

AVIATION CLUB LUNCH

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3,200 WORDS – APPROX 22-24 MINUTES

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INTRODUCTION

It is a great pleasure to be invited to the Aviation Club. As someone who has only been in the industry for 6 years, I am humbled to be surrounded by so many who have helped to make our sector as great as it is today.

This is a time of change, of growth and consolidation. A time when Britain still plays a leading role in all aspects of the sector; aerospace, airlines, air traffic control, airports, design and construction. But also a time when we need to fight for our place in the world.

My own journey to Heathrow started as a passenger, working for international businesses; consulting, brewing and construction. Living in West London and enjoying the benefits of having easy access to my office in the West End and to the world's best connected hub airport. I would sit in my garden watching the steady stream of tailfins coming over, waiting for the roar that announced Concorde. I never got to fly on it.

I have always loved airports – the sense of possibility, of adventure – get on this plane and you will be in Baku in a few hours, but if you go to the next gate by mistake, you might be in Rio.

Heathrow to me was a glamorous gateway to the world. Terminal 4 was new, and reflected its times.

But then I remember the first time I flew through the new Hong Kong airport. Light, airy, simple to get through. That was when I realised the world was changing – suddenly, it seemed that Heathrow with its long walks, low ceilings and cul-de-sacs, was not how things should be or could be. Terminal 4 had been designed for the present and Hong Kong for the future.

Most of the airports we think of as being great – Hong Kong - still, Incheon, Changi, Dubai, Doha are part of that new wave – the second generation of airports designed around the needs of passengers.

When I first came to work at Heathrow, I remember a veteran station manager describing in admiring terms how efficient Dubai was. Everything was systematised, with a single handler following a common, efficient process. Heathrow, he said was different and could never be as efficient as that.

Whether that is nostalgia or defeatism, I don't accept it. My vision for Heathrow is more ambitious. My vision is to take it from where it is today – rated by passengers as one of the best airports in Europe - to delivering the best airport service in the world.

Heathrow is a true national asset. It is Britain's front door to the world and I want it to be a place that we can all be proud of.

So I have two themes I want to cover today, which are part of that vision. Transformation and expansion.

TRANSFORMATION OF HEATHROW

You will be familiar with the physical transformation. The whole layout of the airport has been changed from the original Star of David, which led to the cul-de-sacs and delays as we expanded to over 70 million passengers, to the more efficient "toast rack" layout, modelled on Atlanta.

Over the last 10 years, we have invested £11bn of private money to build Terminal 5 and the new Terminal 2 opened on time and on budget a year ago today. We have refurbished terminals 3 and 4, as well as create new baggage systems, taxiways, roads, and rail lines.

We have come a long way – 10 years ago, we were one of the lowest rated airports in the world. This year, we were ranked 8th in the world, for the first time ahead of Amsterdam as the best airport in Western Europe. Terminal 5 has been voted by passengers the best terminal in the world for the last 4 years. And they rate the new Terminal 2 even higher!

THE PASSENGER EXPERIENCE

The transformation of Heathrow is not just about buildings. It is about developing a real service culture which focuses on the needs of our passengers. They are the ones who judge our success and reward us with their business.

If you look at the airports which passengers like best, they tend to be small, regional airports – the highest rated airports are ones like Southampton or Inverness, which are convenient, simple and easy to navigate.

That tells you all you need to know about what passengers want.

Our challenge at Heathrow is to deliver that small airport experience in the largest international airport in the world. That means we need reliable, frequent public transport to all parts of the UK; no queues on your journey through the airport; bags moving as efficiently as passengers; flights arriving and departing on time; no stacking over London. We need to put you in control of your time.

And we must meet your needs as a passenger whether you are travelling in business or leisure, with a young family, with reduced mobility, whether you are flying direct or transferring through.

That is what you should increasingly see at Heathrow.

If you are travelling with your family, there are wider parking bays close to the entrance for when you are juggling bags, buggies and children. Family lanes in security, where you know you can take your time and not hold someone else up, designed so that security is fun, and not scary. Places for kids to eat, and kids-eat-free menus. Childrens' play areas so that they can burn off some energy before the flight.

But as a business passenger, you need to be able to walk straight through check in to a dedicated security area – the shortest walk through the terminal – and then straight to your lounge or gate.

We are also working to make it easier and more predictable for passengers to get to the airport – Crossrail, western rail access and HS2 will be transformational...

...And for planes to get on their way - reducing inbound delays on windy days through time based separation - another world first.

We have much further to go to develop a true service culture at Heathrow, but I am pleased with the start we have made.

And we will do even more for our country if we are allowed to expand.

