

Liberal Democrat Party Conference 2013 – Summary of highlights from aviation related events

Sunday 15 September

[‘The Big Interview’: Ministerial Q&A with Transport Minister, Norman Baker](#)

Summary

Liberal Democrat Transport Minister Norman Baker was speaking at a Ministerial Question and Answer session on transport at the Liberal Democrat Party Conference in Glasgow. At the session he spoke about the work his party had done in Government and his responsibilities as Minister, which included: buses, taxis, rail reliability, light rail and walking.

Mr Baker spoke extensively about HS2, claiming that all three main parties understood the importance of the project.

On aviation he said that he wanted journey times to include surface connectivity and transfer times (travel to and from city centres), in order to give consumer a more realistic idea of travel times.

Sunday 15 September

Transport Hub

Air tax, visas, and connectivity – does the UK have an aviation policy for growth?

Summary

Transport Minister Norman Baker suggested that the Liberal Democrats could consult their members on the Government's response to the report of the Davies Commission. Mr Baker was speaking at the event '*Air tax, visas, connectivity – Does the UK have an aviation policy for growth?*' at Liberal Democrat Party Conference at Glasgow. Also speaking were: ABTA Senior Public Affairs and Research Manager Stephen D'Alfonso, British Chamber of Commerce Director of Policy and External Affairs Dr Adam Marshall and Transport for London (TfL) External Affairs Lead Guy Lavis. The event was chaired by Airport Operators Association (AOA) Chief Executive Darren Caplan and was hosted by the AOA and Transport Hub.

Opening remarks

The Chair set out the factors affecting the growth of the aviation sector, such as the cost of visas, Air Passenger Duty (APD) and the need to meet connectivity. Since 2008, the UK's connectivity had declined by over 4 per cent, he said.

Transport Minister, Norman Baker affirmed that whilst the Liberal Democrats did not oppose aviation, they were keen to find solutions to the environmental challenges from it. He pointed to the recent announcement of investing into research for advanced bio-fuels. The Minister said that the UK could become an international aviation hub by developing the next stage in propulsion. On connectivity, Mr Baker looked forward to the Davies Commission report and rejected the notion that it had been designed to kick the issue into the long grass. He pledged to examine both the environmental and economic impacts of the report's final recommendations. It was important to balance the two concerns, the Minister affirmed. He added that the Government would publish the response to the interim report, due to be published in December, in spring of 2014. Mr Baker believed that the Commission would put forward three to five long-term recommendations.

Turning to APD, the Minister believed that a per-place tax was a better alternative, but acknowledged that there were legal obstacles. He believed that APD had been introduced as a cost raising measure by the previous Labour Government, adding that VAT could be added to kerosene. Lastly, on the subject of visas, Mr Baker urged the Conservatives to reconcile their differences between their immigration policy and desire to encourage investment in the UK.

Opening his remarks, **Mr Guy Lavis (Transport for London)** insisted that there was notion of connectivity problem in the South East of UK, explaining that the Mayor of London had submitted three proposals for airport expansion to the Davies Commission. The UK has 'lagged well behind' its major competitors', he said, adding that the Commission was the final chance to resolve the problem. 'If we do not obtain consensus [on the Davies recommendations] the UK will become a branch station at the end of the line', Mr Lavis declared. He emphasised the importance of connections to emerging economies in Brazil, Russia, India and China (BRIC). Mr Lavis believed that only a hub airport could deliver the transport passengers to develop long-haul routes. The Mayor of London believed it would be 'a folly' to expand Heathrow, he said, pointing to the three alternative, fully-costed and detailed proposals submitted to the Commission. He urged all present to examine the case

for a four runway hub in the South East, pointing to research from York Aviation that had shown it was quadruple connections to the BRIC economies. Mr Lavis claimed that Heathrow had 'failed the regions' in terms of connectivity to the growth economies. He said that the taken time to resolve the debate in the UK could lead to other countries overtaking it.

Beginning his speech, **Dr Adam Marshall (BCC)** expressed frustration that the UK had 'dithered' over the question of aviation. He described the Davies Commission as 'a kick into the long grass'. The business community wanted the issue to be resolved 'swiftly', Dr Marshall affirmed. He warned that there was problem of rising costs and difficulties in accessing emerging markets. On the issue of capacity, Dr Marshall disagreed that there was sufficient spare capacity at Stansted and Gatwick Airports to cope in the meantime. He pointed to three options put forward by private sector providers, suggesting these could be developed with minimal public sector input. In addition, Dr Marshall did not believe that there were sufficient funds or interest to build a new airport to the east of London. He highlighted the lack of direct connections to EU trading partners, like Colombia, from Heathrow. Addressing the question of APD and costs, Dr Marshall explained that the high cost put many investors off, describing it as a 'challenging piece of work to the Treasury'. In addition, visas were a 'massive problem' for potential investors, he said. Concluding, Dr Marshall emphasised the importance of engaging the public in a dialogue on the question of the needs of the aviation sector.

