

THE FUTURE OF AVIATION - GOVERNMENT CONSULTATION PAPER ON AIR TRANSPORT POLICY

1 SUMMARY

- 1.1 This report seeks Members' views on future air transport policy in the United Kingdom and primarily focuses on those issues on which the Government will need to take decisions in drawing up an Air Transport White Paper.

2 INTRODUCTION

- 2.1 In the White Paper "A New Deal for Transport: Better For Everyone" published in 1998, the Government announced its intention to prepare a UK Airports policy looking 30 years ahead.
- 2.2 This consultation paper is the first step in that process and seeks to pull out the issues that will be material to future policy. The deadline for responses on the contents of the paper is 12th April 2001.
- 2.3 It is anticipated that this consultation document will be followed by a set of six regional consultation documents, although a separate study has already been set up to look at the South East and the East of England.
- 2.4 The outcome of this consultation and the regional studies will form the basis for the White Paper, although the Government concludes the main issues it will require to address include:-
- protecting the interests of air travellers as consumers;
 - limiting negative environmental and social effects;
 - the best use of Airport and airspace capacity;
 - integrating Airports into the transport network;
 - the role of UK Airlines; and
 - the role of regulation and competition.

3 CONSULTATION ISSUES

- 3.1 A summary of the questions for consultation is attached to this report as Appendix 1 and a brief commentary on these is provided below:-

3.2 Main Questions

- a. There is little doubt that air transport has an impact on the environment, although the contribution to climate change has been estimated to be 3.5 per cent of the global total from all human activities. (UK's total contribution is 2.5 per cent of the global total).

At a more local level, noise has an impact on people, although noisier aircraft will have been phased out by 2002.

The Government indicates that aviation should meet the external costs it imposes on the environment. This statement is to be welcomed, although how this will be turned into a reality is far from clear without there being significant increases in the cost of air travel.

- b. This question reflects the Government's uncertainty about the best way to make aviation more responsible and accountable. Ultimately, whatever the mechanism chosen, there can be little doubt that the cost of air travel will increase. Voluntary agreements are not likely to provide a fair and workable mechanism. It is considered that national and international regulations may be the best approach, particularly given the cross-boundary operations of many Airlines.
- c. In principle, if aviation covers the costs, there is a strong argument for allowing a move towards meeting demand. However, this questions masks a series of very complex issues and it would be wrong to provide a trite response.

Covering the costs of environmental pollution may be a straightforward process, but quantifying the impact of new or expanded Airports on existing communities is very difficult and it is most likely that expansions to meet demand will always result in losers.

- d. Whilst there may be justification to seek to maintain the United Kingdom as an international link, there is no doubt that one of the disappointing aspects of aviation in the UK is the lack of real flexibility and choice over internal movements around the country.

The promotion of greater flexibility in internal flights has the potential to assist with economic regeneration and, to that extent, perhaps requires some encouragement.

Regional Airports, like London Southend Airport, can fulfil an important economic function within a local area in terms of both

direct employment, but also and perhaps more importantly, indirect employment through local support businesses.

- e. As mentioned above, one of the key economic benefits for South East Essex could come from the development and promotion of London Southend Airport. Therefore, consumer interests in the UK can certainly be positively advanced through encouragement of Regional Airports to develop more and better internal links and links to Europe.

3.3 Consumer Issues

No particular comments on the questions raised in this section of the consultation document.

3.4 Economic Effects

- a. It is considered that the opportunities afforded by further development of London Southend Airport can only bring positive economic benefits to South East Essex.
- b. Yes, this view is supported. There is no doubt that good air transport links to Regional Airports will benefit economic growth.

In the case of London Southend Airport, the Council has given consent for the construction of a new terminal building and rail station. The key now is to overcome operational issues and for the Government to positively support the development proposals. London Southend Airport has the potential not just to be a positive driver for economic regeneration in South East Essex, but also to provide fast links between London and Europe.

- c. London Southend Airport already demonstrates the potential for using Regional Airports for maintenance operations. Further development in this area will provide more jobs and promote economic growth in the local economy.

3.5 Environmental Effects

- a. The continuing use of regulation to influence noise emissions and other environmental effects of aviation is considered to be important, but there is also a role for suitable economic instruments. The Government should look at the options and introduce a framework that ensures aviation is responsible for at least part of the environmental impact of their operations on the basis of the polluter pays principle.

