

**Beyond the Horizon - The Future of UK Aviation - A Call for Evidence on a New Strategy
Department for Transport**

**Response from Richmond Heathrow Campaign (RHC)
13 October 2017**

Introduction

1. This is the written response of the Richmond Heathrow Campaign (RHC) to the Department for Transport (DfT) on its consultation titled '*Beyond the Horizon - The Future of UK Aviation - A Call for Evidence on a New Strategy*'. We refer to this as Aviation Strategy and its components - Aerospace and Air Transport.
2. RHC represents three amenity groups in the London Borough of Richmond upon Thames: The Richmond Society, The Friends of Richmond Green, and the Kew Society, which together have over 2000 members. The members of our amenity groups are adversely affected by noise from Heathrow Airport's flight paths, poor air quality and road and rail congestion in west London. More generally, we are affected by the impact aviation has on climate change through carbon emissions and other contributions to radiative forcing. We acknowledge Heathrow's contribution to the UK economy and seek constructive engagement in pursuit of a better Heathrow. We are an active participant in the Heathrow Community Noise Forum.
3. Our premise is that it would be preferable to aim for a better Heathrow rather than bigger Heathrow and to capitalise on the world beating advantage of London's five airports, in particular by improving surface accessibility to all five airports, which would be a major benefit to users. Our approach, as explained below, is to continue supporting the case for no new runways in the UK, which is a position fully supported by the Airports Commission's evidence in comparing the Do-minimum option and the Heathrow Northwest Runway Option (NWR).
4. Over recent years we have undertaken extensive research on Heathrow and submitted a large number of papers to the Airports Commission and others - all of which can be found at www.richmondheathrowcampaign.org and www.rhcfacts.org. The RHC facts were prepared in 2015 using Airports Commission and other evidence. We are in the process of updating them but the essential messages remain valid.
5. We understand the Government seeks to develop an Aviation Strategy that covers the UK as a whole through to 2050 and beyond. We gather this Strategy will replace the existing National Aviation Policy Framework (2013) by the end of 2018. This Call for Evidence we are told is the first in a series of consultations dealing with specific issues and as such it focusses on the approach the Government is proposing to take and the issues it has identified.
6. We appreciate the importance of Aerospace to the UK economy but RHC's particular concern is with Air Transport and it is on this part of the Aviation Strategy that we focus. We appreciate that there is interdependence between the Aerospace and Air Transport sectors. RHC's concern is driven by the adverse environmental impact of Air Transport but we appreciate that the UK's economic output needs to grow in support of people's needs and wishes. So our focus covers the balance between the economic benefits and environmental costs of Air Transport.
7. The consultation is divided into 8 chapters with chapters 3 to 8 covering the key strategic challenges or themes as seen by the DfT. We understand that the six themes will be allocated to three consultations in 2018. Our response is structured according to the 8 chapters which for completeness we list here :-

Chapter	Chapter heading	Consultation 2018
1	Our Aviation Story - Past, present and future	
2	Towards a new Aviation Strategy	
3	Help the Aviation Industry work for its customers	1
4	Ensure a safe and secure way to travel	1
5	Build a global and connected Britain	2
6	Encourage competitive markets	2
7	Support growth while tackling environmental impacts	3
8	Develop innovation, technology and skills	3

Summary of our Response

- Chapter 1 **This chapter describes the past, present and future challenges of the aviation industry.** The consultation emphasises the historic success of the aviation industry with little or no mention of the significant failures. It also emphasises the benefits and the reflected importance of the sector but we believe the economic benefits of air transport are overstated and that the environmental harm is under-stated. The description of future challenges places the environmental harm as a secondary issue but we believe a major shift in policy is required to place it on a comparable footing with the benefits.
- Chapter 2 **This chapter considers the need for Aviation Strategy and the approach, process and timing for development of the Strategy.** We agree there is a need for a new Aviation Strategy. We believe objectives are generally presumed without critical assessment and that this then leads to policy that is unfit for purpose. We agree that the purpose of air transport is to facilitate the end user but are concerned that consumers should all be given the same policy weighting and we disagree that those exposed to environmental harm should be treated as secondary consideration, which is inequitable. We agree Strategy should be evidenced based but are concerned that bias still exists, as was exemplified by the Airports Commission in ignoring its own evidence, and decisions on Heathrow being driven by political expediency and lobbying from business. We are very concerned with timing, whereby the Government's sequencing of Air Transport decisions and the gathering of evidence and the public consultation to support these decisions is haphazard and often cart before the horse.
- Chapter 3 **This chapter examines the consumer experience.** We support consideration of the listed topics for inclusion in the development of Strategy. We have added a number of topics, such as affordability and punctuality of service, but these do not warrant extensive discussion in our current response.
- Chapter 4 **This chapter is about safety and security.** We have added a list of topics, but these do not warrant extensive discussion in our current response. Though we express particular concern that the expansion of Heathrow traffic in congested and constrained airspace adds to the risk of accident over a heavily populated area - London. It is unacceptable that a Safety Case for an expanded Heathrow has not yet been published.

