

## Airport Operators Association – Monthly Update, May/June 2011

### CEO's intro

Hope you're well. It's been a busy old time again for UK airports – and the AOA team at Birdcage Walk has been busy defending its members' interests.

The European Commission produced a particularly poorly-timed consultation on whether to apply **EU VAT to transport and aviation**. With ever-increasing Air Passenger Duty (APD) taxes and the impending EU Emissions Trading Scheme (ETS) punishment enough, and at a time when most of Europe's economies have experienced recessions and are now looking to grow, one has to ask oneself what part common sense has to play in all this. Our sensible Policy Director Rob Siddall fired off a quality submission, pointing out that more tax on aviation would simply threaten jobs and economic growth in the UK and EU – and we wait to see whether sanity will prevail.

Then another interesting contribution from Europe, when the British Chair of the EU Parliament Transport Committee, **Brian Simpson**, opined that **UK airports' reluctance to partially relax the Liquids, Aerosols and Gels (LAGs) ban on 29<sup>th</sup> April** was, "... not a question of security but a matter of airports calling on the Government not to implement the changes in a money-saving attempt, despite British airports being given ample time to purchase and install the technology". AOA went on a media offensive to point out that airports have an impressive record of investing in screening innovation, and as soon as the technology was in place and adequate testing carried out, then relaxing the ban across Europe would be much more likely. It should also be pointed out that, amongst others, two of Mr Simpson's own Vice-Presidents were against lifting the ban too...

To complete the Europe theme, EU-wannabe nation Iceland sent out a warning shot when its **Grimsvötn volcano erupted and sent plumes towards the UK and northern Europe**. Having gone through all this with Eyjafjallajökull last year, aviation's response this time was generally regarded as much improved, applying the lessons learnt in 2010. From an AOA perspective, massive thanks to Ops & Safety Head Tom Needham and Policy Specialist Luke Law for staying up through the night to deliver information on ash cloud predictions. Camp beds have now been installed in Birdcage Walk Towers so that they don't have to go home next time...

I would also like to thank airport members for sending regular reports on how airports were coping through the eruption. As with LAGs, AOA conducted a fair bit of media work – having close collaboration between members and the AOA team was crucial to delivering accurate, up to date information to the public.

Finally, I would just like to mention the summer "**Hands off our holiday, Mr Taxman**" campaign, taking place in airports throughout the UK, and with a launch date next month of 11<sup>th</sup> July. Airports will already have information on this, with more coming in the days ahead. Regardless of an airports level of involvement, it is vital we all make a loud and unambiguous noise on national APD rates going up next year; and that we do this continually through the summer, as the Treasury makes its tax plans. Simply, in 2012 passengers will be getting a double inflation APD rise, and double taxation when ETS comes in. Policymakers need to hear this publicly and volubly if we are to have any chance to influence and head off any part of the proposed increase.

**PS DC Airport Visits Watch:** 18 so far, with East Midlands, Liverpool and Stansted added since the last update. (This will be 20 in the first week of July, with two more visits scheduled!)

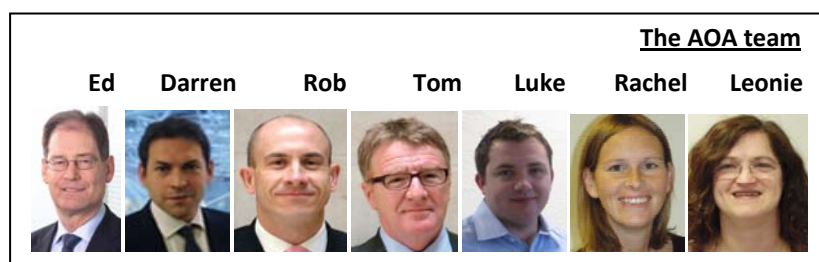
As ever,



**Darren Caplan**  
**Chief Executive, AOA**

Tel: 020 7340 0990

E: [darrencaplan@aoa.org.uk](mailto:darrencaplan@aoa.org.uk)



