

## Minutes of Cross Party Group on Aviation

Date: Thursday, 28 May 2015

Location: Committee Room 1, Scottish Parliament

### **MSP Attendees:**

Colin Keir (CK) (Convener)  
Chic Brodie (CB) (Deputy Convener)  
David Stewart (DS)  
Gordon MacDonald (GMcD)

### **Non-MSP Attendees:**

Stuart Young (SY)	Secretary
William Wilson (WW)	William Wilson Research
Pier Barrett (PB)	Heathrow Airport
John Holland Kaye (JHK)	Heathrow Airport
Mark Ramsden	easyJet
Nicola Macnaughton (NMc)	Glasgow Airport
Brian McClean (BMc)	Glasgow Airport
David Hodges (DH)	Virgin Atlantic
Luke Law (LL)	NATS
Douglas Alexander (DA)	NATS
Ranald Robertson (RR)	HITRANS
Gareth Williams (GW)	SCDI
Tim Alderslade (TA)	Airport Operators Association (AOA)
Roddie MacPhee (RM)	Barrhead Travel
Denny Macgee (DM)	British Airways
Stewart Wingate (SW)	Gatwick Airport
Mark Lever (ML)	Gatwick Airport
Inglis Lyon (IL)	HIHC
Malcolm Robertson (MR)	Charlotte Street Partners
Gordon Dewar (GD)	Edinburgh Airport

### **Apologies:**

David Birrell	Edinburgh Chamber of Commerce
Janice Hogarth	SPAA
Derick Murray	NESTRANS
Jamie Kerr	Thorntons Law LLP

<i>Description</i>	<i>Discussion points</i>	<i>Action</i>
<b>ITEM 1: Welcome and apologies</b>		
<b>ITEM 2: Approval of draft minutes from February meeting</b>		<b>AGREED by Cross Party Group</b>
<b>ITEM 3: Matters arising &amp; AGM</b>	<ul style="list-style-type: none"> <li>- May meeting of CPG also AGM.</li> </ul>	<p><b>No issues raised and all Office Bearers returned.</b></p> <p><b>Convener: Colin Keir MSP</b></p> <p><b>Deputy Conveners: John Scott MSP, David Stewart MSP &amp; Chick Brodie MSP</b></p> <p><b>Secretary: Stuart Young (Edinburgh Airport)</b></p>
<b>ITEM 4: Convener to introduce John Holland-Kaye from Heathrow Airport and Stewart Wingate from Gatwick Airport</b>		
<b>ITEM 5: Presentation by Stewart Wingate, CEO of Gatwick Airport</b>	<ul style="list-style-type: none"> <li>- SW opened by saying it is amazing how things have transitioned for UK airports since the break-up of BAA</li> <li>- Gatwick Airport is regularly delivering record service levels for passengers and is a better option for the rest of the UK in SW's opinion</li> <li>- One in five passengers travel through Gatwick for business</li> <li>- In SW's opinion they are seeing new aviation trends at Gatwick – trends which are mirroring what's happening in Scotland</li> <li>- Gatwick has invested £1.2bn already and a further £1bn is planned over the next seven years</li> <li>- In his opinion, SW said that future trends</li> </ul>	

	<p>will see low cost carriers driving passenger growth</p> <ul style="list-style-type: none"> <li>- Scottish airports have already been part of this and is something that Heathrow hasn't experienced</li> <li>- Referred to the growth in Dreamliner expansion or 'hub busters' which has provided new opportunities for direct flying</li> <li>- According to SW there are three key things important for Scotland in the ongoing capacity debate: <ul style="list-style-type: none"> <li>• Scotland cherishes direct flights to international destinations</li> <li>• Scotland still wants access to London itself</li> <li>• As well as choice of direct international destinations, Scotland should still have the choice of transferring through London.</li> </ul> </li> <li>- In event that Gatwick is chosen as the expansion option by the Airports Commission then they would deliver a £20m new route development fund (double that offered by Heathrow) and it would be available for 10 years whereas Heathrow's would only be available for three. No public money will be used in Gatwick's development fund.</li> <li>- According to the Airports Commission, between 2025 and 2050 there will be an additional 50m more passengers travelling through Gatwick from Scottish airports.</li> <li>- Gatwick will be paying for all surface access</li> <li>- Scotland's economy has been a growing opportunity for Gatwick over the last 25 years.</li> <li>- In terms of environmental impacts, expansion at Gatwick would impact approx. 36,000 people whereas expansion at Heathrow would impact over 680,000 people. Gatwick will also pay the council tax of those affected.</li> </ul>	
<p><b>ITEM 6: Presentation by John Holland Kaye, CEO of Heathrow Airport</b></p>	<ul style="list-style-type: none"> <li>- If Heathrow is expanded it would generate approx. £14bn for the Scottish economy and create 16,000 new jobs</li> <li>- This growth would make it easier for Scottish exports but lack of capacity at Heathrow is holding this back</li> <li>- Scotland is changing rapidly and requires better connectivity with the rest of the world</li> <li>- JHK predicts that Scotland will have a direct link with China within the next five years</li> <li>- Heathrow is helping to satisfy demand for better connectivity but requires two short</li> </ul>	

