

Labour Party Conference 2013 – Summary of highlights from aviation related events

Sunday 22 September

Transport Hub

Transport Hub at Conference: The Big Transport Interview with Shadow Secretary of State Maria Eagle

Summary

Speaking at a Labour Party fringe event, Transport Hub at conference, Labour Shadow Transport Secretary Maria Eagle said that she felt travel affordability was the main transport issue facing the country.

Discussing Labour's policy review, the Shadow Transport Secretary said that one of the main priorities was affordability of transport fares. She added that any rise in fares should be capped at 1 per cent above inflation for all routes. She went on to say that she supported devolution and putting councils and transport authorities in charge of bus routes and fares.

The top five train companies made over £300 million of profit, she highlighted, even though they were paid more money than they were charged in franchises. Talking about nationalisation, Ms Eagle said that it was a question of value for money. Labour wanted to do what works and lines should stay in public ownership where it worked well, she stated. Ms Eagle said that her speech would include references to the privatisation of rail lines. The privatisation of the East Coast Mainline should be halted and they should at least be able to bid for the future franchise, she stressed.

Maria Eagle speaking on Aviation

Additional runway capacity was controversial within and across parties, Ms Eagle stated. She also welcomed the cross-party Davies Commission. Responding to a question from Tim Alderslade, Public Affairs & PR Manager, Airport Operators Association, Ms Eagle said that all parties were committed to looking at what the Davies commission reported. She felt it was frustrating that it would not be published until after the next General Election.

There were a lot of concerns about noise and air quality in relation to a third runway at Heathrow Airport. Labour would wait until after the general election to respond, Ms Eagle said. Labour was committed to the Climate Change Act which would be a 'red line issue' for Labour. Any plans would have to meet these legal obligations, she stated. Ms Eagle asserted that Labour Policy maintained the target of reducing aviation emissions to pre-2005 levels.

London Assembly Member Val Shawcross said that transport in London was 'massively overcrowded'. She added that there needed to be a commitment to an independent noise regulator in relation to aviation. In reply, Ms Eagle agreed that the noise and air quality were major issues in West London. The industry had started to work with others on this issue but she was unsure at present about an independent regulator.

Monday 23 September

British Chamber of Commerce supported by Heathrow Airport

Business is good for Britain: How can we encourage private investment and exports?

Summary

Britain needs a state backed investment bank in order to maintain economic growth, Shadow Business Secretary Chuka Umunna said today. He was speaking at a Labour Conference fringe event hosted by the British Chambers of Commerce supported by Heathrow Airport titled 'Business is Good for Britain: How can we encourage private investment and exports?'. He was speaking alongside: Beth Rigby, Deputy Political Editor, Financial Times; John Longworth, Director General, British Chamber of Commerce; and Nigel Milton, Director of Policy and Political Relations, Heathrow Airport

Shadow Business Secretary Chuka Umunna

Mr Umunna began his remarks by stating his support and thanks for the British Chamber of Commerce (BCC). Heathrow Airport was great success for London and Terminal 5 was a great expansion. Mr Umunna commended Heathrow for delivering Terminal 5 on time and on budget. This should be a model of how the UK looked to deliver infrastructure projects.

Mr Umunna said there was a clear case for more long-term focused decision-making. For this reason the Labour Party had commissioned Sir George Cox to perform a study into long-term decision-making. The big issue many British people faced was despite the recent economic growth, the proceeds were not going to them. Many still faced worse living standards than compared to before the recession.

There was a clear need to restructure the economy, he argued. There was a lack of productivity and Britain maintained a very low output per hour compared to other industrialised nations. Britain also needed to tackle the trade deficit, which had continued despite the depreciation of sterling. He added that business investment was still not as good as it should be. Every recent OBR report had downgraded the forecast for business investment. Mr Umunna stressed there needed to be a comprehensive modern industrial strategy. He clarified that this did not mean a return to the 1970s era of Government support for failing industries, but a smart long-term Government plan.

The Government could help foster Britain's strengths and improve competitively globally. A central part of this challenge was sorting out finance, he stated. Mr Umunna argued there was also a need for more competition within the sector. There was also likely to more competition to banks with new forms of capital coming to prominence. There was a need to reform the skills ecosystem so that business was getting the skills it needed in a timely fashion.