## Contents

<b>Section 1: AOA News</b>	<b>Page</b>
1.1 AOA Summer Reception	3
1.2 Sustainable Aviation	3
1.3 Grimsvötn Volcano	4
1.4 AOA Lobbying Document	4
1.5 Specialist Conferences	5
1.6 AOA Website	5
1.7 Members' Survey	5
1.8 Calendar of Events	6
1.9 Airport Awards	6
<b>Section 2: Airport and Aviation – UK issues</b>	
2.1 Air Passenger Duty	7
2.2 Sustainable Aviation Policy Framework	8
2.3 High Speed Rail 2	9
2.4 Future Airspace Strategy	9
2.5 2.6 GHz Auction	9
<b>Section 3: EU related issues</b>	
3.1 Liquids & Gels Rule Change	10
3.2 EU VAT Consultation	10

## Section 1: AOA News

### 1.1 AOA Summer Reception



The AOA held its annual Summer Reception on Wednesday 29 June at St Stephen's Club in Westminster. The event was attended by a number of politicians, including Paul Goggins MP, John Leech MP, Gavin Shaker MP, Ian Paisley MP, Lord Clive Soley, James Cleverly GLA and Conservative leader in the London Assembly; and Daniel Moylan, Deputy Chairman, Transport for London and prominent advisor to London Mayor Boris Johnson. Also attending were industry representatives including, Andrew Haines of the CAA; and of course strong representation from AOA Airport and Associate Members.

**Our Chairman, Ed Anderson**, gave a short speech, in which he outlined AOA's key messages. He stated that the industry would continue to address its environmental impacts and deliver a better passenger experience. In response, he asked the Government to deliver a fair tax on flying and a positive framework for growth, allowing the aviation sector to play a full role in a private sector-led economic recovery.

**Theresa Villiers MP**, Minister of State with responsibility for aviation (pictured), was guest of honour and gave a short address outlining the Government's current thinking and plans on aviation. She explained that the Government recognised the economic benefits of the industry and the work it is doing to tackle its environmental impact through technology.

### 1.2 Sustainable Aviation

The 2011 Sustainable Aviation Progress Report completed from work carried out – by airports, airlines, air navigation service providers and engine and air frame manufacturers – was recently published outlining the work the alliance is undertaking to reduce the industry's environmental impact.

Key points include:

- New thinking on aircraft waste;
- Active support for alternative fuels; and
- Work on optimised air traffic management procedures and airport operations.

The full report is available to download at [www.sustainableaviation.co.uk](http://www.sustainableaviation.co.uk)

Following the publication of this report, **Virgin Atlantic General Counsel and Director of Corporate Responsibility and External Affairs**, Jill Brady's tenure as Chair of Sustainable Aviation concluded. Jill helped push Sustainable Aviation forward during tough economic times, ensuring that sustainability and the environment remained at the fore across the industry. **Matt Gorman of BAA** has now taken over as Chair having been Jill's Deputy during her tenure.

**AOA Chief Executive, Darren Caplan** has been elected Chair of the Sustainable Aviation Communications Group to take forward the work it is doing in communicating how the industry is decarbonising and reducing noise and local air quality impacts.

## 1.3 Grimsvötn Volcano



The eruption of the Grimsvötn volcano in Iceland between the 22 and 25 May saw flights delayed/cancelled in certain areas of UK and European airspace due to localised high concentrations of volcanic ash.

The revised procedures, introduced by CAA following the eruption of the Eyjafjallajökull volcano in 2010, allowed aircraft to operate in low and medium density ash concentrations when supported by appropriate safety risk assessments. The procedures worked well and enabled most of the nation's airports to operate with low levels of disruption.

One learning point from this incident was the incidence of high concentrations of ash at higher flight levels e.g. over 20,000 feet, and the question of aircraft being allowed to fly below these levels. CAA responded to this situation by publishing a Safety Notice with new guidance on these "underflights", which, although published on an "interim" basis, would be subject to further refinement and collaboration with industry.

The AOA received significant media exposure during this event, including interviews on Sky News, BBC News Channel and in the Guardian. We would like to thank all those members who provided updates on the situation at their airports ahead of these media appearances.

## 1.4 Lobbying Document



We are currently in the process of updating our lobbying document, which we will be using for the party conferences in the autumn, and in all our dealings with political decision-makers, influencers and media until the end of the year.

We have found the middle map section to be invaluable and in practically every meeting with opinion formers it has been this section – which includes information and anecdotes from airports around the country – which generates the most interest.