- Chapter 5 **This chapter is about the need for the aviation industry to contribute to Britain’s global success.** We agree there is a need and add a number of topics to the list in the consultation. In particular we believe Heathrow’s hub concept is vastly over-rated and that there should be a full review of the pros and cons of the hub system.
- Chapter 6 **This chapter considers competitive markets.** We believe Heathrow exhibits market dominance leading to excess profits and inefficient allocation of resources, in spite of the CAA’s regulation. We believe Heathrow should be investigated by the Competition and Market Authority and that UK Aviation Strategy should take the findings into account. Our response raises several other issues such as barriers to entry, spare runway capacity around the UK and the harm Heathrow would inflict on the UK aviation market if a 3rd runway were built. We recommend that Chapter 6 be merged with Chapter 5 and examination of the economic benefits of Air Transport be added.
- Chapter 7 **This chapter focusses on growth with the environmental harm a poor second.** We recommend that a new chapter 6 be devoted solely to the environmental harm from Air Transport, and that chapter 7 then compares and reconciles the economic benefits assessed in the combined chapters 5 and old 6 with the environmental harm assessed in new chapter 6. Our current response adds to the list of topics in the consultation in relation to the environmental issues both generally and by source of environmental harm - carbon, noise and air pollution. We have only touched on the environmental issues in order to highlight those that Aviation Strategy needs to take into account in our opinion. We believe that environmental harm is unacceptably high and that it should not increase as it does in some areas but should reduce across the country according to plans and targets established by the Strategy. We highlight the need to recognise the granularity of noise and air pollution that gives rise to “hot spots”. In para (12) of this chapter we briefly highlight the surface access issue and the resulting air pollution and cost of mitigation. RHC believes it would be preferable to improve the surface access to London’s five airports rather than spend money on an additional runway. There is virtually nothing in the consultation on the essential framework for comparing and reconciling the economic benefits of aviation and its growth with the environmental harm and its reduction. We regard this as a major failing of the consultation.
- Chapter 8 **This chapter is about innovation, technology and skills.** We agree that this is an important topic for inclusion in Aviation Strategy in terms of both the Aerospace sector and the Air Transport sector. We have not studied the topic in detail so our comments are relatively light. We recognise that technology plays an increasing role in generating benefits and reducing environmental harm.
- Annex 1 We have completed and attached here Annex 1 of the Consultation. Many of the Annex 1 responses refer to our more thorough responses on each chapter of the Consultation. Our submission to the DfT is as an email as opposed to digital completion of Annex 1 on the DfT website.

Chapter 1 Our Aviation Story - Past, present and future

Consultation Ch 1	RHC response
<p>The past – a history of success</p> <p><i>(note our response deals with Air Transport and not Aerospace)</i></p>	<p>We broadly agree there have been successes but regret no mention of the failures :-</p> <ol style="list-style-type: none"> 1. the absence of reference to the environment. Figures on aviation growth and market are provided but none on CO2, noise and air pollution. Historically, there has been a failure to acknowledge adequately the environmental cost and failure to produce strategic environmental plans and actual reduction in the environmental cost. Priority has been on Heathrow, whose location is surrounded by densely populated areas to the east. This is surely an environmental failure. 2. the absence of comment on airport efficiency. Concentration of Air Transport has been encouraged at Heathrow, which is the most expensive major airport in the world and where there is over reliance on international-to-international transfers that contribute no value to the UK economy and make inefficient use of scarce runway capacity. UK airport and airline capacity has supported a high proportion of UK resident leisure passengers who contribute negatively to the balance of payments. There is substantial unused runway capacity across the UK. Concentration at Heathrow has distorted the north/south economic balance and fair distribution of employment. Heathrow has become a high frequency airport to popular destinations with small marginal economic benefit to the UK from the high frequency of flights that are sometimes three quarters empty. The slot system has aggravated the outcome. Heathrow has failed to increase the passengers per aircraft predicted at the T5 public inquiry thus resulting in pressure for more flights, which have negative economic and environmental consequences. 3. the absence of comment on surface access to London’s five airports. Potentially, there are large benefits in terms of user convenience, reliability and cost in having a co-ordinated plan and investment in surface access. Historically, there has been a notable failure in comprehensive planning for access by passengers to London’s five airports, which has resulted in poor service and harmful air pollution. 4. the absence of comment on the failure to modernise the capacity and use of UK airspace with negative consequences for resilience, safety and environmental impact. Only recently has the subject come to the forefront through the FAS. 5. the absence of comment on the economics of air transport, including the inefficiencies referred to above. UK connectivity in terms of routes has not grown as effectively as it could. We believe the large investment needed historically in airport infrastructure has been inefficiently allocated and does not provide the service needed. Pricing has been distorted by exemption of international-to-international transfer passengers from APD. Also, the APD collected is only around one third of the tax foregone by the industry’s exemption from fuel duty and VAT. The industry pays relatively small amounts of corporation tax compared to other equivalent sectors of the UK economy. Heathrow generates substantial excess profits due to its market power (in spite of the CAA’s regulation) and makes inadequate contribution to reducing its environmental impact. Much of the airport sector is owned by overseas shareholders and pays untaxed interest to overseas banks and bond holders. This is financial stripping of the UK economy at its worst. 6. the breach of almost all the many promises and commitments by Heathrow and other airports to protect the environment is surely a major failure in law and trust.

