

Is there a need for extra airport capacity?

A note for the Airports Commission commenting on the speech by Sir Howard Davies on 7 October 2013

In his speech Sir Howard set out the reasons why the Airports Commission has reached a preliminary conclusion that additional runway in South East England will be required 'in the coming decades'.

Sir Howard set out the reasons why many believe a new runway would not be needed: over-optimistic forecasts; the trend towards more passengers per aircraft; the constraint imposed by climate change targets; and the need to lessen the north-south airport divide - and carefully explained the reasons why each was rejected. We deal with each in turn.

Forecasts

Sir Howard's case for accepting the growth forecasts relied essentially on extrapolating the long term upward trend in air travel in the UK. Extrapolation of trends, as every student of statistics knows, is a risky process.

In particular, it is difficult to know whether the recent resumption of growth is merely a return to the pre-recession level or whether it is a return to the upward trend of previous years. At Gatwick the number of passengers has not yet returned to the peak reached in 2007.

The forecasts do not take into account recent suggestions by the Chancellor that austerity may need to continue throughout the next Parliament.

The forecasts are misleading in that they relate to the number of passengers rather than to the number of flights. At Gatwick the number of flights in 2012 was lower than in 2000. That does not imply a pressing need for extra capacity.

Size of aircraft

Sir Howard did not answer the crucial point raised by SSE that over the past twenty years the number of passengers per aircraft had been increasing by 2% a year but that the forecasts only assumed a 0.2% annual increase in future.¹

The average number of passengers per aircraft at Heathrow and Gatwick is under 150, and that is low compared to the size of available aircraft. Sir Howard admitted that : ‘Even if some of this [increased demand] can be accommodated by larger planes, there will still be a need for more new routes to be opened up ... That means more take-off and landing slots ...’.

With respect, we feel this is doubtful logic: if the demand is met by the use of larger aircraft (and full use of Stansted and Luton), slots would be available for opening up new routes.

Sir Howard agreed that: ‘New aircraft ... are likely to be a little larger than their predecessors...’ but commented that ‘airline fleets change slowly.’ That is to ignore the scope for airlines to redeploy their existing aircraft so that busy routes are served by larger aircraft both on a seasonal basis and as routes grow. Airlines are also able to lease larger aircraft to accommodate changes in demand, particularly on leisure routes.

We would suggest that the use of larger aircraft could be encouraged if airports based their landing charges on a per aircraft basis rather than, as at present, on the aircraft size and per passenger.

Climate Change

We will leave others, more knowledgeable than us, to comment. But we do note that Sir Howard did not mention the crucial issue of radiative forcing caused by aircraft emissions. As we understand it, the scientific jury is out on whether this should be a factor of somewhere between 1 and 2. The forecasts are based on a factor of 1. If the scientists were to decide that a factor of 2 is correct, then in 2050 aviation will count, not for 25% of UK emissions, but nearer 50%.

That would require much more stringent demand management measures which would render any new runway unnecessary.

North-South divide

Sir Howard accepted that: ‘Many passengers from elsewhere in the UK use south eastern airports.’ He argued, however that expanding the regional airports would not eliminate the need for a new runway in the South East, and

that anyway the Government had few tools available to influence the location of flights.

The main tool is actually the decision whether to permit the building of a new runway. For example, a new runway at Gatwick would make Gatwick into a hub equal in size and status to Heathrow. That would inevitably draw in more airlines and more flights from regional airports. Apart from the fact that the M25 would become stationary throughout every day, that would suck commercial activity away from other regions.

Research commissioned by the Gatwick Diamond business association and West Sussex County Council has found that the increased jobs due to this catalytic effect would be far greater than the available labour. Thus there would have to be substantial in-migration either from the north which would make the North-South divide worse, or from other EU countries which would cause a feed-back effect: it would mean more flights to visit family and friends.

Environmental impact

Sir Howard appeared to suggest that the environmental impacts, such as noise or urbanisation, would be examined merely as factors in deciding the least bad location for a new runway.

It may be, however, that the environmental disadvantages of each potential site may be so great that they should and will influence the decision as to whether or not extra capacity should be provided.

Timing

We do not believe that there will be a commercial or environmental case for a new runway until Stansted is full which is not forecast until 2030.

In view of the uncertainties, it would be wise not to rush into a decision - with a ten year lead time, that would imply a decision, not after the election in 2015, but after the subsequent election in 2020.

¹ [http://www.stopstanstedexpansion.com/documents/SSE_Submission_to_Airports_Commission-Aviation_Demand_Forecasting_\(F\).pdf](http://www.stopstanstedexpansion.com/documents/SSE_Submission_to_Airports_Commission-Aviation_Demand_Forecasting_(F).pdf)