	<p>haul flights for every long haul service it has</p> <ul style="list-style-type: none"> <li>- Heathrow has already consulted with the Scottish Government on improvement plans for Scottish connectivity</li> <li>- JHK highlighted Heathrow's creation of a £10m route development fund</li> <li>- Airport also working with easyJet to expand the 68 existing routes from Heathrow, including more connectivity to Scotland</li> <li>- Highlighted partnerships between the airport and VisitScotland and Glasgow City Council focused on enhancing tourism</li> <li>- Highlighted new connection between Heathrow and Inverness</li> <li>- JHK believes that only expansion at Heathrow would safeguard Scottish tourism</li> <li>- Due to lack of capacity at Heathrow there are dozens of airlines which want to fly there but can't</li> </ul>	
<p><b>ITEM 7: Questions to speakers and open debate</b></p>	<p>Question from DS on lack of guarantees from airports on their commitment to links between London and Scottish Highlands.</p> <ul style="list-style-type: none"> <li>- SW: Highlighted the concept of safeguarding of slots and the importance of this in the future. Gatwick is 100% supportive of the legal framework for slot safeguarding.</li> <li>- JHK: Heathrow has also looked at this issue and has been in touch with HIAL. Heathrow would divert current Dundee PSO agreement and highlighted £10m route development fund.</li> <li>- Highlighted the clear demand for an Inverness market and said best way to ensure this is with expansion at Heathrow.</li> <li>- SW: Gatwick are pressing DfT for clear decisions on airport expansion to be "written down" and guaranteed.</li> </ul> <p>CB questioned lack of mention of sub-orbital flights, Prestwick, carbon emissions, freight, airspace safety, APD and financial performance in either airport presentation.</p> <ul style="list-style-type: none"> <li>- SW: On carbon emissions, with current emission targets in place, only one runway is viable</li> <li>- Gatwick have been doing a lot of work with NATS to maximise airspace safety and they are confident they can operate safely</li> <li>- In terms of APD, Gatwick are fully briefed on proposed changes and how this could impact on Scotland</li> </ul>	

