

Those of you who have lived and breathed aviation for many years will probably know that I'm new to the air travel industry. But not to air travel. As a business and leisure user, I have travelled tens of thousands of miles between dozens of airports working for a global company. So, hopefully, I can add some relevant perspectives to this debate.

At centre-stage today is the upcoming consultation on new airport capacity in the UK. It presents a once-in-a-generation opportunity to establish a framework for sustainable long-term growth in UK aviation.

The Government has been bold and ambitious in embracing the challenge of designing a policy with a 30-year lifespan. It is not an easy task, but it is a necessary task, because, increasingly, people want to fly — whether for holidays, to visit friends and relatives or for business. And I think that is a good thing not a bad thing for reasons I will enlarge on in a moment or two.

Andrew Sentance of British Airways has already outlined the scale of future growth. And in December, a national opinion poll conducted by MORI for the Freedom to Fly Coalition told us why air travel is growing. The reason is simple: more people want to fly and they want to fly more often.

MORI found that nine out of ten Britons have flown in the past an astonishing figure. And that eight out of ten intend to fly at least as much, if not more often in the future. I believe that this is a good thing, and for two main reasons.

First, because aviation is a critical driver of the economy and is integral to long-term wealth creation. Aviation is a major investor and employer in its own right, and a facilitator of investment, employment and trade by business more generally. And the sectors of the economy which are the most globally competitive, and which are the wealth creators of the future are those of the knowledge-based economy — finance, pharmaceuticals, biotechnology, information technology — and these are much more dependent on air travel than traditional industries. As the Chancellor repeatedly makes clear, long-term wealth creation by sectors like these is fundamental to the UK's ability to pay for public services. Digby Jones and Sir Ken Jackson will be speaking persuasively about the crucial economic role which aviation plays in the UK, so I will add nothing further on this here.

The second, and equally compelling reason that air travel growth is a good thing, is because of the social benefits it brings. 80 per cent of all air travellers are leisure travellers. Many are visitors to the UK, visiting friends and family who live here, or UK residents visiting family and friends abroad. But the greatest number of travellers are going overseas, or coming to Britain on holiday to rest, to seek new cultural experiences, to learn, and to visit parts of the world which were inaccessible to their parents or grandparents.

Travel is not a frivolous activity. It is a force for social good, benefiting both individuals and communities. While still far from perfect, the UK is perhaps the most ethnically and culturally tolerant, and cosmopolitan place on the planet. And the world is no longer the playground of the elite it has, in travel terms, been democratised, opened to all. I don't think you can divorce the benefits of such cultural diversity from the widespread air travel which helps makes it possible.

I do think, though, that in order to reap the social and economic benefits of continued growth for UK plc and its citizens, it is our duty Government and industry to ensure that such growth is handled responsibly. There should be a balance between benefits and burdens, with appropriate mitigation and compensation measures to deal with the environmental impacts of air travel. There will be costs to travellers and the industry of dealing with this mitigation, and these costs will have to be taken on the chin. Because the benefits of air travel are enjoyed by all in society, but the burdens are disproportionately carried by the few. And tackling these burdens is what makes growth sustainable, responsible and acceptable. And this view accords with the opinion of the people polled by MORI: three-quarters of those questioned told MORI that aviation should be allowed to grow to match rising consumer demand, but with proper regard for the environment.

So this means the Government's White Paper has to perform a fine balancing act. There must be a presumption in favour of growth to harness the economic and social benefits of air travel because that's what people and business need. But the environmental impacts and burdens must be tackled because that's what communities deserve.

How much growth is, of course, central to Government's task. I would not be proposing unlimited expansion. I do not believe that we will satisfy unfettered demand. We never have and never will. We are a small, highly populated island, and our population geography makes it impossible to deliver infrastructure in the way that, say, the United States has been able to do. But I believe a reasonable, mid-range level of demand growth is achievable, within reasonable physical, policy and environmental constraints placed upon us. And I believe that, for the most part, we should be able to reach an accommodation with communities to deliver growth in a way which is broadly acceptable to them.

In a few weeks we will see the future capacity options that the Government is considering which will lead to the White Paper. There are a few things that aviation wants out of this consultation and White Paper process. Above all, what the aviation industry demands from Government is the courage to take the right decision at the right time it absolutely must not fudge it.

It is vital that the Government delivers a clear direction as to where and how additional runway capacity should be provided in every region of the UK – but especially the South East. To put it bluntly, we need a new runway in the South East within the next ten to twelve years, because we are going to run out of capacity. And the decision on where that will be needs to be made now, because it will take the best part of ten years to deliver it.

So this will set another difficult challenge for the White Paper. It will have to set out a plan for the short term on where the first new runway will be delivered in the next ten years, and a policy framework for the long-term to identify the locations for more runways in the 20 years beyond. These longer-term options need adequate safeguarding, to prevent encroachment by development. But they also have to be reasonable and realistic options, as it would be irresponsible to blight communities by safeguarding options which will never be built. Safeguarding of sites is critical because a failure to safeguard sufficiently can have massive cost consequences to people as well as economically.

When New York's La Guardia airport opened in the 1930s it was on an 800-acre site in an area which was largely undeveloped and unpopulated. It is still 800 acres but now it is hemmed in by residential and industrial development, and 200,000 people live within the 65 decibel noise contour. The City Fathers thought they had safeguarded enough area for the airport itself, but did not, in hindsight, allow sufficient room for expansion to meet rising demand. And their failure to safeguard sufficiently meant people moved into housing developments which should never have been built, and are bearing burdens that could have been avoided.

In assessing the forthcoming options, I want to make a few observations.

First, there must be a presumption that existing capacity should be used as efficiently as possible before any new concrete is laid. Because a fair part of the demand growth in the South East — at least over the coming decade — can actually be delivered by the sensible and sensitive expansion of terminals at current locations, using existing runways.

