role to play in achieving the legislated targets for the UK as a whole. While the majority of the reduction in carbon use should be achieved by technical improvements, carbon trading should be permitted. In any event, the issue of carbon emissions and climate change requires national and international action and the UK will operate in total within the target and there is nothing that can be done to the options to change that commitment.
- 37 All of the options could be improved by the adoption of measures to reduce **noise** impact. Some of these would be challenging operationally, or expensive. For GSR, given lower impact, some of the more challenging measures would probably not be worthwhile, while for HENR and HNWR they would be. In order to provide certainty to the people affected, it is suggested that a condition be imposed to any permission requiring a significant reduction in the numbers affected. For Heathrow, this condition could be imposed by several of the metrics but, for example, it could be that the 55 dB L_{den} number should not exceed 500,000 (not including population growth) once the new runway is operational. This would then require the aviation industry to implement sufficient measures to achieve this level, or have movements limited. A condition was imposed following the 2003 White Paper policy support for a third runway at Heathrow, but it did not demonstrate any significant improvement compared with the then current situation, and was therefore not sufficiently attractive to the local community to alleviate their opposition. A more challenging, permanent limit which would result in a noticeable reduction in noise impact, is necessary to ensure acceptability.
- 38 It will be necessary to prevent **air quality** limits being exceeded to enable the operation to remain legal, so we suggest that conditions should be imposed on any option such that operations should only be permitted to continue providing that the limits are not exceeded. Air quality is measured on site, and it is therefore practicable to monitor performance against the limit. We fully understand that much of the emissions is created by road traffic, which may be unconnected with the Airport, but the legislation does not specify where the emissions are from. Therefore, alongside a condition imposed on the

Airport, there should be a regulation requiring the highways authorities to implement relevant measures or face sanctions.

- 39 The aircraft manufacturers have already achieved significant improvements in environmental performance, but the imposition of tough conditions will encourage them to develop technology further which their customers (airlines) will then buy to make full use of the new capacity provided. This has already happened: for example, specific restrictions at Heathrow (the Quota Count system) affected the development of the A380.

Surface access

- 40 To improve the weakness in Gatwick's east-west rail connectivity, Network Rail should be asked to develop a range of options as part of their current round of route studies, on the same basis as their current study of the Heathrow SRA.
- 41 The costs of the HS2 direct spur to Heathrow, which the Jacobs technical report says could not be justified, would be reduced if it shared some infrastructure with WRAtH. A further enhancement to the business case would come from a consideration of its use by express parcels, such as is being considered in France with the EuroCAREX scheme and in Germany by DHL through Leipzig-Halle Airport. There are also options to make further connections, or even direct services, via Old Oak Common where many lines intersect or are close together. See also our comments in paragraph 49.
- 42 The Commission's work shows that the SRA is an essential component of the Heathrow options. It should therefore be made a condition of any approval.

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

- 43 No additional comments.

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

Airline considerations

- 44 According the latest IATA figures, user charges are around 6.9% of total costs for IATA airlines and for the LCCs it is typically between 8% and 12%. Any change to user charges would decrease margins and this is more significant for the LCCs. The Airports Commission should test the impact of an increase in user charges at Gatwick with a second runway to see whether, for any of the LCCs, an increase would make them consider relocating to Stansted or Luton or reducing the number of routes. The growth of routes at Gatwick in the past five years has mainly been to Europe and linking secondary airports to London: these may have tighter margins.
- 45 As noted in our response to Question 1, we suggest that the Commission should research the question as to why passengers choose particular airports, especially where they have a choice. We are aware of CAA reports prepared for the assessment of

market power² but these were based on the limited questions asked in the CAA's passenger surveys. Specific consumer research would help you to better understand the reasons for airport choice. The expansion of Heathrow is supported by the London Chamber of Commerce and by local chambers close to Heathrow, while the Gatwick option is supported by its local business community. This could be taken as a proxy for the wider business user but the Commission should carry out direct air travel consumer survey as to airport preference and use.

- 46 Also noted in our response to Question 1 is a suggestion that research is needed on why airlines charge higher fares (or are able to sell more premium seats) on routes which are duplicated at Gatwick. We note that the HNWR promoter has submitted material on the premium but this does not address the issue of the plentiful nature of seats on some routes, and we suggest that independent research would be better.

Runway operations

- 47 The Commission notes that the CAA and international bodies would be required to endorse the safety of the HENR option and says that in the absence of such endorsement "the two runways concerned could not operate independently". As this issue has not been fully addressed to date, there is therefore a risk that the capacity provided by (and the noise environment emanating from) the HENR option may be different from the Commission's assessment.

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

Surface access

- 48 We have some concerns about the appraisal of rail capacity, and suggest that the options may not have been compared on a like-for-like basis. Jacobs' Appraisal framework Module 4 technical report for Gatwick (Chapter 3) does not seem to be on the same basis as the Heathrow equivalent (Chapter 4).
- 49 We also have concerns about the Jacobs paper on the HS2 direct spur to Heathrow in Appraisal Module 4 which looks at traffic between airports in the UK Regions served by HS2 and Heathrow (both interlining and starting or terminating at Heathrow) and concludes that this is insufficient to justify the cost of building the spur. However, their calculation ignores the traffic between the UK regions and other countries which now interlines at near-Europe hubs (Paris Charles de Gaulle, Amsterdam Schiphol and Frankfurt) because of problems of accessing Heathrow. With two trains an hour on HS2 between the English regions and Heathrow, this traffic could be attracted to travel through Heathrow instead of the European hub – especially with integrated ticketing, which is on the near horizon³. The attraction of Heathrow over near-Europe hubs to

² Heathrow: Market Power Assessment Non-confidential Version The CAA's Initial Views - February 2012, <http://www.caa.co.uk/docs/5/HeathrowMarketPowerAssessment.pdf>

³ British Airways (BA) and Singapore Airlines (SIA) passengers travelling between selected GWML stations and BA/SIA destinations can already buy an integrated rail-air ticket between a dozen stations in Wales and the West of England and BA/SIA-served points. This parallels schemes in France (the tgv'air programme) and Germany (where passengers using Frankfurt Airport can buy an

passengers is choice: there are more flights from Heathrow. The attraction to UK plc is better use of UK-based airlines (which, of course, fly from Heathrow but not from the near-Europe hubs).

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

50 No additional comments.

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

51 No additional comments.

Q8: Do you have any other comments?

52 While the current consultation focuses on the short listed options, the Commission should include in its final report a significant set of recommendations about the UK's other airports. The Interim Report made a number of recommendations about short and medium term measures, some of which the Government has supported and taken action to implement. Others remain as recommendations which should be repeated in the Final Report. The Commission produced Discussion paper 06 in September 2014 and called for evidence, and has also continued to use the DfT's forecasting model to show how airports throughout the UK might react with the various options under different scenarios. This invaluable work should be turned into a recommendation that the Government prepare an airports strategy for the whole of the UK which sits under the Airports Policy Framework and takes account of progress on other transport systems, including HS2 and other rail strategies, and which should be regularly updated.

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integrated air rail ticket between the cities of Cologne, Düsseldorf, Karlsruhe, Kassel and Stuttgart and their Lufthansa origin or destination).