We would be very grateful to members if they could identify and secure the support of a well-known local employer, or business or regional organisation, which relies on your airport in terms of connectivity and any other benefits it brings in terms of employment, growth, tourism, etc. We will then work with you to secure a short quote to that effect! The AOA really is passionate about promoting airport success and growth in ALL regions of the UK – it's that bit easier to do this if as many airports members as possible are included on this map. If you have any information please send it to Luke Law via [lukelaw@aoa.org.uk](mailto:lukelaw@aoa.org.uk).

## 1.5 AOA Specialist Conferences



The Environment Conference, held at the BAA Heathrow Academy, was attended by around 50 delegates drawn from across AOA's membership. The programme included a wide range of presentations on subjects including the Sustainable Aviation initiative, the views of the environmental Non Governmental Organisation sector, energy and waste management, the "perfect flight" concept, Green Airports, biofuels, aircraft on the ground and arrivals / departures code of practice.

The annual Security Conference was held at the Oulton Hall Hotel, near Leeds, and included presentations from speakers drawn from government, industry and ACI Europe covering issues including new security technology, security threat, behavioural detection, hostile vehicle mitigation and experience with bodyscanners.

The annual Operations and Safety Conference was held at the Oulton Hall hotel with more than 100 delegates attending. The conference opened with a keynote address from **Andrew Haines, CAA Chief Executive** (pictured), which set the scene for a range of high level presentations on issues including the EASA regulatory framework, airport collaborative decision making, future airspace strategy, the work of the UK Flight Safety Committee and the European action plan for the prevention of runway incursions.

As usual, the fantastic opportunity that this event provides for delegates to network in a first rate venue was maintained and supported by a very social conference dinner.

## 1.6 AOA Website

The new AOA website allows members to upload their press releases and update their contact details. Simply, click on the members area panel once you have logged in and it will give you the option to upload document/update your contact.

Should you have any problems please contact Rachel Dorban via [racheldorban@aoa.org.uk](mailto:racheldorban@aoa.org.uk).

## 1.7 AOA Members Survey

We would like to thank all members who took the time to respond to our survey. We are currently in the process of analysing the responses and will publish the results in the next Monthly Update.

## 1.8 Calendar of Events

Please see below an updated calendar of AOA events for 2011/2.

<u>Event</u>	<u>Venue</u>	<u>Date</u>
<b>September 2011</b>		
Board Meeting	TBC	Monday 5 September, 10.30am
Security Group	AOA Offices	Tuesday 13 September, 10.30am
<b>October 2011</b>		
Ops & Safety Group	AOA Offices	Tuesday 11 October, 10.30am
Annual Conference	Hilton Metropole, London	Monday 31 Oct-Tues 1 Nov
<b>November 2011</b>		
Board Meeting	AOA Offices	Monday 21 November, 10am
Security Group	AOA Offices	Tuesday 22 November, 10.30am
<hr/>		
<b>January 2012</b>		
Ops & Safety Group	AOA Offices	Tuesday 18 <sup>th</sup> January 10.30am
Board Meeting	AOA Offices	Monday 30 <sup>th</sup> January 10.00am
<b>March 2012</b>		
AOA Annual Dinner	Grosvenor House Hotel	Monday 5 <sup>th</sup> March
<b>Further events</b>	<b>TBC</b>	<b>TBC</b>

## 1.9 Airport Awards 2011



The AOA often hears about member airports winning or being nominated for awards, and we thought it would be a good idea to circulate the good news. Here's some recent awards – congratulations from the AOA!

- **Biggin Hill** – Winner of AOA's Best Business Aviation Airport
- **Denham** – winner of AOA's Best General Aviation Airport
- **Edinburgh** – voted best Airport for its size at ACI Europe's Airport Awards
- **Glasgow** – Winner of AOA's Best Airport handling over 6 Million Passengers
- **Heathrow** – winner of Skytrax World Airport Award for Best Airport Shopping
- **Manchester** – winning a number of 2010 British Travel Awards, including UK Airport of the Year
- **Newcastle International** – Winner of AOA's Best Airport handling up to 6 Million Passengers
- **Southampton** – winner of Wanderlust Readers' Travel Awards for Top UK Airport
- **Stansted** – winner of Skytrax World Airport Award for World's Best Low Cost Airport

If your airport has won an award and would like it to be mentioned in the next Monthly Update, please email [lukelaw@aoa.org.uk](mailto:lukelaw@aoa.org.uk) with the details.