Consultation Ch 1	RHC response
<p>The present – the importance of aviation to Britain</p> <p><i>(note our response deals with Air Transport and not Aerospace)</i></p>	<p>We broadly agree that Air Transport is important to Britain. However, we think the net benefits are overstated and environmental harm understated:-</p> <p>7. Emphasis on the benefits of leisure travel by UK residents is too high. There is the benefit of well-being but this type of travel represents 50% of air travel and contributes negatively to the UK balance of payments. International-to-international transfer passengers that represent 10% of air travel are of no value to the UK. The two market segments that should have prime importance are business (UK and overseas resident) representing 25% and inbound tourists representing 15% of the UK’s air travel. We do not recognise the contribution to the UK economy of £59bn from tourism (para 1.7). We believe the figure was £22bn from inbound tourism in 2014 of which 73% reached the UK by air.</p> <p>8. Expansion of air transport is not necessarily beneficial economically. We appreciate the following comment is about the incremental benefit of expansion rather than the present importance of air transport but it raises the question of how important is Air Transport’s economic value. In its Final report the Airports Commission estimated, after adjustment by the DfT in 2016, virtually no Webtag value to the expansion of Heathrow. We have shown in a previous response to the DfT on the draft NPS that there would be a loss to the wider UK economy of at least £10bn (NPV). A separate submission we made recently to the CAA demonstrates how the expansion of Heathrow with a 3rd runway would wipe out the existing debt and equity (i.e. bankrupt Heathrow) unless the aero charge is doubled to an unaffordable £40 a passenger (2016 money), which is unacceptable to the Government, airlines and users. Whether Heathrow can cut its costs is another matter. Certainly, Government subsidies would be wholly unacceptable. Estimates by the Airports Commission demonstrated that in the carbon capped case, expansion of Heathrow would reduce total UK passengers, reduce UK inbound tourism and long-haul business travel and reduce the growth of virtually all UK airports. Furthermore there would be no increase in the number of UK destinations. Whatever Air Transport’s economic contribution is at present, it would be seriously eroded by the expansion of Heathrow, as is abundantly clear from the Airports Commission’s evidence.</p> <p>9. The environmental harm from air transport is consistently under-valued and if properly taken into account would substantially reduce the net benefits of the sector.</p> <p>10. We commented above in our response (5) to chapter 1 on the failure of the Air Transport industry to provide its fair share of tax and to allocate the tax efficiently. We add here that the Government’s decision to exempt airports from the recently introduced cap on interest tax relief is unjustified.</p> <p>11. The air transport sector does facilitate business travel but academic support is mixed for the causal benefit to UK economic growth and productivity. We accept that leisure travel makes a positive contribution to people’s well-being but there is lack of evidence on its importance to the UK.</p>
<p>The future – challenges and opportunities</p>	<p>We comment on this section in our response to the individual chapters.</p>

Chapter 2 Towards a new Aviation Strategy

Consultation Ch 2	RHC response
The need for a new aviation strategy	We agree there is a need to replace the existing National Aviation Policy Framework (2013). The need to tackle environmental impacts is mentioned but we believe greater emphasis should be given to the environmental strategy. It requires a substantial shift in existing policy.
Recent Policy developments	We agree that recent policy developments add to the need for a new Aviation Strategy covering the whole UK to 2050 and beyond. However, we believe environmental policy issues should be added. The Paris Agreement on CO2 and the National Plan for Air Quality are two examples. Emerging policy on airspace capacity and use and potentially a policy on surface access would also give rise to the need for a new strategy. Brexit may give particular cause to re-calibrate UK Aviation Strategy.
Proposed aim and objectives	We comment on the aims and objectives in our response to subsequent chapters. But an over-arching issue is that based on our observation of the development of Government policy for Air Transport over recent years, we believe existing objectives are used as the starting point without being challenged. In our view the objectives are often not fit for purpose (e.g. those relating to noise) leading to false presumption.
Scope and policy approach	<p>Para 2.5 says the policy should be consumer led and market driven. We agree that the purpose of Air Transport is to facilitate the end user, which is the consumer (passengers and freight owners). However we have the following strong reservations :-</p> <ol style="list-style-type: none"> 1. Those air travellers adding value to the UK economy amount to around 40% of all air passengers (UK resident business 10%, foreign resident business 7%, leisure foreign resident 15% and domestic business 7%). Surely, the UK resident leisure passengers (just over 50% of passengers) and international-to-international transfers (10%) have less justification for the need to travel. UK leisure passengers act negatively on the balance of payment and International-to-international transfers add no value to the UK economy. Consumers should not all be given the same policy weighting and some should be given no weighting. 2. It is impossible for Air Transport not to cause some environmental harm on local communities in a relatively densely populated country such as the UK. We are not suggesting people should not fly for leisure purposes, but there needs to be a better balance between the benefits and harm and there needs to be a substantial shift by Government and the industry in tackling the harm. For example, 20% of Heathrow's passengers are international-to-international transfers who contribute a proportionate amount of noise but add no economic value to the UK. The consultation places those exposed to environmental harm as secondary consideration, which is inequitable. All individuals and communities exposed to environmental harm from air transport should be taken into account along with consumers of air transport. 3. Policy should start with the principle that the polluter pays. 4. We agree the development of policy should be evidenced based. The approach of the Airports Commission was substantially biased. The runway decisions are being based on recommendations by the Airports Commission, which we have shown in previous responses to the Commission, the DfT and CAA, largely ignore the Commission's own evidence. We urge the DfT not to follow this biased approach.

Consultation Ch 2	RHC response
Process and Timings	<p>We are very concerned that Government’s sequencing of Air Transport decisions and the gathering of evidence and the public consultation to support these decisions is haphazard and often cart before the horse. This results in illogical and irrational decisions that are not democratic or transparent, but driven by aviation and other commercial interests and political expediency. There is ample evidence that decisions have already been taken about the future of Air Transport, including the expansion of Heathrow, and that policy is developed to support the decisions already made. For example:</p> <ol style="list-style-type: none"> 1. Sequencing the decision for a further runway in the southeast before the decision selecting the location as Heathrow was illogical, irrational and results in a loss to the UK wider economy. 2. Decisions are being made on the economics and environmental impact of Air Transport that require input on a whole range of topics. But the specific evidence gathering and assessment on these topics is being sequenced after the decisions. For example, there is insufficient evidence and assessment on topics such as demand forecasts, air quality, airspace design, noise, carbon and economics of expansion including economic regulation. The decisions to develop Heathrow are being made based on the substantially inadequate National Aviation Policy Framework and before approval of the Aviation Strategy that is now being considered. We have already discussed this sequencing issue in our responses to consultations by the DfT on the draft NPS and Airspace Design Policy.