In his constituency, Mr Umunna noted, the number of people going into higher education increased by 80 per cent under the last Labour Government. However, he conceded they had not done enough on non-academic skills. A future Labour Government would be clear that it would not sacrifice quality for the sake of getting large numbers of people enrolled. There was a clear need to change the decision making architecture for how challenges, such as Heathrow, were addressed. A better decision-making process would be better for business and ultimately the UK as a whole. The decision whether to increase capacity at Heathrow should have been made before the 2015 general election and there was no reason to delay it, the Shadow Business Secretary said.

Asked about HS2, Mr Umunna stated that Labour supported the project in principle, but was not willing to sign a blank cheque. There would clearly be a point, if the cost of the project continued to increase, where the cost of HS2 would out way the benefits. It was difficult to Labour to commit to HS2 as it did not know what financial environment it would inherit in 2015. Labour could not commit an infinite amount of money to the project.

He added that in Government he would be arguing strongly that spending on UKTI should be increased. This was because the UK gained more for every pound it invested in UKTI.

Beth Rigby, Deputy Political Editor, Financial Times

Ms Rigby opened her remarks by describing how Britain's export markets appeared to be turning. Manufacturing activity was up and the ECC had just released a positive survey about European export growth.

Many Government Ministers had played an important role by travelling overseas to drum up business for UK companies, she said. However, major challenges and hurdles remained to maintaining export growth. In a recent speech, Business Secretary Vince Cable had mentioned rebalancing the economy, but there remained concern that recent growth in economic activity may allow Government to stop focusing on efforts to rebalance the economy, Ms Rigby commented. There was a question mark over whether the Government had the capacity and will to see the rebalancing process through. Ms Rigby conceded that Mr Cable had made a big effort to drum up finance for big business through efforts such as funding for lending. However, she argued small businesses mentioned consistently that the capital simply did not flow through to them.

Airport capacity remained a big issue in the UK; it was politically toxic and a growing concern for businesses.

John Longworth, Director General, British Chamber of Commerce

The British Chamber of Commerce (BCC) was focusing on three major campaigns this year, Mr Longworth said. The economy was at a critical moment, the first signs of recovery had taken place, he argued. However, this was often the point where business often failed and politicians took their eyes of the ball.

The BCC was clear that the Government and future Governments needed to focus relentlessly on economic growth, Mr Longworth commented. Growth paid for the NHS, welfare, pensions and all the other public goods the British public enjoyed. Without growth, the UK would be unable to invest in vital public services. Investment and finance was at the heart of rebalancing the economy towards exports and airports were an important part of this, he said.

There was a structural failure in the way long-term finance operated in the UK, Mr Longworth argued. The Government also needed to look at infrastructure development and export support. Without infrastructure business could not operate and infrastructure was as stimulus in its own right.

Mr Longworth stressed that airport connectivity was a key point. It created mobility for business people to come in from across the world and kept Britain as a global hub for business. However, he added, all the pillars of infrastructure were important. Not just air and sea, but road and rail also had a big role to play. The BCC was clear that HS2 should go ahead, however it should be called 'High-Capacity 2 rather than High Speed 2'. It was also important for the UK to have a long-term energy security strategy. In addition digital connectivity through wireless was vital for future economic growth, Mr Longworth added.

If the UK did not have well financed businesses, it would continue to have problems for small and medium sized enterprises, he commented. Many of these companies needed a cleared supply of long-term patient capital.

Knowledge and skills were important to business development. The soft infrastructure of such knowledge was just as crucial as the hard infrastructure of roads, he argued.

Direct export support was an area that should be given more attention. The BCC was partnering with the Government in creating platforms across the world to foster business. The BCC was creating 21 new chambers of commerce in emerging markets, he noted. This action would allow business in the UK to have the best possible support for their exports.

Mr Longworth asserted that all of these factors were in part reliant on access to capital. For this reason the BCC supported the idea of a British Business Bank, state-backed, but also independent from direct Government control. He noted that many countries, such as Germany, France and the US, already had such banks. The BCC wanted to encourage pension funds and sovereign wealth funds to invest in the UK. An infrastructure investment bank or a reverse sovereign wealth fund would assist in this, Mr Longworth suggested.

Overall support for trade in the UK was about one twentieth of what was spent on international aid and that this needed to change, he asserted.