SETTING THE SCENE

As the UK's only hub, Heathrow is Britain's gateway to the world.

We make it easy for exporters and their exports to get to the growth markets of the world and for inward investment, tourists and students from those markets to come here to spend their money.

We bring together passengers from all across Europe who want to go to long haul destinations.

We are the best located hub in the world, with 95% of the global economy within range of a direct flight.

That allows us to support direct flights to 82 long haul destinations – only 5 other airports in the world have regular flights to more than 50 long haul destinations – that is how rare and valuable Heathrow is for Britain.

We have regular flights to the great trading centres of the world - three a day to Shanghai, seven to Hong Kong – and in the evenings, every half hour to JFK.

Heathrow is not only the UK's global gateway; it is the country's biggest port, handling over a quarter of exports by value – from British made pharmaceuticals sent to the developing world, high tech components for Formula 1 cars and high quality fresh salmon to China.

If air routes are the arteries through which trade flows, then Heathrow, our hub, is the UK's economic heart.

THE WORLD IS CHANGING

Heathrow has been operating at full capacity.

But the global economy is changing. All of global growth is in Asia, Africa and the Americas - places you can only get to by air. There are economic powerhouses that we need to get to, such as Chongqing or Wuhan, places many of us had barely heard of 10 years ago.

Britain is in a global race to win more business in growth markets than our European rivals.

We will only win the race by having better connections to growth markets than our competitors in Europe – a stronger economic heart and more arteries.

But with Heathrow operating at capacity, we have only been able to add a few of the new destinations we need to get to and even then only by cutting off other important economic centres. In the last few years we have added Guangzhou, Chengdu, Manila, Bogota, but at the loss of important domestic routes such as Jersey and Inverness.

It is a false choice. To connect all of the UK to global growth - we need both.

I have a list of over 30 airlines who want to start or increase services from Heathrow. But if airlines can't fly here they will not fly from another UK airport, they opt instead to "hub" from Paris, Amsterdam or Frankfurt.

Air China, Korean Air and Vietnam Airways are the most recent in a long line of network airlines to try to operate from other London airports when they couldn't get into Heathrow but pulled out when they couldn't make it work.

GROWTH WON'T WAIT

The French and the Germans have invested heavily in their hub airports and are only too happy to welcome the new long-haul routes we turn away.

In fact, Paris has just overtaken Heathrow as the best connected airport in the world.

There are now more flights to mainland China from Paris than there are from Heathrow.

Which country gets more tourists from mainland China? Which country exports more by air to mainland China? In the bicentenary of Waterloo, we are letting the French run rings around us.

If we don't move quickly, we will all be going through Paris or Frankfurt to get to global markets – that puts British business at a disadvantage to European competitors.

The Airports Commission has said that Heathrow expansion would create up to £211bn of economic growth and 180,000 jobs across Britain.

New analysis of the Commission's research and HM Treasury data released today show investment in the expansion at Heathrow is the UK's best value-for-money infrastructure project.

The independent analysis by research company QUOD shows a third runway at Heathrow would have a benefit cost ratio (BCR) of up to 10.1.

BCR is calculated based on the benefits returned, minus the costs incurred to public finance.

Treasury grades projects with a BCR of between 2 and 4 as "high value for money", and a BCR above 4 is regarded as "very high value for money".

To put that in context HS2 has a BCR of 2.3, Crossrail 2.76 to 3 and Thameslink 1.4.

Expanding Heathrow is a phenomenal investment in the future economic growth and prosperity of the UK.

A HEATHROW FOR THE FUTURE

So let us be ambitious. Let us put Britain where we can be – right at the heart of the global economy.

By expanding Heathrow, we can create the world's most modern, efficient and best connected hub airport at the heart of an integrated transport system.

We can add 40 new long haul destinations, such as Chongqing, Wuhan, Nanjing, Peshawar in the East - Santiago, Lima, San Jose and Portland to the West.

And perhaps this is an opportunity to create the airport of the future, a third generation of airport designed around passengers and the environment.

There is a huge opportunity for an expanded Heathrow to act as a catalyst for environmental innovation, research and development - that will not only improve the local environment, but create green jobs and support the UK's burgeoning green economy.

In 2013, we developed an entirely new proposal for expansion.

The starting point has been to listen to the needs of local people to ensure expansion delivers economic growth in a sustainable way and guarantees those most impacted by expansion get the greatest benefits and are treated fairly.

Heathrow is part of our community. One in four local jobs depends on the airport. If you don't work at the airport yourself, you probably know someone who does.

We will create new jobs while we build and when we have built.

We will work in partnership with schools and universities to make sure local children get the skills to share in the 70,000 new jobs created in our region.

And we will double the number of apprenticeships across the airport to 10,000.