Chapter 3 Help the Aviation Industry work for its customers

How to improve the experience of passengers and business consumers, through improved access, better information and support when things go wrong.

Questions for the strategy

3.25 The government is interested in exploring the following issues as part of the planned consultation on this objective:

- how to ensure that aviation is accessible to all and meets the needs of passengers with disabilities and restricted mobility?*
- the type of information that consumers need in making informed decisions about flights, holidays and other aviation services?*
- the opportunities for business, consumers and government to make more innovative use of data, and how this could be used to improve consumer experiences?*
- the arrangements that should be in place when things go wrong, such as the protection of consumers from travel agent, tour operator and airline failure?*
- how to manage problems caused by disruptive passengers?*
- how we can encourage the sector to think about new ways of working that are designed to improve the consumer experience?*
- how we can identify and alleviate pinch points in the consumer experience?*

RHC Response:

Consideration of these seven issues seems reasonable and worthy for inclusion in the new Strategy. However, we believe passengers are also interested in the following, which should therefore be included in the Strategy :-

1. Affordability (price) of the service,
2. Number and variety of destinations,
3. Preference for direct routes rather than stops or transfers,
4. Choice of airline and airport serving the same route,
5. Frequency of service,
6. Punctuality of service,
7. Choice of type of airline service (legacy, low cost, charter)
8. Baggage handling,
9. Transfer convenience and times,
10. Ancillary services at the airport (e.g. retail),
11. Passenger convenience, comfort, reliability and cost of surface access to the airport. Freight also has a set of surface access requirements.

Chapter 4 Ensure a safe and secure way to travel

How to maintain the UK's leading role on aviation safety and security and ensure that we are responding to varied and evolving threats.

Questions for the strategy

4.19 The government is interested in exploring the following issues as part of the planned consultation on this objective:

- innovations that should be introduced at UK airports over the next 5-10 years in order to enhance security and improve the passenger experience?*
- whether more could be done to raise standards of security at overseas airports, and if so, the mechanisms that should be used to achieve this?*
- whether any UK funding should be provided to assist overseas states to develop their aviation safety capacity where it interacts with the UK safety system or directly affects the UK public?*
- how safety regulations can enable and support new technological solutions and new business models while retaining adequate protections?*

RHC Response

Consideration of these four issues seems reasonable and worthy for inclusion in the new Strategy. However, we believe there are safety issues arising that also need to be included:-

- 1. Squeezing growth out of the congested and constrained airspace in the southeast questions the feasibility of expanding Heathrow and providing the safe separation of aircraft,**
- 2. We believe it is unacceptable that the decision process to approve a 3rd runway at Heathrow has progressed to the current point without a full Safety Case being published,**
- 3. The densely populated area surrounding Heathrow could result in high numbers of casualties were there to be an accident,**
4. Technology provides benefits but pilots have ultimately to be able to manage their aircraft. For example, the steeper angle of ascent into Heathrow coupled with the need to control landing speed risks safety, especially when pilots are unfamiliar with the airport,
5. The parallel use of Heathrow's closely spaced runways magnify the risks from vortices and collision.
6. An Increased number of go-rounds increase the risk of collision,
7. The use of nearby airports such as Northolt and the increase in traffic at Heathrow, Gatwick, Stansted and Luton add to the safety risks from airport expansion in the southeast.
8. The concentration of flights at a single airport such as Heathrow increases the disruption and financial risk should there be an accident,
9. The expansion of Heathrow increases the number of aircraft and as such the collision and accident risks.
10. The increase in size and weight and additional fuel for longer distance flights increases the safety risks.

Chapter 5 Build a global and connected Britain

The importance of aviation to building a global Britain that is outward looking and embraces the world, with a strong economy that benefits the whole of the UK.

Questions for the strategy

5.15 The government is interested in exploring the following issues as part of the planned consultation on this objective:

- identifying priorities for future Air Service Agreements and how government can support the connectivity needed by UK businesses?*
- how the UK can further harmonise standards at the international level to enhance connectivity and trade, and reduce the costs of crossborder movement. For example, by looking at whether there are areas where current standards are limiting growth and imposing unnecessary burdens on businesses?*
- identifying the specific obstacles that may be faced by the air freight industry and how the government can help it to grow?*
- exploring what more the government could be doing to promote the exports of our aviation and aerospace sectors overseas and attract inward investment?*

RHC Response

Consideration of these four issues seems reasonable and worthy for inclusion in the new Strategy. However, we believe there are a number of other issues that should be built into the Strategy :-

1. **The Aviation Strategy needs to be integrated with a broader strategy for UK plc.** As with any successful business, the UK needs to identify market segments it is best able to exploit and to differentiate its product within these markets. Air Transport then needs to facilitate the development and consolidation of these markets. This applies to business travel and inbound tourism. UK resident leisure passengers are arguably less demanding regarding specific routes but it seems sensible to optimise the route structure taking account of the marginal benefits from each and every market segment.
2. **There are trade-offs between routes and the UK's route structure needs to be optimised.** Connectivity is about the number of routes and their individual values but also the frequency of service and the number of stops and transfers and cost.
3. **More or less airport specialisation needs debate. RHC supports a dispersed market structure for London's five airports.** Destinations are often served by more than one UK airport resulting in multiple routes. Some rationalisation may be appropriate with capacity freed up for new routes. Already airports serve different markets.
4. **We believe Heathrow's hub concept is vastly over-rated and that there should be a full review of the pros and cons of the hub system.** The hub concept promoted by Heathrow results in emphasis on high frequencies to popular destinations rather than support from transfers for otherwise unviable thin destinations. A review should be undertaken not least because 50% of the extra capacity provided by a 3rd runway will be taken up with international-to-international transfers. Also, the market is changing with long haul destinations beginning to be served by low cost airlines, such as Norwegian, which in turn can be fed by low cost airlines such as Easyjet through bi-lateral agreements. The Aviation Strategy needs to reflect these issues, which for too long have remained under-examined, largely because of Heathrow's exceptional self promotion of its hub concept. Point-to-point travel is increasing faster than transfer travel with aircraft able to fly longer distances and

the thickening web of destinations in the world's continents diminishing the need for transfers. People much prefer direct routes.