Opening his speech, **Mr Stephen D'Alfonso (ABTA)** sought to focus the discussion on the impact of aviation on the tourism industry. He said that ABTA estimated that tourism accounted for £125bn in the UK economy and 3m jobs, questioning whether politicians understood the value of the sector. Mr D'Alfonso explained it was important to recognise that tourism was 'an integrated product' with outbound tourism worth an estimated £54bn to the UK. He said that that domestic tourism was worth £100bn. Citing research from the Centre for Economics and Business Research on the value of leisure aviation, Mr D'Alfonso explained it was important to maintaining existing infrastructure and routes. It was both business and recreation travellers who were important to the UK economy, he said, adding that the Government needed to take a more holistic vision for the sector.

Questions and answers

Responding to a question on his party's position on aviation, Mr Baker said described the Liberal Democrats as 'critical friends of the industry'. Questioned if the Liberal Democrats should debate its policy position on airport expansion before the next election, the Minister said it was important for the party to make a judgement on the recommendations brought forward by the Davies Commission. He suggested that the Liberal Democrats would consult their membership on the Government's response to the final recommendation.

A representative from the Aviation Environment Federation asked why the level of APD had risen since its introduction. In reply, Mr Baker said successive Treasury Ministers had likely seen the tax as a new form of charge. He added that the average cost of air travel per mile had fallen over recent years. The Minister suggested that charging by carbon emissions could be introduced, but described it as a 'hypothetical for the future'.

Newcastle Airport Planning and Corporate Affairs Director Graeme Mason asked if regional airports would continue to be served by hub connections from the South East. Responding, Mr Baker emphasised the importance of regional airports and explained how High Speed 2 could benefit them. He affirmed that the Government would examine the findings of the Davies Commission carefully.

The Chair asked if there was a connectivity problem in UK aviation. 'I do not think there is a connectivity problem' he asserted. There is probably spare capacity at Gatwick Airport and

there definitely is at Stansted Airport', the Minister said. However, he declared that the Government would examine the report of the Davies Report 'without prejudice'.

Co-Chair of the Liberal Democrat Parliamentary Party Committee on Transport Lord Bradshaw asked what would happen to Heathrow if a new hub airport were built in the South East. Heathrow would have to close and move to one of the new sites, Mr Lavis said, adding that the land could be used to create as many as 80,000 homes to address the capital's 'desperate housing shortage'. Further work would be undertaken by the Mayor of London, TfL and the Greater London Assembly if one of their three options was shortlisted by the Davies Commission, he explained. Mr Lavis affirmed that the West London economy was 'not beholden to Heathrow'. However, Dr Marshall disagreed, pointing to the economic importance of road and rail corridors to the west of London, claiming that any suggestions to close Heathrow were 'breezingly divorced from economic reality'. He said that thousands of jobs and investment were linked to the location of Heathrow.

Heathrow Airport Director of Policy and Political Relations Nigel Milton said that TfL would need to adjust its suggestions following further examination of the economic impact of any closure. He also queried how the case of airport expansion could best be made. In reply, Mr D'Alfonso explained that ABTA was attempting to increase consumer awareness of the impact of taxation in the aviation sector. He also challenged the Government to state how existing capacity could be managed by Heathrow without expansion. Mr Lavis agreed that the sector needed to make the new case for a hub airport, as opposed to dispersed capacity. He also claimed that business people in the regions were not wedded to simply expanding Heathrow. Mr Marshall replied that regional businesses valued their road and rail links to Heathrow.

A representative from the Aviation Environment Federation questioned if the Mayor of London supported airport expansion. Responding, Mr Lavis offered 'good odds that one the Mayor's three options will be on the (Davies Commission's) shortlist in December'.

Monday 23 September

Transport Hub – CILT event and Light Rail Transport Forum

A Vision for 2035: The Future of Aviation?

Summary

The Davies Commission was the last chance for the UK to maintain its global position as the leading aviation hub, the Liberal Democrat Party Conference Fringe heard today. Transport Hub and Chartered Institute of Logistics and Transport (CILT) in the UK hosted the event: 'A Vision for 2035: The Future of Aviation?' Speaking at the event were: Transport for London (TfL) - Aviation External Affairs Lead Guy Lavis, CILT (UK) Director and Aviation Advisor Martin Evans MILT, Heathrow Airport Director of Policy and Public Relations Nigel Milton and Birmingham Airport Public Affairs Director John Morris FCILT. The event was chaired by CILT Aviation Forum Chair Vernon Murphy.

Opening remarks

Opening the session, the Chair explained it had been 50 years since the Government of the day had published a report on the third London airport. 'The Institute believes that future growth in this country will come from High Speed 2 and aviation', he said. The Chair said there were many long term questions facing aviation, including questions of capacity and connectivity.