Nigel Milton, Director of Policy and Political Relations, Heathrow Airport

Mr Milton explained that from Heathrow Airport's view it had a key role to play with British Business as the UK's only hub airport. There were 70 global destinations served by Heathrow that were not served by other UK Airports. The UK traded 20 times more with emerging economies it had direct links with than those that it did not.

Investing in infrastructure was important and Heathrow had spent over £11bn over the past decade in improving and expanding capacity. Terminal 5 was part of this and had been voted best in the world for previous two years running. Investment in Terminal 2 had already resulted in training for over 25,000 staff, who would work there, and many other benefits. In total Terminal 2 would have directly and indirectly supported 35,000 jobs across the UK. A car park for 1,300 spaces had resulted in jobs in Nottingham and Northern Ireland for various small firms. Mr Milton argued that Terminal 2 was not only delivering for passengers, but also for the national economy.

He stressed it was vital that the Government got Heathrow Airport right. Attracting finance was important and policy makers needed to recognise that the UK was in a global race with tough competition. If the UK got it wrong on these decisions money would go elsewhere and British jobs, British trade and Britain as a whole would suffer.

Tuesday 24 September

Passenger Transport Environment Group (PTEG)

Labour's new transport policy - what would it mean for cities?

Summary

Speaking at a PTEG event entitled 'Labour's new transport policy - what would it mean for cities?' Shadow Secretary of State for Transport Maria Eagle said that a Labour Government should be more ambitious on the devolution of transport. Also speaking at the event were: Ken Livingstone, former Mayor of London; and Graham Stringer MP PTEG Parliamentary Group; and David Brown, PTEG Chair.

Maria Eagle, Shadow Secretary of State for Transport

Beginning proceedings, Maria Eagle spoke of 'unfinished business' in the devolution of transport that the UK should set about completing. When Labour left office, there were 26 different transport funding streams, and too many targets that local areas had to adhere to, she argued. The issues associated with this were 'dumped' onto councils, she said.

However, a Labour Government should be more ambitious on the devolution of transport, she argued, maintaining that there were savings to be made for Whitehall in this area. The amount talked about for devolution – just over a £1bn – was hardly ambitious, she suggested. Devolving funding was one way the UK could finally address regional differences in transport across the UK, she maintained. Labour would always look to ensure that decisions were taken at the lowest level, she stated.

She called for a 'root and branch review' of the Highways Agency to look at how roads were managed. Responsibility as well as funding for transport needed to be devolved, she argued, saying local authorities should have greater control in setting bus fares. Responsibility for regional and local rail services also needed to be devolved, she stressed. Elaborating, she explained that evidence suggested that this would lead to better passenger outcomes.

She also criticised London Mayor Boris Johnson for failing to develop the necessary relationships to allow Transport for London to engage more effectively with surrounding rail providers to improve integration in the area surrounding London.

Ken Livingstone, former London Mayor of London

Former Mayor of London Ken Livingstone suggested that the position of Transport Secretary was wrongly perceived to be one of the least important jobs in the Cabinet, pointing to the continued importance of key transport investment infrastructure projects built throughout the UK's history.

The 'tragedy' was that the UK had always backed away from 'proper regional government' regarding decision making in this area, he stressed.

Crossrail was first proposed in 1959, he pointed out, calling the delays seen with HS2 'fairly typical'. Those supposed to be driving the transport system so often came out as opposed to major transport projects, he asserted. He called for a 'regular flow' of transport projects, criticising the decline of British Rail through the years.

Borrowing for infrastructure was 'crucial', he stressed, while noting that an incoming Labour Government at the next general election would be inheriting a large deficit off the current

Government. The only debt to be taken on should be reserved for infrastructure projects, he argued, saying that borrowing for revenue purposes should be abandoned in a commitment to pay down the public debt over 20 years.

On HS2, Mr Livingstone said he was worried by the record of successive Governments at delivering major rail projects on time, pointing out that the project did involve a lot of money. Londoners would much rather have rebalanced regional economies than more traffic being directed to the capital, he claimed. He concluded his remarks by speaking in favour of the extension of HS2 to Liverpool, Manchester, Leeds and Liverpool.

Graham Stringer MP, PTEG Parliamentary Group

Continuing on the subject of HS2, Mr Stringer argued that evidence suggested that investment in transport invariably led to economic growth, wherever that investment might be channelled. Investment in transport policies focussed around London were essentially 'subsidising congestion', he said.

