



Mr Stephen Gifford
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Via Email only

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Dear Stephen,

I am writing in response to the fourth consultation by the CAA on the economic regulation of Heathrow airport in the context of expansion. During the consultation period, Parliament has approved the National Policy Statement (NPS) on Heathrow expansion. The Mayor of London has also announced his intention to join the legal challenge against the NPS, to be lodged in the coming weeks, citing his concerns about the environmental impacts. The judicial review challenge notwithstanding, if expansion is ultimately to proceed, it must be both environmentally and financially sustainable.

The latest consultation document responds to the issues raised by TfL in the previous consultations with regard to the funding of surface access. I welcome the broadly positive consideration given by the CAA to these issues raised by TfL and surface access will be the focus of this submission.

I would caution against too narrow an interpretation of the CAA's duty to protect air transport users under CAA12; it should not prevent the airport taking steps to reduce its environmental and public health impacts beyond what might be the strict legal and planning requirements. This includes the surface access infrastructure – primarily rail – that will be key to encouraging significant sustainable mode shift and so addressing the air quality impacts of an expanded Heathrow.

Moreover, an implicit assumption underpinning the CAA's existing approach is that any costs not picked up by airport users – or surface access farepayers – must ultimately fall on the taxpayer. Yet, this appears to exclude the possibility that a proportion of the surface access costs taken on by the airport need not be passed on to airport users.

It should also be noted that there are limits on the extent to which the financial burden can be placed on surface access farepayers. If the aim of a new scheme is to support a significant shift to sustainable modes, a substantial fare premium would undermine the ability of the scheme to achieve that objective. The analysis undertaken by TfL did show that the airport would have to introduce a sizeable road user access charge – in conjunction with the new surface access infrastructure – if it is to achieve its aspiration of no increase in highway traffic. The CAA should give due consideration to how this could also contribute to the funding of surface access schemes.

To reiterate, in assessing the appropriate contribution of the airport to a particular scheme, a holistic approach is required which is not limited to the proportion of benefits accruing to airport and non-airport users. Other factors to be taken into account include:

- The extent to which the scheme is essential to meet key environmental and surface access objectives for expansion (e.g. the airport's aspiration for no increase in highway traffic);
- The extent to which the scheme would have been prioritised for delivery based solely on its benefits for non-airport passengers (i.e. in the absence of the strategic case offered by airport expansion);
- The proportion of the total scheme cost that is primarily to unlock the benefits of the scheme for airport users (e.g. the cost of the physical infrastructure required to plug the airport into the existing network).

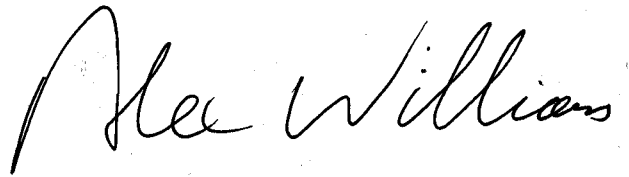
Set alongside the CAA's responsibility to airport users is the responsibility of public bodies such as TfL to the taxpayer – and bearing such factors in mind will help us achieve a fair and appropriate balance.

I warmly welcome the CAA's recognition of the need for greater co-ordination between different stakeholders, including TfL, to ensure we get this right and I note that we have already had the first of such meetings with the CAA.

However, that collaboration requires an openness and transparency on the part of Heathrow Airport Limited (HAL) which has been lacking to date. In light of this, it is a sensible approach by the CAA to state it will make use of alternative surface access modelling alongside any modelling by HAL. We have been frustrated by HAL's unwillingness of to share or publish its detailed surface access modelling to date. TfL's own modelling and analysis has been published and we remain ready to assist the CAA understand the surface access implications.

I appreciate that the task facing the CAA is not straightforward but I believe a way forward can be found which allows the CAA to fulfil its obligation to airport users without prejudicing the obligation of TfL, Network Rail and Government to taxpayers nor undermining the ability of an expanded Heathrow to seek to comprehensively address its environmental impacts. I look forward to working with the CAA and building on our engagement to date.

Yours sincerely

A handwritten signature in black ink that reads "Alex Williams". The signature is written in a cursive, flowing style.

Alex Williams

Director of City Planning

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