It is worth saying that those who alarm communities by talking about Britain needing four new Heathrows or eight new Gatwicks are being irresponsible. A doubling of passengers has never meant a doubling of airports, a doubling of flights or a doubling of runways. Passenger throughput at Heathrow has doubled every ten to fifteen years since the 1960s, and while the airport has expanded and built new terminals, it still has the same two runways it started with.

With Terminal 5, Heathrow will be able to handle about 50 per cent more passengers than today — some 90 million instead of around 60 million. Following the negotiated agreement between Gatwick and its local authorities, Gatwick will be able to add about another 10 million passengers to the 32 million handled on its single runway today. Stansted should be able to grow from 14 million passengers to around 35 million passengers on its single runway, hopefully within a supportive regional strategy and with the support and co-operation of local communities. And Luton should be able to grow from more than six million passengers to 15 million or more with its existing configuration. So London airports could handle another 60-70 million of the extra 180 million passengers forecast in the South East by 2030 with existing airport runways.

This has to be the most eco-efficient approach. And it is also eco-efficient to make the fullest use of regional airports to satisfy the demand from passengers and businesses in those regions. Regional airports have been enormously successful in growing in the last decade. They now offer a much wider range and type of flights to meet the demand from their local markets, and we expect them to continue to grow more quickly than the London area airports.

But let's be clear about something: regional airport growth is complementary, not an alternative, to increasing runway capacity in the South East. Both are necessary. Heathrow, Gatwick, Stansted and Luton are regional airports, serving the London, South East and East of England regions. More than eight out of ten non-transfer passengers using Heathrow and Gatwick are coming from or going to London and the South East. So the notion that new airport infrastructure in Glasgow, or Teesside or Derby can serve people in the South East is absurd. There would be nothing more ridiculous, more environmentally and economically unsustainable, than making people from London jump in their cars to drive a hundred miles or more to get on a plane, when they have airports on their doorsteps.

And there is no doubt that if we don't provide capacity at our hubs, our EU competitors and their airlines will provide more capacity at theirs to cream off our crucial interlining traffic. It is already happening — Newcastle now has more services to Schiphol than to Heathrow. And Amsterdam, Paris and Frankfurt serve more direct destinations than Heathrow. Our principal economic competitors in Europe are building or seeking to expand access both to their most important international cities and to their regions. And that is what we should do too.

My second observation on the options is that there will be no simple choice. The decision has to address complex and multi-faceted issues. Not all options will deliver the same mix of economic benefits to national, regional and local economies, nor to the aviation and tourism industries, nor will there be the same mix of environmental burdens. The options will have different impacts on economic and social geography, and these might not fit with current planning, social and industrial policies. So will these policies also have to be reviewed? The options will need more integrated thinking about the interrelation between airport capacity and related infrastructure. For instance, any chosen option must have provision for adequate rail and road access and not simply overload the existing infrastructure.

Thirdly, the Government must look beyond physical and geographical factors, because any decision about new capacity is about more than bricks and mortar. It will have to put in place key elements of aviation policy to make any decision on new capacity work — including the regulatory framework and slot allocation process, both of which are coming under increasing, and not necessarily positive influence from Brussels. It must also ensure that its chosen option is fundable — and set out clearly how this is to be achieved. And again, these elements will be different for different locations.

Fourth, the options must be practically deliverable, and the economic benefits of any option must be fully realisable. There is no point in causing environmental burdens at any particular location if the option simply won't work economically. Montreal's Mirabel airport stands virtually empty and acts as a salutary warning to decision-makers to pay proper heed to market forces. Any solution which attempts significantly to buck the market is going to need massive fiscal and regulatory intervention and the cost will ultimately be borne by the public.

And fifth, we all must learn the lessons of Terminal 5 and ensure that we work together with communities to get the widest possible community buy-in for the proposed solutions. There must be full and on-going communication of the issues, beyond the formal 16-week consultation period, because the concerns of communities are genuine and important and they must be listened to and they must be addressed.

This might be a convenient point to make a few comments on BAA's approach to the forthcoming consultation. As I said earlier, only the Government can make the decision on where, when and how much new capacity should be provided over the next 30 years. BAA will try to provide the Government with as much information as possible so that the decision the Government takes is soundly-based. But we will not be making any recommendations to Government on the location of new runways, because BAA cannot assess all the factors which the Government alone is equipped to do.

What we will do is the following three things. Number one, we will review the technical studies and comment on them. Number two, we will identify any actions which we believe would be necessary to enable the successful delivery of any of the options. And number three, we will flag up any consequences of any of the options which are not covered in the Government's own analysis.

But the ultimate decision has to be the Government's. And if, after the consultation, and after all the environmental, economic and social factors are taken into account, the Government decides that a new runway should be built at any of the airports that we own, and there is a clear commercial case for it, then we would want to be the ones to do it. Because we know that we would do it the best, the most efficiently and, above all, the most responsibly.

I am aware that this approach may not satisfy all our stakeholders. Some local people will want us to rule out further growth at airports close to their homes. And some airlines might want us to be more supportive of their desire for more capacity at the airports where they operate. But we think that our approach is fair, honest and open. And in taking this approach, we hope to be able to work with all our stakeholders so that once the Government makes its decision, we can quickly establish common ground on the way to deliver what the Government chooses.

This is an ambitious challenge which the Government has taken on: to devise a policy which will allow for growth in a way which is responsible, which will balance the economic, environmental and social imperatives of the local, regional and national interests, and which will mean taking decisions for long-term prosperity, not short-term expediency. We encourage the Government to be decisive, and we will play our part in helping to deliver the Government's decision — and deliver it properly.