

Note of the Commission's meeting – 5th February 2013

| Attendees | |
|---------------------------|--------------------------|
| Sir Howard Davies | Chair of the Commission |
| Vivienne Cox | Member of the Commission |
| Geoff Muirhead | Member of the Commission |
| Professor Ricky Burdett | Member of the Commission |
| Professor Dame Julia King | Member of the Commission |
| Sir John Armitt | Member of the Commission |
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| Phil Graham | Secretariat |
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Round up of stakeholder meetings attended:

HD had met Oliver Letwin with whom he discussed the Commission's approach and process to identify a credible list of long term options to take forward.

HD had also met the Secretary of State for Transport, the DfT Director of Aviation – Jonathan Moor, the British Air Transport Association (BATA) and Ed Miliband and Maria Eagle both of whom had stressed the importance of considering the climate change impacts of aviation.

There was a discussion of reaction to the publication of the guidance document and the demand forecasting paper. HD had done an interview with the FT which was quite balanced and the Airports Watch website had also reported the publication of the papers.

Finally, there was discussion about the work being undertaken by other organisations. The Transport Committee have published a research paper developed by Oxera assessing the commercial viability of a new hub airport. The Secretariat had met with the Fosters and Heathrow teams on their proposals and were due to meet TfL shortly.

Heathrow had commissioned a review of the case and options for expansion, in parallel to the Commission. It was understood that this was not expected to pre-judge whether Heathrow expansion was the right answer but to work from first principles. This study was at an early stage but the options considered would include those proposed by Tim Leunig as well as Kwasi Kwarteng.



TfL had done some work last year on the case and options for expansion which had led them to conclude that there were three front runners – a new airport in the inner or outer Thames Estuary or a hub at Stansted. These options were now being considered against TfL's proposed assessment criteria. Final conclusions were expected in October/November 2013.

Action: Secretariat to consider feasibility of contacting [REDACTED] re. work on financing of new airport capacity.

Presentation on the next Commission discussion paper:

It was noted that this paper would be published on 1st March 2013 and would focus on the economic benefits of aviation connectivity, including looking at direct and indirect connectivity e.g. the value of transfer traffic.

Key points raised in discussion were:

- That if the paper was going to focus on the value of connectivity on manufacturing, other sectors also needed to be considered such as financial services, the service sector and freight.
- The role of digital connectivity needed to be included.
- It would be valuable to understand the history of Heathrow's connectivity and whether it has declined over time and compare this with international case studies.
- The value of transfer passengers versus those travelling point to point needed to be considered more explicitly, including assessing the potential loss in value if transfer traffic reduced.
- The case for Government support for routes that are in the UK interest should be considered as well as options for enhancing the slot regime to focus on destinations instead of airlines.
- The impact of increasing capacity on destinations served versus frequencies on profitable routes should be considered.
- The paper should look at what the incentives are for airlines to open new routes. Is it just a case of lifting capacity constraints?
- The paper should consider the definition of connectivity in an integrated way. i.e. once connectivity is defined, the paper needs to discuss how global trends are changing and what other countries are doing to meet this e.g. what are Dubai doing about Turkey's announcement of their plans for a new 6 runway hub airport.
- The paper should also reference shifts in short haul travel in Europe to rail.

Finally, there was acknowledgment of the difficulty in estimating the value in the relationship between connectivity and trade and investment. The Secretariat had commissioned a research programme to consider this, but the outputs would not be available until October 2013.

Sift criteria:

The Commission were taken through a suggested approach to the sift criteria which was consistent with established Government methodologies so that when recommendations were made, assurances could be given that the proposals had been considered within a broadly comparable assessment framework to theirs.

It was suggested that in order to balance the assessment framework appropriately, six criteria be used under which the relevant sections of the Department for Transport's Transport Analysis Guidance could be applied. The criteria are:

- *Environment¹*
- Economy
- People
- Cost
- Value
- Delivery

Finally, the Commission felt it was important to consider the impact of proposals on other airports in the UK.

Action: Circulate another draft of the sift criteria in the next few weeks.

Climate change paper:

The Commission were taken through the plan for the aviation and climate change paper which will be published at the end of March or in early April. It was considered important to recognise upfront that the international context was rapidly changing.

It was agreed that there would need to be some modelling of the aviation demand growth rates to understand what they will mean for the projected CO₂ emissions and how changes in technology might affect these growth rates and therefore what impact this will have on the 2050 carbon targets.

Action: Share next iteration of the paper with [REDACTED] for comment.

There was also some discussion about how other countries take account of carbon emissions when making decisions about airport capacity and it was agreed that there would be value in modelling a range of scenarios to reflect

¹ NB: Minutes corrected on 29 August 2013 by adding in criteria 'Environment', which had been inadvertently omitted from circulated version (this showed only five of six criteria).



different carbon price projections e.g. what do high carbon prices mean for business travel versus leisure travel.

Finally, it was agreed that the paper should explore the difference between the forecasts produced by the Committee on Climate Change and the latest DfT forecast.

Expert panel:

The Commission did not agree that a formal panel structure was required, and proposed instead that the panel should be a 'college of experts' on which the Commission could call to quality assure work produced by advisers (on noise for example) or from whom work could be commissioned on an ad-hoc basis.

Action: Secretariat to provide the Commission with a list of people to be approached with at least two suggestions for each category of expertise for the Commission to consider.

It was noted that there could be procurement implications if it was decided that pieces of work commissioned needed to be paid for. It was agreed that the Commission Chair should formally appoint members of the expert panel.

External engagement strategy:

The external engagement strategy was agreed. Alongside this it was suggested that there would be merit in meeting a range of airlines. As well as a meeting with BA, this could include Ryanair, Easyjet and Virgin.

DfT Aviation Demand Forecasts 2013:

■ Secretariat took the Commission through the programme of work proposed to develop the DfT forecasting approach to support the Commission's work.

This covered three areas – the approach to uncertainty where work was being done to develop more of a probability based approach; increasing the granularity in the differences between the markets, region and route definitions; and a focus on collecting more international data to be able to capture international competition between hubs more accurately.