5. There are trade-offs between the size of aircraft and number of aircraft and how the balance pans out over time through changes to the fleet of aircraft serving the UK has important economic and environmental consequences.
6. The Strategy needs to allow for flexibility in the evolution of the aviation market both in terms of end user but also the airlines and airports.
7. The supporting infrastructure (e.g. aircraft, airports and surface access capacity) for servicing the aviation market needs to be cost efficient and it is important to include costs, pricing and profit as well as capacity and its efficient use in the assessments.
8. **When considering a global and connected Britain it is essential the environmental costs are taken into account.**

Chapter 6 Encourage competitive markets

How to promote competition across the sector to maximise benefits for consumers.

Questions for the strategy

6.18 The government is interested in exploring the following issues as part of the planned consultation on this objective:

- whether the existing slot regulation produces the best outcome for the consumer in terms of competition, routes and prices?*
- where significant additional slot capacity is being brought forward, whether the existing slot regulations produce the best outcomes for the consumer in terms of competition, routes and prices?*
- the potential impact of Air Passenger Duty on competitiveness and the ability of airlines to start new routes?*
- what more could be done to encourage competition in the Air Navigation Services market and what impact new technologies could have on this?*
- what the strategic needs of the UK's general aviation network are, and how to meet these while balancing this with other market based factors?*

RHC Response

Consideration of these five issues seems reasonable and worthy for inclusion in the new Strategy. However, we believe there are a number of other issues that should be built into the Strategy :-

1. **Expansion of Heathrow will add to the market distortion caused by Heathrow's dominance.** The catchment area for Heathrow extends to the Midlands and with the western rail access and HS2 projects it will extend to Manchester and to Bristol. London's O&D market is already the largest in the world. While this all helps Heathrow, it concentrates airport capacity at Heathrow and reduces growth at other UK airports. Arguably the southeast is overheating. While the CAA attempts to control Heathrow's market power by capping aero charges, we believe Heathrow still makes excess profits and the control mechanism does not compensate other airports for Heathrow's dominance. While the CAA is currently developing its RAB model to control the expansion of Heathrow, **we believe the airport should be investigated by the Competition and Market Authority and that UK Aviation Strategy should take the findings into account.**
2. Competition exists between the airlines but the several alliances reduce competition in the legacy market. BA has significant market power at Heathrow. This needs to be investigated.
3. Slot ownership is a considerable barrier to entry at Heathrow and possibly Gatwick.
4. Heathrow's high costs are a barrier to entry for low cost airlines and charter airlines.
5. Heathrow and the airlines use their market power to hang on to long-haul flights.
6. Cross subsidies through differential allocation of aero charges to transfers, short haul and long haul distort the market. As far as transfers are concerned the airlines and Heathrow are only able to compete with Schipol and other hub airports by subsidising the transfers.
7. It is said by the DfT and others that a capacity constraint at Heathrow results in the airlines benefiting from a scarcity rent and hence excess profit. Our examination of this issue concludes that competition minimises scarcity rents at Heathrow except on some long-haul flights.

8. Our overall conclusion is that some elements of the aviation market experience intense competition but that Heathrow exploits its market dominance in spite of regulation to prevent this and that the airlines and Heathrow have an uncompetitive hold on long-haul flights and international-to-international transfers. Aviation Strategy needs to deal with this situation.
9. We have commented on taxation in our responses (5) and (10) in chapter 1.
10. **When considering competition and issues of demand and supply and prices, the environmental costs should also be taken into account, which currently they are not.**

Chapter 7 Support growth while tackling environmental impacts

How to build capacity and promote growth and connectivity, while balancing this with the need to minimise impacts and respect environmental limits.

Questions for the strategy

7.40 The government is interested in exploring the following issues as part of the planned consultation on this objective:

- whether there should be a new framework to allow airports to grow sustainably, and if so what that framework should be?*
- whether the government has the right structures in place to support airspace modernisation?*
- how government and industry should address resilience issues both at specific airports and within the wider airport system?*
- what the government could do to help co-ordinate the planning and delivery of improved surface access to meet the needs of consumers?*
- how to encourage and improve connectivity across the regions and nations of the UK in a way that benefits the country as a whole?*
- how to ensure all regions of the UK have suitable connectivity to major airports?*
- how to achieve the right balance between growing the sector, and ensuring effective action is taken to tackle carbon emissions, reduce noise and improve air quality?*
- whether the right incentives and regulations are in place to ensure industry continues to reduce noise, including the feasibility of noise targets?*
- what the best approach and combination of policy measures are to ensure we effectively address carbon emissions from aviation?*

RHC Response

Consideration of these nine issues seems reasonable and worthy for inclusion in the new Strategy. However, we make the following suggestions :-

1. **Development of an Aviation Strategy** that balances the economic benefits and environmental costs of Air Transport needs separately to define and assess the economics benefits and the environmental harm, including both economic growth and reduction of environmental harm. Only then can the benefits and costs be compared and reconciled. The consultation gives priority to economic benefit with environmental harm a poor second. They need to be on equal footing. The assessment needs to be evidence based, quantitative and unbiased. Options need to be assessed. **The three parts to the Strategy development are sufficiently weighty to require three consultations and not just the one as proposed here in this chapter. We suggest that the content of chapters 5 and 6 be combined and developed into an assessment of the air transport market and economic benefits, a new chapter six be introduced to assess the environmental harm and this chapter 7 be reconstructed to reconcile the two.**
2. **Strategy needs to base policy and other decisions on comparison of marginal benefits with marginal costs.** For many people, the marginal environmental costs from future growth in air travel outweigh the marginal economic benefits. Economic and environmental decisions need to balance the marginal benefits against the marginal costs and not just balance the totals or averages.