Referring to remarks made by Ed Miliband the previous day, Mr Stringer said the Labour Leader had been 'unhelpful' on HS2. Without investment in a north-south rail line, there would be congestion on both passenger and freight lines and motorways would be blocked, he claimed. The idea of having HS2 connecting the northern cities mentioned previously by Mr Livingstone was 'reasonable', he said, whilst arguing that this would not resolve the capacity issue. He accused the Government of 'dragging its heels' on HS2, pointing out that the policy had seen a 'terrific majority' in the House of Commons. Major infrastructure projects, however, would require the consensus of all parties, he said, urging the Labour Party to maintain its support for HS2.

David Brown, PTEG Chair

Announcements made by Ms Eagle on the devolution of transport were ambitious, but also practical, Mr Brown began. He supported her calls for this to be stepped up, asking for greater devolution of transport provision, and arguing that local people were the best-placed to provide transport solutions.

On funding, Mr Brown said that local authorities wasted much time securing funding, maintaining that if they were given more freedom to run their own funding arrangements, they could operate more effectively. Local authorities should be able to 'draw-down' local funding as well as having one set of funding from central Government, he continued. More specifically, he called for the devolution of the Northern, TransPennine and West Midlands rail franchises.

Questions and answers

Asked whether she had had the 'rug pulled from under her' after Labour Leader Ed Miliband's recent hesitation on HS2, Ms Eagle suggested this was not the case, while noting that those with legitimate reasons to oppose the plans had seized on the issue effectively. She said she was not worried about having to demonstrate the benefits of HS2 to Mr Miliband, Ed Balls, or anyone else within or outside the Labour Party, as she believed that the benefits of the plan had already been demonstrated.

Asked if there was any way money invested in HS2 could be kept within the UK, Ms Eagle said there certainly were things that could be done, giving Crossrail as recent example of this.

Responding to a question on the perceived lack of coordination between DCLG planning procedure and the Department for Transport (DfT), Mr Brown spoke of the need for joined-up decision making between departments, while suggesting that he was not sure this was understood much outside of DfT.

On cycling, Mr Livingstone argued that the key to encouraging it was to create the right environment for cyclists, pointing to good practice seen locally in Brighton. Ms Eagle made reference to a Labour 8-point plan on cycling, adding that it was also important to devolve cycling policy, whilst also channelling road funding for cycling.

Asked how transport devolution would be realised in the shire counties, Ms Eagle said she appreciated that the environment was different in rural areas, while explaining that she believed in incentivising good behaviour and that local people should get involved in local decision making.

Tuesday 24 September

The Airport Operators Association's

Air tax, visas, connectivity: Does the UK have an aviation policy for growth?

Summary

The Airport Operators Association's Chairman, Darren Caplan, warned a Labour Conference fringe that the UK had slipped to twelfth in Europe for air connectivity, putting jobs at risk. Mr Caplan was speaking at an event entitled 'Air tax, visas, connectivity: Does the UK have an aviation policy for growth?'

Also speaking at the event were: Martin Tiedemann, Co-Chair, Socialist Environment and Resources Association; Adam Marshall, Director of Policy and External Affairs, British Chamber of Commerce; and Brian Ross, Economic Advisor, Stop Stansted Expansion. The panel was chaired by Luke Pollars, Association of British Travel Agents and prospective parliamentary Labour candidate for Plymouth, Sutton and Devonport.

Darren Caplan, Chair, Airport Operators Association

Mr Caplan said that he felt the current rate of Air Passenger Duty (APD) was high, with UK families paying far more than French families for flights. Many European countries charged no equivalent tax, and he labelled it a bad tax that cost the country 90,000 jobs per year.

He went on to say that he felt the cost of visas was too high, with an Indian traveller facing an £80 fee to visit the UK. This was more than the same visitor would pay to visit all of the Schengen Agreement nations in Europe combined.

Finally, he said that connectivity was crucial to aviation. By 2030, he said South East airports would be full up and others would be as full by 2040. He highlighted that the CBI reported recently that a new daily flight to each of the eight main emerging economies could be worth a billion pounds to the economy, but he warned they would not emerge without the capacity.

Martin Tiedemann, Co-Chair, Socialist Environment and Resources Association

Martin Tiedemann spoke next, stressing that as a Labour campaigner, his organisation recognised the importance of growth and jobs alongside its 40 year campaign to improve the environment.