	<ul style="list-style-type: none"> <li>- In terms of financial performance, a new runway at Gatwick would cost £7.8bn. This would be a phased process and half the project would be debt-financed.</li> <li>- JHK: Expansion at Heathrow would help increase high value/quality goods exports from Scotland</li> <li>- Aviation is one of the safest modes of transport. Heathrow has a plan with NATS to maintain airspace safety.</li> <li>- In terms of APD, Heathrow supports the abolition of the tax over time.</li> <li>- In terms of financial performance, Heathrow has invested £11bn over the last 10 years.</li> <li>- In his opinion, JHK said that it will be some time before sub-orbital flights become the norm. Mainstream current technology will remain.</li> </ul> <p>GMcD questioned the need for worrying about Gatwick or Heathrow altogether and why expansion at either airport mattered.</p> <ul style="list-style-type: none"> <li>- JHK: It's about competition of choice and that airports need to expand to give passengers choice</li> <li>- SW: Choice is very important. Transfer airports aren't as important anymore.</li> </ul> <p>CK focused on expansion and capacity and asked if London airports were actually allowed to expand on these scales?</p> <ul style="list-style-type: none"> <li>- SW: Tory party cancelled plans for a third runway at Heathrow after creation of the government coalition</li> <li>- This is the first time Gatwick has been able to make its case for a second runway</li> <li>- There is political support for the Gatwick proposal</li> <li>- JHK: Expansion at Heathrow is deliverable but needs cross-party support</li> <li>- Time to act is now, difficult decisions have been put off for too long.</li> <li>- Heathrow is running out of connectivity</li> </ul> <p>GD said that it's airlines which create connectivity, not airports. Referred to Willie Walsh who doesn't believe Heathrow expansion is achievable and Virgin Atlantic Little Red which is scrapping its service as Heathrow isn't working for it. GD stated we should be listening to airlines not airports.</p> <ul style="list-style-type: none"> <li>- JHK said that Heathrow likes a challenge and stated that British Airways and easyJet don't want to see Gatwick expansion</li> </ul> <p>CK asked about the relevance of slots to</p>	
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	<p>Scotland. How does Scotland get a better deal?</p> <ul style="list-style-type: none"> <li>- JHK: A third runway at Heathrow will provide more resilience.</li> <li>- Heathrow wants to see more flights to and from Scotland but needs capacity to achieve this.</li> <li>- British Airways will want to expand their model if third runway at Heathrow is chosen as preferred option.</li> <li>- SW: Gatwick will support process of guaranteeing slots if a legal framework for this is put in place.</li> <li>- Cited creation of 10 year £20m route development fund and fact Gatwick would keep passenger charges lower than Heathrow.</li> <li>- If Gatwick is chosen, Scotland would receive 14% of new flights</li> </ul> <p>BMc said that Scotland's population restricts growth of new routes and that London expansion really does matter, not just to England. Around 50% of Scottish passengers transfer through a London airport.</p> <ul style="list-style-type: none"> <li>- JHK: The more choice of routes from Heathrow means better connectivity.</li> <li>- Heathrow has seen growth of transfer passengers over the last five years</li> <li>- 'Hub busters' won't bring the connectivity that Scotland needs.</li> <li>- SW: Thanks to the good work done by Edinburgh and Glasgow airports, choice for passengers is really starting to open up.</li> <li>- JHK: If Heathrow continues to be constrained then there will be fewer opportunities for connectivity in Scotland</li> <li>- Expanding Heathrow is good for the Scottish economy and allows airlines to compete.</li> <li>- SW: Over the next 10 years, Scottish airports will flourish until new runways are built in London.</li> </ul> <p>DH referred to funding and asked whether Scots passengers would be paying for London airport expansion?</p> <ul style="list-style-type: none"> <li>- JHK: Heathrow will be using forward financing. There is a huge latent demand for passengers using Heathrow.</li> <li>- SW: Highlighted the difference between the two proposals.</li> <li>- Competition is very important and the airport has a series of bi-lateral contracts in place to encourage growth.</li> </ul> <p>RMc said that air links to Inverness had been tried</p>	
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	<p>various times but lack of demand means that the route isn't viable. What's changed now?</p> <ul style="list-style-type: none"> <li>- JHK: Referred to easyJet which already has a base at Inverness.</li> </ul> <p>RMc said that connectivity is key to business travellers and connectivity has to be delivered to the Scottish market.</p> <ul style="list-style-type: none"> <li>- SW: Link between Gatwick and Inverness is very popular and 60 easyJet aircraft are based at Gatwick.</li> <li>- Gatwick wants to offer passengers choice with cheap affordable flights to and from Scotland.</li> <li>- Gatwick won't use any money from the state for its runway expansion and Network Rail and The Highways Agency have already signed up to their proposals.</li> <li>- JHK: Happy to see that Gatwick will expand but not at the expense of Heathrow.</li> <li>- SW: Gatwick is already 10 years ahead of forecast</li> </ul> <p>CK asked what timescales are in place for expansion at either airport.</p> <ul style="list-style-type: none"> <li>- JHK: Four years planning, five years for building. Shovels in the ground 2020 and aircraft using runway by 2025.</li> <li>- SW: Their plans aren't as complex as Heathrow's. They would be building on land already set aside for expansion in 2003. Runway would take five years to build and would open in 2025.</li> <li>- Significantly higher deliverability at Gatwick for this project.</li> </ul>	
<p><b>ITEM 8: Closing remarks from Convener</b></p>		
<p><b>ITEM 9: Date of next meeting</b></p>	<p>The date for the next meeting has still to be confirmed.</p>	

Please see here below for the dates for the CPG on Aviation for the 2015 session.

**All meetings start at 18.00**

Date of next meeting TBC