3. **The environmental harm from the existing level of UK Air Transport is already unacceptably high.** This applies to the carbon emissions and their impact on climate change that affects everyone in the UK but also to air pollution and noise that are concentrated on particular communities. Too many people and especially the more vulnerable are being harmed - some with serious consequences. The impacts from noise and air pollution affect many individuals' quality of life and health and the impact from climate change affects the wider economy and society. **Aviation Strategy needs to reduce the harm below existing levels, irrespective of growth.**
4. **The trends in environmental harm are reducing unacceptably slowly and in some areas they are increasing.** Harm is a combination of the quantum and nature of the polluting emissions and their dispersion and the number and sensitivity of the receptors. A growing population expects an increase in air travel but a growing population potentially results in more people being exposed to pollution. Added to these trends is the fact that economic growth increases wealth of the nation which adds to the demand for air travel but also to demands for a better existence without pollution. **Aviation Strategy needs to set a timetable with targets to reduce environmental harm, for example in the case of noise to WHO guideline values over say 15 years with consideration for introducing a ban on night flights over say 5 years. The targets need to be legally binding.**
5. **The issue is not just about the aggregate benefits and costs to the UK as a whole but also about the allocation of these between the various communities.** It is important that Aviation Strategy recognises the granularity of both benefits and costs and that accordingly the Strategy supports subsidiary policies capable of dealing with what might seem in a national sense relatively trivial localised issues. It is important to recognize that inevitably there is a mismatch between those that benefit and those that bear the cost and a balance based on a simple comparison of numbers of people involved is not equitable. **Aviation Strategy needs to address first those with the least benefits and those with the most harm from Air Transport.**
6. **Demand Trends.** We await the delayed publication by the Dft of new demand forecasts.
7. **Government should confirm that it will not provide support for Heathrow or any other privately owned expansion** through subsidies, guarantees, contingent liabilities, favourable tax treatment or any other means - especially in relation to surface access (see para 12).
8. **The Aviation Strategy should recognise that Heathrow is nowhere near being efficiently full.** It currently serves 76 mill. passengers per annum and has existing runway capacity for 95 mill. passengers. Also, the 20 mill. international-to-international transfer passengers at Heathrow provide no economic net benefit to the UK and should be replaced. Only 2% of transfers support low frequency routes - 98% are on the most popular high frequency routes.
9. **Climate change:** Aviation carbon emission limits established by the Climate Change Committee in pursuance of the Climate Change Act 2008 are not taken seriously by the Government, as is evidenced by omission of the limits from the UK Carbon Budgets and absence of a constraint on aviation demand forecasts and hence expansion decisions. The Airports Commission's evidence demonstrates that to meet the UK emission target of 37.5 million metric tonnes of CO₂ in 2050, taking the UK as a whole into consideration, there should be no additional runways built. The Government's reliance on the ICAO carbon offset arrangements is wholly inadequate and without proper justification in our opinion, given the overwhelming growth in demand for aviation across the world. **Aviation Strategy needs to bring climate change within the UK carbon budgets and to constrain growth in UK demand to maximum levels determined by the Climate Change Committee. Demand constraints can be applied differentially to the less useful types of air travel.**
10. **The Government's noise objectives,** as stated in the National Aviation Policy Framework, seek (1) to limit the noise impact on communities, (2) share the benefits of less noisy aircraft between industry and communities and (3) balance the negative impacts of noise and the positive economic impacts

of flights. The noise impact objective (1) is seriously flawed in its ambiguity and lack of ambition for noise reduction. There is no assessment let alone consensus between Government, the aviation industry and communities affected by noise as to what might be the quantum of noise reduction and how the benefit might be shared (2). There is no consensus between Government, the aviation industry and communities affected by noise as to what might be the benefits and environmental costs of aviation and how a balance might be struck (3). **Aviation Strategy broadly needs to retain these three objectives but substantially improve their effectiveness in reducing noise and in balancing the reduction with economic growth and sharing the benefits of noise reduction between communities and business and between communities themselves.**