Travel, he said, was crucial to linking with emerging markets, and was also vital to broadening horizons through travel. However, he stressed that aviation was responsible for five per cent of anthropomorphic climate change gases and had to do its duty on climate change. Mr Tiedemann said he felt that aviation should be part of a trading scheme on carbon that worked to incentivise innovation and reduce carbon dependence.

Turning to taxes like APD, which he said the aviation industry might want to see removed, he suggested that perhaps frequent flyer programmes could also be put on the table for debate. These, he explained, were subsidy for heavy flying and may not be appropriate as efforts were made to reduce carbon emissions.

Adam Marshall, Director of Policy and External Affairs, British Chamber of Commerce

Adam Marshall said that there was a great deal of frustration and impatience across the business community about aviation policy. He said that some in business had commented that 'while the UK dithers, others do'.

Looking at the business view of aviation in general, he said that there was strong willingness to invest private money in expanding capacity and that government may not need to spend large sums of public money to do so. He also noted that there was a view that the review under way until 2015 was akin to 'kicking it into the long grass'.

With regards to competitiveness, Mr Marshall said that one issue was direct flights from places like Columbia, which were dependent on sufficient hub capacity in London. Likewise he said that many companies were unwilling to invest in the UK if there were no direct flights from other cities they were based in.

Looking at visas, Mr Marshall stressed that these were a major barrier to business and appeared to be an anti-business measure. However, on the matter of APD, he said that while it might be nice to see it removed, it was not a high priority.

Turning to the previous government, Mr Marshall noted that Labour had committed to a third runway at Heathrow. That was a brave decision that he felt had sadly been reversed under pressure from voters.

Brian Ross, Economic Advisor, Stop Stansted Expansion

Brian Ross then spoke to say there was no capacity crisis in the UK. Instead he suggested the country had more runway capacity than France, Italy, Spain or even Japan. Indeed he said there was twice as much capacity as needed to meet expected demand in 2040.

Despite this, Mr Ross noted that Heathrow was a different matter. It was 'full' and it could now only accommodate more capacity through technology and larger planes. However, he said that Heathrow flew more people to Miami last year than to all of China, questioning on whether the capacity was best used for the economy.

All of this, he said, was evidence that the UK economy and the aviation industry were not aligned. Looking at business travel, he noted that this had fallen last year compared to ten years previous, while seven out of eight flights were people flying on non-business journeys.

Mr Ross then pointed out that outbound tourism was recognised in official figures as an import, and suggested this was not a great benefit to the UK economy. Alongside this, he said London had topped tables as the best city in Europe to do business for 22 years. It had, he further suggested, extended its lead in recent years and was rated very highly for its international air connections already.

Questions and answers

Asked by a representative from Heathrow Airport whether flying had been a 'social good', Mr Marshall said that choice was important to society. He said that equality of choice could not sit well alongside very high prices, be that choice by consumers or businesses.

Mr Tiedemann said that efforts to suppress demand could not rely on making flying unaffordable to lots of people who saved up to visit relatives abroad. However, he stressed that there was a cost to the environment that had to be recognised and had to be dealt with.

Mr Caplan said that he would like to incentivise flying and that it would be good for the economy if people could travel around the world on holiday, on business and to visit relatives

more often. Instead of flying, he said the problems were carbon and noise. This, he said, should be tackled through technology and through innovative management.

Mr Ross said there had to be a balance between jobs, noise and climate change. He then questioned how Ryanair, an Irish airline employing foreign staff and buying American planes, benefited the UK by flying British people abroad to spend their money.

Asked about the role of Heathrow as a hub airport, Adam Marshall said that the Netherlands was a socially progressive and densely populated nation, but had expanded its hub capacity to such an extent that many UK firms now used it as their hub. This, he said, just showed that the Netherlands was good at looking after their own national interest. Instead of worrying about that, he said that it would be far better for the UK to focus on itself and its own national interest because a hub airport could open up new markets for businesses to explore.

Mr Caplan said that jobs and business were being lost now because Heathrow was at capacity. As such he suggested it did not matter whether an airport was a hub airport or dealt in point-to-point journeys, what mattered was to ensure the UK had the capacity to avoid the off-shoring of its own flights to other countries - instead of benefiting from having them here.