



PCS RESPONSE TO AIRPORTS COMMISSION DISCUSSION PAPER 04: AIRPORT OPERATIONAL MODELS

The Public and Commercial Services union (PCS) is the largest trade union in the civil service and represents around 250,000 members working in the civil and associated public services. This includes around 2,000 members working directly in the aviation industry (for the CAA, BAA and other airport operators, and NATS) as well as members in related areas such as the Borders Agency.

As such, PCS has a significant interest in the future of the aviation industry, primarily centred around two key issues: the protection of the jobs of our members, and our policies towards the protection of the environment. Given the airport operational models that are the subject of the paper, our comments are slightly peripheral as our main concerns will remain much the same irrespective of which model is followed. Accordingly, this response is very brief.

Our fundamental position in terms of the environment is that aviation is a polluting industry that needs to be regulated and monitored to ensure its impact (in terms of CO₂ emissions and noise) is controlled, and that the achievement of those aims is incompatible with the continual deregulation and liberalisation of the industry to which both the government and the European Commission appear to be committed. As long as the industry is run at the behest of the commercial interests of the airlines then either hub-and-spoke or point-to-point models will treat the environment as a secondary consideration to be 'managed' and jobs in the industry as a burden affecting their profit margins.

However, there are some observations to make around section 2 of the discussion paper (pp. 7-23) and the proposed three potential futures outlined. The fundamental point of interest to PCS is the assertion that 'deregulation has ultimately reinforced the trend towards a greater market consolidation' (para 2.6, but the same point is made in several other places). Figure 2.1 shows that concentration, either through ownership or alliances, is around a third higher now than it was prior to any form of deregulation. Para 2.6 also notes that 'concentration of capacity' has 'consequent benefits for load factors and yields'.

While these 'consolidations' might be considered as common practice across all areas of an economy, the fact that they demonstrate a benefit in environmental terms suggests that more planning and less liberalisation to achieve a consolidated airspace system would be of benefit to the ultimate customer, the passenger, as well as to the environment. This is especially the case when compared with the economic and environmental inefficiency of low-cost point-to-point competition, though here also the trend is towards consolidation and alliance (2.37). The case for liberalisation beyond bilateral relationships is not supported by the evidence (Box 1); it cannot be based on the one-off case of Russia.

In PCS' view, the choices for the future represent an ideologically-determined, path dependent view of how the industry should evolve, which are wholly determined by the commercial interests of airlines and intended to provide an airport structure that meets their aspirations before those of the passenger, the environment, or the workforce that delivers the service.

PCS recently conducted its own review into Aviation and Climate Change, and whilst inconclusive in terms of airport expansion, we slightly lean – with qualification - towards a hub and spoke model for the industry. This we felt could be a better way of using the existing capacity, and balancing the need for a realistic but not excessive assessment of aviation growth, and its position in the economy. A copy of the report can be accessed on the PCS website at www.pcs.org.uk. In short, our own preference is for a carefully-planned utilisation of existing airport capacity, the continued employment of the workforce required to deliver a safe, efficient and environmentally responsive industry, and integration with other forms of transport that prioritises the service, getting people from A to B, and maximum protection of the environment, beyond the distorting concerns of profit-hungry airlines.