11. **Currently, Land Use planning under the provisions of the ICAO's Balanced Approach is largely unworkable and is ineffective in controlling harm from aircraft noise.** London's population growth is sizable (37% 2011-2050) and the ICAO Balanced approach to reducing noise impact requires Land Use planning so that homes and noise sensitive schools/hospitals etc are not exposed to excessive aviation noise. The expansion of Heathrow will make it even harder (if not impossible) for local authorities to plan additional homes. London is too densely populated for flight paths to avoid homes, other sensitive buildings and quiet areas such as Kew Gardens, Richmond Park etc. The blight over the next 35 years and more from noise will effect over a million people in an area extending at least 30 miles from the airport. **Aviation Strategy should consider how the ICAO Balanced Approach on Land Use planning can be integrated effectively with local authority Local Plans for housing in the boroughs surrounding the Heathrow and for that matter any other UK airport.**
12. **Air pollution** is a serious health hazard today. Terminating passengers, staff and freight using roads to access airports cause significant quantities of NOX and particulate emissions. Depending on the closeness of communities to the said roads and the concentration of pollutants, significant harm can arise. Growth in air transport and population potentially result in increased risk of harm but reduction in emissions through technology and people's change of mode to public transport can reduce the harm. Greater use of public transport requires expensive capacity. Generally, background road traffic is a major source of air pollution but near airports air transport can have an acute affect on exceeding capacity, especially at peak times. There are legally binding limits on emissions and concentrations of air pollutants. Heathrow is particularly affected by this issue. There is currently a failure to lead and co-ordinate a response to the issue at some airports (e.g. Heathrow) and to determine the costs of needed public transport capacity and the sharing of the costs. We believe it would be better to focus on providing good access to all London's five airports than to build another runway. **Aviation Strategy needs to improve access to all of London's five airports and possibly others in the UK. It needs to ensure the multiple agencies involved in surface access are brought together under single leadership and that sound plans are developed with the costs shared equitably between stakeholders.**
13. **Reconciling economic benefits and environmental harm.** We believe the reconciliation should be objective, evidenced based and quantitative where possible. Options should be considered. There should be appropriate metrics used to facilitate the development of solutions. We have commented above on the need for appropriate objectives. There should be a forward looking period over which adjustments to economic benefits from growth and reduction in harm are reconciled. There should be control mechanisms to feedback performance and adjust accordingly. There should be acknowledgement of the issues by all stakeholders and the opportunity to discuss and negotiate reasonable solutions. Clearly there are many individual stakeholders and their engagement in the decision process is vital. How consultations are conducted will be vital and provision needs to made for expert independent advice to level the playing field for all stakeholders. Consideration needs to be given as to how democracy can function through local authorities, government and other bodies and the role of community groups and NGOs. **There is virtually nothing in the consultation on this essential framework for comparing and reconciling the economic benefits of aviation and its growth with the environmental harm and its reduction. We regard this as a major failing of the consultation.**

Chapter 8 Develop innovation, technology and skills

How to build on the aviation sector's track record of success in innovation and make the most of the opportunities presented by new and emerging technology, and to build skills and capability across our world leading air transport and aerospace industries.

Questions for the strategy

8.34 The government is interested in exploring the following issues as part of the planned consultation on this objective:

- how the government could encourage the more rapid development and deployment of new technology in aviation, and its role in encouraging innovation?*
- whether government can do more in encouraging the use of data in supporting innovation?*
- how regulatory frameworks should reflect the rapid pace of development in technology and bring benefits to passengers and the industry, while maintaining a stable and certain legal framework?*
- whether there are other significant drivers of innovation (beside environmental constraints and maintaining a competitive advantage) for the government to consider in the longer-term view to 2050?*
- how government and industry could work to identify which emerging technologies are likely to have a significant impact in the market?*
- what the roles of government and industry are in addressing the public perception and behavioural changes required for these technologies to be successful and accepted?*
- whether there are skills shortages and what the barriers to diversity are in the aviation sector?*
- what skills the sector requires to maintain its competitiveness in the future and what the role for government is in developing them?*

RHC Response

These eight issues seem reasonable and worthy of inclusion in the new Strategy. We have not studied in detail how air transport might benefit from innovation, technology and skills and how investment and application of innovation can be incentivised. We mention some areas on the environmental front that we believe it would be useful to include as inputs into the Strategy :-

1. Aviation's contribution to carbon and other radiative forcing is substantial and by 2050 could represent 25% of UK carbon emissions. Bio-fuels and improved operations could help but are nowhere near the full answer. It may mean that demand has to be constrained. Technology could assist development of lighter aircraft and more efficient airframes. There is an increasing tension between the trade-off between reducing carbon and noise. The Aviation Strategy needs to encourage reducing carbon emissions and build the estimates into the longer term demand forecasts so that carbon can be managed through taxes, trading of carbon credits or carbon fixing. Research needs to be accelerated into the effect of radiative forcing other than through carbon and Aviation Strategy needs to take the findings into account.
2. Technology should be able to reduce noise at source. Operational changes can also reduce the noise impact. Introducing PBN may or may not improve the noise climate for communities.
3. Air pollution in the form of CO₂, NO_x and particulates can be reduced by reducing the use of fossil fuels. Technology is central to reduced pollution.

4. We extend innovation, etc. to the development of a coherent surface access strategy for London's airports.

Peter Willan
Chair, Richmond Heathrow Campaign

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Annex 1 attached

Aviation Strategy
DfT Questions on the call for evidence
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Please also see our responses to the Consultation's eight chapters

	Consultation Question	Richmond Heathrow Campaign (RHC) Response
1	<i>What is your name and email address?</i>	Peter Willan willan829@btinternet.com
2	<i>What is the nature of your interest and involvement in the aviation sector?</i>	RHC represents three amenity groups in the London Borough of Richmond upon Thames: The Richmond Society, The Friends of Richmond Green, and the Kew Society, which together have over 2000 members. The members of our amenity groups are adversely affected by noise from Heathrow Airport's flight paths, poor air quality and road and rail congestion in west London. More generally, we are affected by the impact aviation has on climate change through carbon emissions and other contributions to radiative forcing. We acknowledge Heathrow's contribution to the UK economy and seek constructive engagement in pursuit of a better Heathrow. We are an active participant in the Heathrow Community Noise Forum.
3	<i>Are you responding on behalf of an organisation or as an individual?</i>	On behalf of Richmond Heathrow Campaign
4	<p><i>Strategy's Aims and objectives: In what order of importance should the policy challenges listed below be tackled? Please tell us why you have suggested this order of importance.</i></p> <p>Policy challenges:</p> <ul style="list-style-type: none"> • keeping pace with consumer expectations, • maintaining high levels of safety and security, • expanding our access to markets and trade, • encouraging competitiveness, • meeting increasing demand through sustainable growth, • keeping pace with technology and developing skills for the future. 	<p>Models that seek to optimise a set of variables according to a set of objectives and constraints cannot simply be prioritised as requested by this question. Each of the challenges and the many others depend on marginal costs and benefits. We think this question could produce irrational conclusions and should not be answered.</p> <p>We will say that the role of environmental cost appears to be significantly underestimated.</p> <p>Please also see our response to chapter 7.</p>