But let me touch on the biggest issues facing each promoter - surface access, carbon emissions, air quality and noise for local residents.

On Surface Access

Heathrow is already the UK's best connected transport hub. We have the UK's biggest bus and coach station, the Piccadilly line and Heathrow Express.

Over 40% of passengers come to the airport by public transport today – with expansion it will be 50%.

Only Heathrow will connect North, South, East and West, with 5 motorways and 5 rail lines.

Crossrail will link to the City of London, Canary Wharf and East London.

Western Rail Access will provide fast direct services to the West and South Wales.

HS2 rail will provide fast routes from the Midlands and the North via a connection at Old Oak Common.

Southern Rail Access will connect to Waterloo, Clapham Junction and regions south of the airport.

On Carbon

In a global aviation market, constraining the UK's hub capacity only serves to displace, not reduce carbon emissions. Forcing British businesses to fly via Paris to get to China doesn't reduce emissions. In fact two flights instead of one will make things.

And a flight from Glasgow to Beijing is approximately 40% longer (and consequently, generates 40% more carbon) if the passenger hubs at Dubai rather than at Heathrow. Constraining the UK's hub not only exports carbon but also exports the economic benefits of flying through a UK hub.

On Air Quality

Air quality is a real concern for cities across Europe, and especially London, and it is one we need to tackle urgently.

We have a good track record of reducing emissions at the airport.

By establishing a free local bus travel area, and encouraging car sharing and cycling, we have reduced the proportion of airport workers coming by car from almost 80% to just over 50%.

By charging more for polluting aircraft we have encouraged airlines to bring their cleanest, quietest planes to Heathrow.

Our focus on air quality has reduced ground-based NOx emissions from airport activity by 16% over a five year period.

The biggest air quality issue around Heathrow is vehicle pollution on the M4, most of it from non-airport related road traffic. We are now working with Government and City Hall to get cleaner vehicles on to major roads and motorways and increase public transport options. We recently announced our plans to make Heathrow an Ultra Low Emissions Zone by 2025.

The Airports Commission has confirmed Heathrow can expand within EU air quality limits.

On Noise

Although Heathrow is now quieter than it's been at any time since the 1970s, we know we must do more.

We recently released a Blueprint for noise reduction – a ten-point plan to cut noise.

I have written to the CEOs of 40 airlines to ask them to do their part; phasing-out of the remaining noisiest planes, operating continuous descent approaches, a delay in lowering landing gear, and modifying A320s to reduce noise. We are also working with BA to trial steeper angles of descent, keeping planes higher over London.

Our new plans for expansion have also been designed to minimise the impact of noise – by having planes fly higher over London, locating the runway further to the west, operating with displaced thresholds - and to mitigate it by investing over £700 million in a world class noise insulation scheme that includes investment in double glazing and energy efficiency.

This meets the standard set by the Mayor of London and has been well received by noise campaigners.

It is comparable with what other major European airports have introduced as part of their expansion programmes.

The Airports Commission has also confirmed that fewer people will be impacted by aircraft noise than today even with expansion

THE CHOICE

The Airports Commission was asked one question – how does Britain maintain its status as a global aviation hub?

This is a choice not about concrete, but about the future of our country.

Do we choose to be right at the heart of the global economy or do we choose to be on a branchline to growth?

Do we choose to be a Champions League nation or do we choose to be a Championship nation? Do we choose to win the race for growth or do we choose to be overtaken by our rivals?

Do we choose to be ambitious?

BACKED BY BRITAIN

Over the last 2 years, politicians, communities, businesses, unions, local enterprise partnerships and local authorities have chosen ambition.

More than 30 Chambers of Commerce from across the UK and a growing number of LEPs.

Aberdeen, Glasgow, Liverpool, Leeds Bradford and Newcastle airports.

Airlines, including Easyjet.

The members of the CBI, the Institute of Directors and London First.

The Manufacturer's Association, the Freight Trade Association and BIFA.

GMB and Unite all back Heathrow expansion.

Politicians across the UK at a local, national and EU level back Heathrow expansion.

Local people too - there are now over 100,000 members of the grassroots campaign, Back Heathrow, and over half of residents in our ten local constituencies back Heathrow expansion.

LET'S GET ON WITH IT

There is a very good chance that the Airports Commission will also back Heathrow expansion.

Our new approach balances the needs of the economy and the environment.

It is best for Britain and backed by Britain.

Soon we will need politicians to make sure that it is delivered as quickly as possible – shovels in the ground by 2020 and new capacity serving Britain by 2025.

Expanding Heathrow – staying connected – is now urgent. It is time to get on with it.

Thank you.

[ENDS]