

NATIONAL INFRASTRUCTURE COMMISSION

Call for Evidence

Response by Newcastle International Airport Ltd

1. Key points

- Newcastle is the main airport for North East England and the second largest serving the wider North;
- Newcastle is an international gateway airport with a wide range of scheduled services, including to key hubs of Heathrow, Amsterdam, Paris, Dublin, Brussels and Copenhagen;
- Newcastle now has two long haul scheduled service with Emirates to Dubai and United Airlines to New York Newark, and has the potential for more in the future;
- The 90 minute drive time catchment areas of Manchester and Newcastle Airports cover a large part of the North, but they do not overlap;
- The March 2015 Transport Strategy for the North contains the right treatment of northern airports;
- Surface transport priorities for the North East include the A1 Newcastle Gateshead western bypass, improved Tees – Tyne/Wear links and new rolling stock for the Tyne and Wear Metro.

2. Introduction

Newcastle is the largest airport in the North East of England, and the second largest in the North, serving a catchment area that includes Tyne and Wear, Northumberland, County Durham, Teesside, as well as parts of Cumbria, North Yorkshire and Southern Scotland. The Airport is critical to the economy of the North East. The Airport supports 12,200 jobs in the region, and contributes £581M to the regional economy every year.

Our Airport accommodated over 4.5 million passengers in 2015, but has terminal capacity that could handle between 7 and 8 million, and a runway that could accommodate 20 million or more. There are relatively few environmental constraints to the future development of the Airport, a lower noise impact than most other airports, strong regional support and a balanced view from the local community about the benefits of having an airport.

Newcastle has a growing network of air services across the UK and Europe, and in 2007 secured its first long haul scheduled service with Emirates' daily flight to Dubai. The Emirates service has helped significantly increase the region's connectivity and led to increased economic activity in the region with a positive impact upon employment. The service was upgraded in 2012 through the introduction of a larger Boeing 777-300 aircraft. The Dubai route was complemented in 2015 by the arrival of the United Airlines service to New York Newark

3. Aviation policy

Our view is that the objectives of Government policy on aviation should be to:-

- place aviation at the centre of economic policy, with the aim of using it to help grow the economy and making the UK more competitive;
- recognise the economic benefits of providing more airport capacity, and plan for this alongside other infrastructure requirements;
- view aviation and high speed rail as being complementary to one another, ensure that they are properly integrated, and recognise that for regions further north (the North East, Scotland, Northern Ireland) that aviation may be a better option than even high speed rail for some domestic and short haul journeys;
- recognise that it is in the interests of the UK that it retains its important hub role, and plan for additional hub capacity to serve London and the rest of the UK. Heathrow Airport presents a better option for the North East and for UK plc;
- ensure that as part of the planning permission for the above that some of the additional capacity is ring-fenced for regional air services;
- create the conditions for regional airports to flourish, including the use of differential rates of Air Passenger Duty (APD) to stimulate new regional air services, thereby encouraging the use of under-utilised runways in the regions, reduce the need for surface travel within the UK, and ensure a 'level playing field' between England and Scotland;
- ensure the environmental costs of aviation are balanced with the economic benefits.

4. Masterplan and growth

We published a Masterplan to 2030 in 2013. The Masterplan sets out how we will accommodate growth to up to 8.5 million passengers by 2030, and identifies how we will develop the terminal, access, car parking, apron, airfield and ancillary activities. We will invest up to £160M in the period to 2030 for improving and expanding the Airport. We will work with the Local Planning Authorities and other stakeholders to enshrine the Masterplan proposals within Local Development Frameworks (LDF's.)

A key component of the development plan for the Airport is the Newcastle International Airport Business Park, to the south of the runway. Large areas of land are available for development and we have worked up proposals for a mixture of offices, warehouses, hangars and other activities, with improved access. These sites have been included in the now adopted NewcastleGateshead LDF alongside a supportive planning policy framework. In addition the sites have been designed as Assisted Areas and Enterprise Zones.

4. Current Economic Contribution

Newcastle Airport delivers multiple benefits to the North East economy, including connectivity, jobs, GVA, inbound tourism, journey time savings, exports and revenues to the exchequer. In 2015, we commissioned York Aviation to assess the economic impact of Newcastle Airport, and their key findings were as follows:-

- The Airport supports 12,200 jobs, including 3,200 on site;
- A total of £581m in Gross Value Added is generated annually;
- The Airport supports £181m per year via tourism impacts, and 1,750 tourism jobs;

- The journey time benefits generated as a result of services provided by the Airport will bring net economic benefits to the region of £287m in 2015. Journey time benefits are derived from shorter journey times for passengers and businesses, and the producer benefits triggered by these;
- The value of exports shipped via the Airport is £310m per annum. Of this, the vast majority is carried on the Emirates service, which highlights the transformational effect a single long haul scheduled service can have;
- APD paid by passengers flying from Newcastle in 2012 is expected to be £55m.