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5	<p><i>Strategy's Aims and objectives: What are your views on the proposed aim and objectives?</i></p> <p>Aim: To achieve a safe, secure and sustainable aviation sector that meets the needs of consumers and of a global, outward facing Britain.</p> <p>Objectives:</p> <ul style="list-style-type: none"> • help the aviation industry work for its customers, • ensure a safe and secure way to travel, • build a global and connected Britain, • encourage competitive markets, • support growth while tackling environmental impacts, • develop innovation, technology and skills. 	<p>The Aim should include those affected by the environmental harm and not just consumers, as we have explained in our response to chapter 2. The word 'Sustainable' is not defined and as such is inadequate reference to the environmental issues.</p> <p>We have commented on objectives in chapter 2 and chapter 7 (10). There we recommend a clearer approach - placing the aviation market and its economics in one building block and the environmental issues in another and then reconciling the two in a third block. We believe this would be a better approach to developing an Aviation Strategy. At the moment, insufficient regard is paid to the Environmental issues.</p>
6	<p><i>Policy making process: What are your views on the proposed principles?</i></p> <p>Strategy policy principles:</p> <ul style="list-style-type: none"> • consumer focused – it will put passengers and businesses at the centre of everything we do, • market driven – it will emphasise the role of government as an enabler, helping to make the market work effectively, • evidence led – it will target intervention on specific problems which government can address, avoiding activity that does not respond to a clear problem. 	<p>We have strong reservations on the way the consultation focuses on the consumer at the expense of those experiencing environmental harm. Our response to the consultation chapter 2 explains our position on this matter.</p> <p>We agree that the process should be evidence led.</p>

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7	<p><i>Policy making process: Policy tests for development of the strategy: What are your views on the proposed policy tests?</i></p> <ul style="list-style-type: none"> • <i>What is the rationale for action?</i> This will remain focused on what the government is trying to achieve, not just in terms of outputs (such as the publication of an Aviation Strategy), but the final outcome for the sector and society. • <i>What is government's role?</i> This will look at the need for government action to fix an identified problem, or whether activity is better carried out by others. • <i>What does the evidence say?</i> This is a test of whether the government is using the best available evidence and whether there is anything that could be done to improve the information and data available to decision makers. • <i>Have all of the options been considered?</i> This will ask whether there are other approaches that may not have previously been considered. • <i>What is the effectiveness of any proposed action?</i> This will ask whether government has considered the practicalities of policy decisions and if these have been properly discussed with those affected or who have an interest. 	<p>We broadly agree with these tests but as explained in our response to chapter 7 (13) we believe there is a major gap in the policy making process.</p> <p>We have not included in our chapter responses an opinion on Government's role, mainly because we do not think it is clearly identified in the consultation.</p> <p>Generally speaking we believe the industry and markets should solve industry problems and that Government intervention should be light touch. However, we support intervention in order to prevent market dominance or abuse where other measures are not available. We support Government determining fair and appropriate taxation. We do not support state aid to the industry especially in the provision of surface access where the beneficiaries are the shareholders of private companies. We strongly support the Government taking a pro-active role in containing environmental harm and giving direction to planning authorities involved in making aviation related decisions.</p>
8	<p><i>What are your views on the government's proposal to support airports throughout the UK making the best use of their existing runways, subject to environmental issues being addressed?</i></p>	<p>Broadly, we support this proposal.</p>

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9	<p><i>Consultation Process:</i> Are there any other specific questions on the six objectives that you think should be included in the planned consultations?</p> <p>This document sets out the questions that the government would like to explore in developing the Aviation Strategy, within each of the six objectives that have been identified. These can be found at the end of chapters 3-8.</p>	We have responded to this question in our responses to the consultation chapters.
10	<p><i>Consultation Process:</i> Are there any other sources of information or evidence that the government should bear in mind when developing the strategy?</p>	We have responded to this question in our responses to the consultation chapters.
11	<p><i>Consultation Process:</i> If yes to Q10, please give us some details of the sources of information or evidence.</p>	We have responded to this question in our responses to the consultation chapters.
12	<p><i>Consultation Process:</i> Does the proposed timetable (set out in chapter 2), provide enough time to examine the issues in sufficient depth?</p>	We have responded to the sequencing of policy development in our responses to the consultation chapters (see chapter 2 responses). We have suggested a change to the structure of the development process in providing clarity to the economic and environmental issues and their reconciliation. This may lengthen the consultation timetable but we prefer it didn't. We believe the environmental issues should be considered early in the process.
13	<p><i>Consultation Process:</i> If no to Q12, please provide feedback on the timescale here.</p>	

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14	<i>Consultation Process: What action could the government take in order to ensure that the maximum number of people, communities and organisations are engaged in the process and are able to have their views heard?</i>	This topic is not discussed as far as we can see in the consultation but we have commented in our response on chapter 7 (13)
15	<i>Consultation Process: Would your organisation be willing to take part or help organise events to help the development of the strategy?</i>	Yes on events and we would welcome discussion with the DfT and others on development of an Aviation Strategy.
16	<i>Consultation Process: Are there any issues which we have not covered in this document which you think should be included in the consultation process? If yes, please describe what you think these issues are.</i>	We have raised a number of issues in our response on the chapters.
17	<i>Do you have any other comments on the issues raised by this call for evidence? If so, you can either give these in your response to this consultation, or in the themed consultations which we have planned for each of the objectives.</i>	Please see our chapter response. Thank you.