## Section 2: Airports and Aviation – UK Issues

### 2.1 Air Passenger Duty



Following the announcement in the Budget to freeze Air Passenger Duty (APD) for this year, HM Treasury published a consultation on changes to APD which focused around banding, regional and devolved APD, business jets and issues around premium economy.

Through the Public Affairs & Communications Network (PACN), AOA has drafted a response which will be sent to the Board for approval at its meeting in June. The key points of the submission are:

- **The AOA acknowledges the fairness argument for APD being applied to business jets, but believes it has a number of serious practical difficulties and possible unintended consequences**, such as the lack of tickets, paying passengers or airlines, the likely increase in regulatory burden for whichever party will be faced with collecting the tax and its possible effects on SMEs.
- **On the proposal for reforming the present APD bands, the AOA believes that this is principally a matter for airlines.** However, we strongly urge the Government, if it chooses to reform APD, to meet as far as is possible the five tests set-out by the cross-industry “Fair Tax on Flying” group, which the AOA is a member of along with many of its key member airports.
- **The AOA strongly supports its airline partners in believing that premium economy travel should be re-classified** in the reduced, rather than standard, band of APD.
- The AOA strongly supports the government’s growth agenda and believes that **the aviation sector can help deliver the Government’s priorities** of jobs, export-led growth and re-balancing the economy, within a framework of environmental sustainability. Airport infrastructure plays a **key role in developing trade**, supporting tourism and attracting inward investment, particularly in emerging markets such as China and India. But in order to do that, the sector needs a fair fiscal framework.
- While the AOA strongly supports the inclusion of aviation in the EU’s Emissions Trading Scheme in 2012, **EU ETS’s effect is to tax passengers twice**, at a time when APD is already an order of magnitude higher than in those European countries which still levy it. At the same time, airports are subject to a new carbon tax in the form a revised Carbon Reduction Commitment efficiency scheme, as well as the Climate Change Levy.
- The AOA strongly urges the Government to make a **commensurate offsetting reduction in APD**, so that UK aviation is not put at a further disadvantage compared to its European competitors through the punitive, disproportionate tax system currently in place. That way, the sector can accelerate its improvements in the passenger experience because it can attract the necessary investment, continue to improve its environmental record, and help the UK economy to move forward.

## 2.3 Sustainable Aviation Policy Framework



As reported in the last Monthly Update the DfT has now published a consultation on the scope of the Sustainable Aviation Policy Framework. AOA has drafted an initial response to this consultation with input from the PACN. The consultation closes on 30 September following the publication of the Government's response to the Committee on Climate Change Aviation Report, revised passenger demand and CO<sub>2</sub> forecasts and the report from the South East Airport Taskforce.

Lucy Ashman (DfT Policy Team lead) and **David Elvy (DfT Comms)** attended a meeting of the AOA PACN in May. **Jonathan Moor (the Aviation Director)** and **John Parkinson (the Head of Aviation Policy Development)** attended the AOA June Board. Key points of interest arising from DfT briefing and AOA internal discussions are:

- **The Secretary of State, Philip Hammond** (pictured), has signalled that despite the focus on emissions in recent years, he believes that the real objections to aviation are local, in particular noise;
- The Government response to the Climate Change Committee is likely to be a holding response with a full response published following the conclusion of the aviation policy review;
- The DfT does not believe the current review has formed a policy vacuum, arguing that the Air Transport White Paper and the Government's broad objectives should be the basis of any planning decision; and
- There is a continuing emphasis from officials on trying to find areas of agreement, and/or carrying out research with interest groups and possible nationally focused NGOs.

The AOA is working with other industry partners and business groups to provide evidence of the needs of business for aviation growth; and through Sustainable Aviation to demonstrate the industry's commitment to tackling its environmental and local impacts.

## 2.3 High Speed Rail 2



The AOA has developed and finalised a submission to the Transport Select Committee on High Speed Rail as aviation is specifically mentioned in the consultation document. Our position is that we welcome HSR2 as key UK infrastructure, but that this is not a panacea for shifting domestic aviation to rail. We have summarised existing material on substitutable flights and the potential for HSR to tackle aviation emissions, pointing out that, in spite of the rhetoric in some quarters it has little effect in these areas – about 2% in each case.