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- b. A national framework provides a benchmark, but there is no doubt that local circumstances vary and there must therefore be some flexibility in arrangements. There should be limits for aircraft noise and emissions around Regional Airports and the Government's aim should be to require aviation to continue to improve the efficiency and effectiveness of aircraft engines, so that noise and emission levels can be progressively reduced.
 - c. There is no doubt the local circumstances do have an influence on the impact of noise and emissions on the surrounding hinterland. Therefore, in principle, instruments should be varied to take account of the sensitivity of location and/or operating times, etc. However, such an arrangement may, in reality, prove to be far too complex to operate.

3.6 Airport Capacity

- a. The Council is concerned that the current arrangements have the potential to prevent the expansion and development of London Southend Airport. Therefore, new policies should be considered to ensure that best use can be made of this and other Regional Airports.
- b. There is no doubt that the substitution of a less environmentally friendly aircraft from one slot to another should not be continued as an acceptable arrangement. Therefore, despite the difficulties and the possible impact on the market, the Government should investigate ways in which environmental considerations can be taken into account through the set slot allocation regime.

3.7 Airport Planning

- b. The notion of environmental capacity limits certainly merits some attention. The limits for each Airport would need to be set locally for them to be meaningful. If appropriate environmental limits were set, then passenger numbers could still be allowed to increase, provided the limits were not breached.
- c. Airport Consultative Committees do have a useful role to play, but there would be some merit in undertaking a review of their operation and issuing updated guidance, particularly to ensure they are fully independent.
- d. There may be some value in the Government encouraging voluntary environmental agreements. Such agreements could provide a useful complement to the planning system, but they would need to be capable of enforcement by the Local Authority.

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- e. The impact of Airport operations will vary depending on the type of adjacent uses. Therefore, specific standards might be developed for different land uses (residential, business, etc) and compensation should be available for properties that are below the acceptable thresholds.

3.8 Integrated Transport

- a. Development and enhancement of the rail network is the most effective way of encouraging greater use of Airports.
- b. Yes, this should certainly be the case.
- c. Transport Partnerships led by the appropriate Highway Authority.
- d. Whilst rail travel will remain a more environmentally friendly method of travel within the UK, there is economic benefit in harnessing the potential for more rapid movements between regional centres. Investment in the longer term to improve rail facilities will erode this inevitable reduction in internal air traffic movements.

4 RECOMMENDATION

It is proposed that the Committee **RESOLVES**

That, subject to additional comments from Members, this report form the basis of a response to the Government consultation paper 'The Future of Aviation'.
(HPS)

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Background Papers:

The Future of Aviation – Government consultation paper – December 2000

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APPENDIX I

Summary of questions for consultation

Main questions

- a) Should the Government choose policies that respond to the demands of consumers and allow current growth patterns to continue, while mitigating the negative effects as far as possible? Or are the costs of this approach too high and should we therefore choose policies to limit these negative effects?
- b) How should the Government ensure that aviation meets the external environmental costs for which it is responsible? Should greater emphasis be placed on regulation (at global, national or local level), economic instruments or voluntary agreements? If we should use a mix of approaches, what are the principles that should underlie the choice of approach for each issue?
- c) If aviation covers its environmental costs, should capacity then be provided to meet demand?
- d) Should the UK try to maintain its position as a major hub for international connecting traffic, or focus on enabling travel to, from and within the UK? Is there a role for Government in promoting either objective (given that airlines will pursue the most commercially attractive option)?
- e) Within the existing capacity constraints, how can the interests of UK consumers be best advanced?

Consumer issues

- a) In protecting consumer interests, where should we strike the balance between regulation and voluntary action by the industry?
- b) What changes, if any, should we make to airline conditions of carriage to bring them up to levels which meet present day consumer expectations?
- c) Should further comparative airline information be made available in the UK including perhaps environmental information? If so, by whom?
- d) Does the current fare regulation protect consumers and airlines adequately? If not, how should we revise it?
- e) Are consumers' interests adequately protected by the application of competition law to code-sharing, franchising and other commercial arrangements between airlines? If not, what further steps should we take?

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- f) Do we need further action to ensure consumers are adequately protected when buying airline tickets directly from airlines?
- g) Do we need further action to counter disruptive behaviour on board aircraft, and if so, what? For example, should passengers be prohibited from drinking alcohol other than that supplied by the carrier?
- h) How should any health risks associated with flying be tackled?
- i) Should we set up a statutory consumer body for air transport, as in some other industries? If so, how should it be organised and financed, and what should be its duties?

Economic effects

- a) Is there any evidence of negative economic effects associated with the development and operation of airports?
- b) Do you agree that good air transport links to and from regional airports encourage regional economic growth? What might be done to promote them?
- c) Should we encourage maintenance operations to shift to regional airports?