Opening his remarks, **Mr Nigel Milton (Heathrow Airport Ltd)** explained the divisions into the camps of doing nothing or expanding hub capacity. He claimed that some people wanted to constrain the growth of Heathrow. In the last decade, domestic lines into Heathrow had declined, only one long haul route outside of a Middle East hub added and a lack of new connections to emerging markets like China, Mr Milton said. He said 20 long-haul airlines had left Gatwick Airport over the last decade, meaning that there were no direct services to China. When Dubai surpassed Heathrow as the world's busiest airport and it would be the fourth busiest airport in the EU by 2020, Mr Milton said. He extolled the benefits of expanding hub capacity, explaining it combined local demand with transport passengers to create better connections. Mr Milton cited the words of Liberal Democrat Transport Minister Norman Baker that the UK needed a hub airport. New capacity at the hub would improve the UK's connectivity, he said, acknowledging that much more needed to be done to address the issue of noise at Heathrow. He added that the Boeing 787 aircraft was not a 'hub buster', emphasising that it needed hub capacity. Concluding, Mr Milton explained that growth in capacity at Heathrow would be part of national growth, alongside connections to HS2.

Beginning his speech, **Mr Guy Lavis (Transport for London)** explained that TfL was working with the Mayor of London on his aviation programme, but stressed that he was not a political appointee. He declared that there had been 'egregious policy failure' in not addressing airport capacity. The Davies Commission represented 'the last throw of the dice' to maintain the UK's position as a leading hub airport, Mr Lavis said. He dismissed suggestions that dispersed capacity would be sufficient to compete with the global use of the hub model. Mr Lavis pointed to the level of noise blight at Heathrow as 'horrendous', claiming that wanting to expand the Airport 'beggars belief'. Whilst he acknowledged the work of companies like Rolls Royce in seeking to improve technology, he added that there would still be an issue of noise. It was also difficult to obtain cross-party consensus for any expansion of the Airport, Mr Lavis said, adding that it was difficult to imagine any Mayor of London supporting it. He referred to the three submissions by Mayor of London Boris Johnson to the Davies Commission for a four-runway airport to the east of London. Mr Lavis

emphasised that the proposals came with concrete proposals for high speed surface access. Concluding, he pointed to research from York Aviation that a new four-runway hub would lead to a fourfold increase in the number of connections to emerging economies.

Beginning his remarks, **Mr John Morris (Birmingham Airport)** emphasised that London and the South East was 'not what it's all about'. He cautioned the audience to do their own research on the subject, suggesting that a lot of evidence presented by the panel would come through the main lens of preserving shareholder interests. Mr Morris did not believe that commercial needs did not match the needs of the UK. 'We need to recognise that great cities and great countries need great airports', he said. Declining to pass judgement on a hub airport, Mr Morris suggested that the UK needed to look beyond a four-runway model owing to environmental concerns. He put forward the notion that six or seven runway hub could be built, but also pointed to issues of surface connectivity. A new airport in Kent would need a city the size of Manchester to house the employees, Mr Morris said. He suggested that a new airport could result in increased journey time and emissions.

Opening his remarks, **Mr Martin Evans (CILT)** agreed the debate did not have to centre on the South East of England. He set out the belief that 50 years of delays represented insurmountable difficulties. Mr Evans warned on the peril of politicians delaying the decisions to an unknown debate. He criticised the approach of aircraft over central London on the grounds of environmental and noise concerns. Closing Heathrow Airport would result in 70,000 jobs needing to be moved, alongside the impact on businesses, Mr Evans said. He said that the debate was often framed against the assumption that it all hinged on the question of aviation capacity in the South East.

Questions and answers

A representative of the National Composites Centre agreed on the importance of reducing unnecessary journeys, inquiring what role new technologies could play in improving them. Responding, Mr Lavis had recently met with Rolls Royce and praised the work they had done in improving fuel efficiency. He added that additional connectivity could only be achieved with extra capacity.

Mr Morris believed that new aircraft like the Airbus A380 were 'hub busters'. Adding to this, Mr Milton emphasised that Heathrow was 'not unique' in the world in terms of the noise levels. The Chair added the UK's record with aircraft noise was 'pretty good'.

Newcastle Airport Planning and Corporate Affairs Director Graeme Mason asked if it would be right to demolish Heathrow. Responding, Mr Lavis affirmed that it would be best to build a new hub airport, because there could only be one.

Questioned on whether the aviation industry would agree on the findings of the Davies Commission, Mr Morris said the sector would have to make best use of existing resources to improve the connectivity of the UK. Mr Milton claimed to be sceptical of politicians, but expressed hope that all witnesses were 'signed up' to supporting the findings of the Commission. However, he believed it was 'inevitable' that there would be a judicial review, but felt that any project under the way by 2020 would give the debate 'momentum'.