

|                        |                                  |                         |                                     |
|------------------------|----------------------------------|-------------------------|-------------------------------------|
| <b>PROPOSAL TITLE:</b> | <b>Western Gateway Airport</b>   | <b>Short Term</b>       | <input type="checkbox"/>            |
| <b>SUBMITTED BY:</b>   | <b>University of South Wales</b> | <b>Medium/Long Term</b> | <input checked="" type="checkbox"/> |

## PROPOSAL

Development of Cardiff Airport as the ‘Western Gateway’ airport, operating as a ‘UK-West’ international hub airport that is also able to attract passengers from London and the south east.

The Western Gateway will form the south-western point of a triangle of airport systems, with Birmingham in the north and the London airports (mainly Heathrow) to the east. High speed rail connections, HS2 and HS3, would provide the necessary link between these three airports and the regions they currently serve. A route for HS3 is proposed that would connect Swansea with London, serving a non-stop high speed service between Cardiff Airport and Heathrow Airport, carrying interlining passengers. Stopping services would provide access for passengers at intermediate stations and connecting to other parts of the rail network.

A typical journey for an air passenger would involve travel to a new RailAir hub on a High Speed rail line, check-in and baggage drop at the RailAir hub, and then onward (as a checked- in passenger) to, for example, Heathrow, Birmingham or Cardiff depending on what suits their travel needs.

Three types of air passenger journeys are envisaged:

- Passengers that would have transferred at Heathrow who transfer within Cardiff Airport instead.
- Passengers that interline between Cardiff and Heathrow (i.e. arrive at one and depart from the other).
- Passengers that would previously have departed from Heathrow instead depart from Cardiff.

Two development options are proposed.

**Option 1: HS3 goes ahead.** A 20 year programme requiring £18bn for HS3 rail infrastructure, £6.5bn for airport infrastructure, rolling stock and other connectivity improvements. Capacity of 20mppa would be achieved by 2040.

**Option 2: HS3 is postponed.** A Medium Term Solution of projects already planned (electrified Great Western Railway and South East Wales Metro) would be accelerated. Capital investment would include £1.7bn of road and rail improvements and £1.3bn of airport infrastructure. Capacity of 8mppa would be achieved by 2025.

Rail infrastructure is assumed to be funded by the government. Airport infrastructure may be funded by private investors and recouped through airport charges.

### INITIAL ASSESSMENT COMMENT

The scheme is for a dispersed hub operation which places great reliance upon excellent surface transport infrastructure which, in order for the model to be successful, would have to attract a certain proportion of current and future traffic away from Heathrow, including passengers originating in London.

The model also assumes that overseas passengers will be willing to transfer in Cardiff rather than London, and that network carriers will serve those routes with desirable schedules.

The model may have one of the greatest impact upon airlines of all the proposals and how they structure their operations to serve their customers efficiently, since it would necessitate split hub operations for many carriers.

Ultimately, the scheme is heavily dependent on HS3, which the proposer suggests would not be complete until 2035 at the earliest.

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## OVERVIEW

|                               |   |   |  |
|-------------------------------|---|---|--|
| <b>Proposal</b>               | <b><u>Proposal for a dispersed operation, formed of a triangle of airports (Heathrow, Birmingham &amp; Western Gateway at Cardiff), connected by High Speed Rail.</u></b> Expansion of Cardiff airport to make maximum use of its single runway.  |   |  |
| <b>Approach</b>               | A majority government funded scheme with the majority of investment targeted at rail upgrades (construction of HS3 from London to Wales).<br>High speed surface access would enable the expanded Cardiff airport 'Western Gateway' to become a hub airport serving international and domestic traffic.  | <b>Stated Capital Cost</b><br><b><u>Option 1: £24.5bn</u></b><br><b><u>Option 2: £3bn</u></b>                                   |  |
| <b>Potential Benefits</b>     | <ul style="list-style-type: none"> <li>▪ <b><u>£1bn in GVA for Wales, 8,500 direct jobs and growth in regional activity creating 27,000 extra jobs by 2020, plus 73,000 UK jobs associated with HS3</u></b></li> <li>▪ <b><u>Improved connectivity and labour market for Cardiff City, South Wales and South West England</u></b></li> <li>▪ Journey time savings between Cardiff Airport and London would be much improved if HS3 is built.</li> </ul>   | <b>Capacity (mppa)</b><br>Option 1: 20mppa<br>Option 2: 8mppa<br><b>Capacity (ATM)</b><br>Option 1: 135,000<br>Option 2: 60,000 |  |
| <b>Key Issues &amp; Risks</b> |   |   |  |
| <b>Strategic Fit</b>          | <ul style="list-style-type: none"> <li>▪ Limited contribution to capacity unless HS3 goes ahead (8mppa vs 20mppa), but completion would be later than 2035. Therefore whilst providing capacity within Wales, it is not clear that the capacity would be either particularly material to the UK as a whole, or delivered within a reasonable time scale. Therefore, it is not clear that the proposal is in line with the Commission's terms of reference.</li> </ul>   |   |  |
| <b>Economy</b>                | <ul style="list-style-type: none"> <li>▪ Although hub and long haul demand are postulated, most additional demand would be likely to be generated from short haul trips to Europe and the UK.</li> </ul>  |   |  |
| <b>Surface Transport</b>      | <ul style="list-style-type: none"> <li>▪ Substantial investment required for new surface transport.</li> <li>▪ Impact on highway network likely to be significant if the M4 Relief Road is not implemented.</li> </ul>  |   |  |
| <b>Environment</b>            | <ul style="list-style-type: none"> <li>▪ 11 SSSIs within 10km of the airport. The Severn Estuary Special Area of Conservation (SAC) and Special Protection Area (SPA) are within 15km of the site.</li> <li>▪ Surface access noise impact on the nearby population. The main approach to Cardiff airport is over water which may mitigate some noise impacts. In the near term, road traffic increases would have a negative impact on residents near the M4 J33 until a new link road is created.</li> <li>▪ Detailed air quality assessment is required to assess the potential effect of increased air traffic and any potential benefits arising from diversion of traffic away from other airports in the south east.</li> <li>▪ HS3 would incur significant environmental impacts along its route alignment.</li> </ul> |   |  |
| <b>Cost</b>                   | <ul style="list-style-type: none"> <li>▪ A detailed, though preliminary, breakdown of costs is supplied. The airport infrastructure itself is forecast to cost £1.35bn. The larger share of the cost is on rail infrastructure and some road upgrades.</li> <li>▪ The option including HS3 is costed at £22.7bn; the Medium Term Solution (MTS) excluding HS3 is costed at £1.2bn (for mainline rail extension, local rail realignment and new Cardiff Airport station).</li> <li>▪ These costs would appear to under estimate the probable cost, which may exceed £ 50 bn to deliver HS3 and all associated infrastructure.</li> </ul>   |   |  |
| <b>Delivery</b>               | <ul style="list-style-type: none"> <li>▪ The proposal suggests that delivery risk can be managed by a phased approach of building Option 2 (8mppa airport, HS3 postponed) followed by Option 1 (20mppa, HS3 built). However, the airport infrastructure investment appears to be the same for each option; the earlier phase could probably be pared down in this respect.</li> <li>▪ The airport is owned by the Welsh Assembly Government, but the proposal suggests that private finance might be used for its development, while government finance would be required for surface transport infrastructure.</li> </ul>  |   |  |