Environmental effects

- a) To what extent should the Government rely on regulation to influence noise, emissions and other environmental effects of aviation, and to what extent are economic instruments or voluntary agreements more appropriate?
- b) To what extent should there be a national framework for the assessment and mitigation of noise and local environmental effects at airports and to what extent should the details be decided locally? For example, should limits for aircraft noise and/or emissions be set around airports (where they do not already exist)?
- c) If economic instruments were used to reflect the polluter pays principle, should such instruments be varied in relation to the sensitivity of location or operating time (for example for night flights)?
- d) Is a balance between mitigation and compensation the best approach for local impacts? Are there further steps the Government could take to mitigate the environmental effects of aviation?
- e) In the long term, where should the UK concentrate its efforts in international negotiations on environmental impacts?
- f) What more could be done to encourage further development of future technologies in this field?

Summary of questions for consultation

Airport capacity

- a) Would it be desirable to implement new policies in order to make best use of airport capacity? If so, what policies should be implemented?
- b) Should the slot allocation regime be adjusted to take environmental considerations into account?
- c) What are the arguments for and against raising the cost of using airports where demand exceeds capacity?
- d) How can future technologies to reduce capacity constraints at existing airports best be used? How can the Government and the aviation industry encourage the development of such technologies?

Airport competition and ownership

- a) Does the current economic regulatory regime for airports properly safeguard against abuse of position? Does it provide the right signals to the airport about timely investment? How might it be improved?

Airport planning

- a) Do you consider that the guidance in PPG24 on noise sensitive development near airports is easy to understand and interpret? Has the guidance achieved its objectives?
- b) Could the concept of environmental capacity limits be applied successfully to UK airports? How would limits be set? Would there be alongside or instead of limits on passenger throughput?
- c) Would it be useful to update and reissue the guidance on the operation of airport consultative committees? Would it be desirable to include representation of regional interests on committees at larger airports?
- d) Should the Government encourage a system of voluntary environmental agreements between airports, airport users and local interests, which could provide an agreed framework for development and complement the statutory role of the planning system?
- e) How should people best be compensated for the environmental impact of airports on their local area? Should the Government encourage greater use of voluntary arrangements to compensate for, or mitigate the effects of, significant airport development?

Integrated transport

- a) Is there anything further that the Government or the aviation industry can do to encourage increased public transport use to access airports, and to encourage greater use of airports as inter-modal hubs connecting different forms of transport?

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- b) Should surface access connections to airports be regarded as essential components of airport development and approval for any new capacity be made conditional on appropriate connections being provided?
- c) What are the best mechanisms for bringing together the various interested agencies in order to establish the best surface access connections?
- d) What are the likely costs and benefits of substitution between short haul air travel and rail, for example between London and major regional centres? If the benefits outweighed the costs what could the Government do to encourage substitution?

Airspace

- a) How might EUROCONTROL, the EU, the CAA and NATS ensure that, if necessary, additional (i) airspace capacity, and (ii) air traffic service capacity, is created? How could the costs of this, both economic and environmental, be minimised?
- b) How might Europe's air traffic services be liberalised?
- c) Are we striking the right balance in the allocation of airspace between different classes of user? What changes, if any, might help in the future?
- d) How should research and development efforts into new technology in air traffic management be stimulated and funded? Should the Government help to secure implementation of such technologies?

Airlines

- a) In the light of increasing globalisation of the aviation industry, how should the UK's approach to alliances, codesharing and franchising meet the objectives of sustainable development?
- b) Are there particular features of the analysis of competition in the airline industry which might differentiate it from other industries?
- c) Should the UK press within the EU for a change in Community policy on ownership and control of airlines?
- d) Is there a case for further liberalisation of cargo services? If so, what form should it take and what are the main considerations?
- e) In what circumstances should we consider negotiations between major aviation blocs (such as EC/US) or full inclusion of aviation in GATS?

Summary of questions for consultation

Air freight

- a) Should the Government encourage the development of dedicated freight airports?
- b) What action might be taken to reduce the specific environmental costs attached to the structure and operation of the air cargo industry? What role could rail play in the movement of freight to, from, or between airports? How could the Government promote the transfer of goods to airports by rail?
- c) Is there more the Government could do to make the UK air freight industry more competitive, efficient and responsive to the needs of its customers?

General aviation

- a) Should Government policy on general aviation build upon PPO13, perhaps with stronger guidelines about what should constitute suitable facilities for general aviation?
- b) Will it be possible to allow business aviation access to major airports where there is a pressing need to make the most efficient use of limited capacity?

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