Newcastle Airport is a public-private partnership between a private sector shareholder and 7 Local Authorities (Durham, Gateshead, Newcastle, Northumberland, North Tyneside, South Tyneside, and Sunderland.) In addition to providing the Local Authorities with dividends, we work very closely with them, the North Eastern LEP, and the North East Chamber of Commerce on a range of economic development, tourism and inward investment activities.

5. Connectivity policy for the North

The UK economy, including regions like the North East, must compete within a global marketplace. Businesses require convenient access to key markets, headquarters, customers, offices, factories, conventions, etc. and will make their locational and investment decisions based on this. North East businesses therefore require flights to/from an airport within the North East region, whether direct or via a hub, rather than flights to/from a distant airport that must be accessed by a long drive or train journey.

Our Emirates and United services, although long haul, are hub connections. They complement our services via other closer hubs, including Amsterdam, Paris, Dublin, Brussels, Copenhagen and Heathrow. Heathrow is by a significant margin the largest hub serving the North East and a number of other regions. We currently have 6 or 7 flights a day. Nearly 500,000 passengers a year are using the service, and 50% of customers are connecting to other flights. Of those travelling point to point, many are flying to Heathrow in order to access West London and the M4 corridor

Regional airports such as Manchester, Birmingham, Edinburgh, Glasgow and Newcastle can play an increasing role, but they are not an alternative to South East hub capacity. We therefore support the provision of additional runway capacity in the South East and welcome recommendation made by the Airports Commission. We strongly support the retention of a world class hub in the UK and believe Heathrow is the best and most viable option. Without expansion, there is a risk our services will be squeezed out to accommodate longer haul routes with larger aircraft. Frequencies could be reduced and eventually the route lost. The Airports Commission has estimated that the economic benefit to the UK of a new runway at Heathrow is significantly higher than for one at Gatwick. The UK outside of London and the South East would receive more than twice the economic benefit by expanding Heathrow as by expanding Gatwick.

We acknowledge that Manchester is a large and successful international gateway airport serving a large swathe of the North of England. On a smaller scale, Newcastle Airport plays an international gateway role for the North East of England. As illustrated below, the 90 minute drive time catchment areas of the two airports cover most of the North, but the catchments do not overlap.

In view of this we welcome the treatment of airports in the Northern Transport Strategy, published by the Government in March 2015, and don't see any reason to modify this approach. The Strategy states:-

The North has an excellent network of regional airports, in particular the extensive scheduled intercontinental services from Manchester and Newcastle, as well as the key role of other regional airports in short-haul travel. But we need to ensure the wider transport network is developed to support an expanding Northern economy. High quality surface access links to the North's airports support growth and help the Northern Powerhouse maximise the benefit it draws from its airport capacity.

Our shared vision for the North's airports

- More destinations served by the existing quality network including Liverpool John Lennon, Manchester, Leeds-Bradford, Newcastle, Durham-Tees Valley, Doncaster-Sheffield and Humberside, carrying over 30 million passengers a year¹⁵, providing direct links for businesses and the public to a range of destinations.
- High quality surface access to airports across the North to ensure the North is a competitive location for multi-national businesses.
- Better rail connectivity to Manchester Airport, to allow quick and easy access to the range of intercontinental destinations an airport of this scale provides. 15 Civil Aviation Authority statistics
- Continued success of Newcastle airport, which serves a particular function in the North in providing for business and leisure flights to international destinations – including as a key connector to hub airports such as Heathrow, Schiphol, Newark and Dubai.



6. Surface Access

Surface access to airports, including both road and public transport, should be prioritised within funding allocations. Newcastle Airport benefits from both good trunk road and Metro access, but the A1 Gateshead Western Bypass is heavily congested at peak times. This will act as a brake on the regional economy unless a capacity enhancement is brought forward. Welcome the progress made in respect of the Lobley Hill section, which is now under construction, but also wish to see the Seaton Burn, Swalwell, Allerdene Bridge and Bowes Incline schemes progressing, as well as measures to improve key junctions, including the A1/A696 junction.

In the longer term, we believe there is the potential to improve rail access to Newcastle Airport. With this in mind we have assessed the feasibility of heavy rail track share with the existing Metro service and have secured the Benton Curve, which links the ECML with the Metro line to the Airport. We are also supportive of measures to improve rail access between Teesside and Tyne and Wear, and the ongoing improvements to the Tyne and Wear Metro, including the bringing forward of plans to replace the rolling stock.