## 2.4 Future Airspace Strategy

The Future Airspace Strategy (FAS) is the UK initiative to modernise the nation's airspace in a safe, efficient and sustainable way.

Following the completion of the formal consultation on the FAS, an Industry Implementation Group (FASIIG) led by NATS, has been established with the objective of working "collaboratively across the aviation industry to develop and agree an implementation plan to deliver the CAA's Future Airspace Strategy for the 2015 – 2020 timescale." The FASIIG will work within a fixed two-year timescale in order to deliver an implementation plan which delivers a set of tangible benefits.

The first meeting of the FASIIG was held on the 20 May and set the scene for the future work. A future initial schedule of FASIIG meetings has been arranged for 14 July, 5 October 2011 and 25 January 2012. AOA is fully engaged with the FAS process.

## 2.5 Auction of 2.6 GHz Spectrum – Primary Radars

The Government has recently made a statement regarding the financial support that will be extended to airports which require modification of primary radars to ensure their safety integrity, following the forthcoming auction of the 2.6GHz spectrum for commercial use. AOA has continued to press the case for airports not having to meet the financial burden of procuring, and implementing, necessary primary radar modifications. While the Government offer does not cover the full costs involved, it does go a considerable way to meeting them. The headline points are:

- Government will reimburse 66% of, what are being described as, "standard costs" incurred, these include the cost of the radar modifications themselves;
- "non-standard costs" include any additional flight testing costs for early adopters of the scheme or those requiring any changes to operational frequencies – these will be dealt with separately;
- There will be a limit of £300k per radar;
- The 66% contribution and £300K limit are described as "non-negotiable";
- The financial terms are "per radar" and not "per airport / location"; and
- The offer is time limited and subject to compliance conditions e.g. audit.

Airports have the opportunity to submit comments on this offer by 14<sup>th</sup> July and AOA is currently inviting members to provide their views in order to inform the AOA response.

## Section 3: European related issues

### 3.1 Liquids, Aerosols & Gels Rule Changes



This section looks at the EU Regulation applying to Liquids, Aerosols & Gels (LAGs). This refers to LAGs packed in a security tamper evident bag, known as STEBs which conform to guidelines laid down by the International Civil Aviation Organisation (ICAO). According to European regulation, LAGs will have to be screened in this way at all EC airports from 29 April 2013.

In October 2010, the DfT circulated a list of approved Liquids Explosive Detection Systems for use at UK airports which had been tested by the European Civil Aviation Conference (ECAC) – but the tests show significant issues regarding alarm rates.

Following intervention by the AOA and airport representatives, the relevant DfT Director General became involved and a special meeting of the NASC ExCo was called at the end of April. Immediately prior to this the Secretary of State (SoS) communicated that the UK Government had taken a decision to delay the rule change until the autumn.

Soon after, the EU advised Member States not to implement the LAGs rule change at the end of April. The current situation is that the security regime, across Europe, with regard to LAGs in hand baggage, remains unchanged.

Industry representatives then committed to an assessment of the liquids screening technologies, in order that the SoS could be given more comprehensive advice in the autumn. There have been a number of meetings between industry (including AOA) and Government representatives with a view to moving the trial work forward.

### 3.2 EU VAT Consultation

Finally, AOA responded to the EU Commission consultation on a simpler, more harmonised VAT regime. The majority of the questions relate to issues broader than aviation (distortions on cross border trade, anti-fraud measures, red tape associated with collection and refunds etc), but a very significant item for airports is the question of whether VAT should be applied to transport, including aviation (Question7).

The AOA's response argued against putting VAT on aviation, given that the industry already pays APD in the UK and that it will be entry the EU Emissions Trading Scheme in 2012. We highlighted the damage this move would have on jobs and economic growth, not just in the UK but across Europe.

#### Contact the AOA

Tel: 020 7799 3171  
Fax: 020 7340 0999  
Email: [info@aoa.org.uk](mailto:info@aoa.org.uk)

Airport Operators Association  
3 Birdcage Walk  
London SW1H 9JJ