



Belfast City Council

Report to:	Development Committee
Subject:	Response to proposed London Hub Airport
Date:	20 August 2013
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1	Relevant Background Information
1.1	The Airports Commission was launched in 2012 with the remit of examining the need for additional UK airport capacity and providing recommendations to government on how this can be achieved in the short, medium and long term.
1.2	The Airports Commission has issued a number of papers for discussion on various aspects of aviation including connectivity and the economy, climate change, airport operation models, and noise.
1.3	The Airports Commission invited proposals which explore short and medium term options for making the best use of existing airport capacity. In addition, long term capacity proposals were also requested and led to the submission of 38 proposals from various private and public sector interest.
1.4	Many of the plans support the development of hub airport in London, whereby passengers transfer between flights to reach a broader network of destinations.

2	Key Issues
2.1	From a direct connectivity perspective Belfast occupies what could be considered a relatively isolated and peripheral location from both the rest of the UK and Europe. Consequently, Belfast city and the wider region rely heavily on the two regional airports to connect to the UK and other European and International destinations.
2.2	Belfast also differs from other regional cities with airports in Great Britain by virtue of the fact that neighbouring airports, especially Dublin, are subject to different terms, targets and taxation. The challenges of competition from Dublin, operating under a lower tax regime, is compounded by the absence of direct high speed land links (rail

	and road) to gateway airports within Great Britain.
2.3	The development of a new hub airport could offer longer term benefits to Belfast by way of convenient and integrated access to NI with smoother transfer through UK gateways, the development of stable connection services and potentially quicker transfer arrangements.
2.4	Reliable and frequent air connections are vital to the development of the tourism sector and to attract broader investment into the Belfast and regional economies. The total value of direct tourism spend in Belfast by GB and overseas visitors was £418 million in 2012, representing an increase of 3% from 2011. By December 2012, it was estimated that tourism and leisure industries accounted for 54,270 employee jobs in Northern Ireland. The total number of GB and overseas visitors staying at least one night in NI was estimated at 1.55 million for the 2012.
2.5	In Belfast's the tourism growth targets is set at a 40% increase in overnight visitors over the next 5 years. The ability to achieve this level of growth will be dependent on the continued development of air connection access alongside the activity to support the local tourism product.
2.6	The continued development of Belfast's connectivity needs will be linked to the future economic potential arising from the changing global conditions such as the growth of new and emerging markets. A significant element of the future growth potential has been linked to the emerging economies which are only accessible through long haul flights. To maximise accessibility and reduce the adverse impacts of our peripheral location any primary UK hub needs to have the capacity to offer guaranteed preferential regional connection to service these long haul destinations.
2.7	The current capacity constraints at the main London hubs have resulted in increasing pressure on fixed landing slot allocations and competition between regional and long-haul services. This competition and the longer term uncertainty in relation to the availability of sufficient access to support regional access from Belfast to a full range of long haul connections could limit the potential for future economic growth.
2.8	<u>Planning</u> The Regional Development Strategy recognises the need for Northern Ireland to be well connected in order to compete globally. Within the RDS, gateways are identified as strategically important transport interchanges which are important for economic development, freight distribution activities and additional employment generation.
2.9	Spatial Framework Guidance (SFG) 15 seeks to 'strengthen the Gateways for Regional competitiveness' and considers gateways as an asset by potential investors and seeks to provide high quality connections to and from the airports.

3	Equality and Good Relations Considerations
3.1	No considerations.

4	Recommendations
4.1	Members are requested to consider the appended draft response and agree for submission to the Airports Commission in respect of the recent London's Hub Airport capacity publications

5	Decision Tracking
Submission of an agreed response following consideration and agreement of the Committee.	

6	Key to Abbreviations

7	Documents attached
Appendix 1 - Proposed response on how best London's Hub Airport capacity meets the needs of Belfast and the wider region	

Appendix 1: Response on how best London's Hub Airport capacity meets the needs of Belfast and the wider region

Belfast City Council understand that a number of plans have been submitted which explore the development of a new airport capacity in London. The Council wishes to comment in relation to the longer term proposals as these are considered to offer the greatest potential to resolve the long standing issues around the guaranteed connectivity for the Belfast and the wider region.

The Northern Ireland Context

In a geographical context, the city of Belfast occupies an isolated and peripheral location from the rest of the UK and the wider European region. With no options for direct surface travel between Belfast and cities/ markets in Great Britain, Belfast city and the wider region are more heavily reliant on the two regional airports (George Best Belfast City Airport and Belfast International Airport) for connectivity to within the UK, Europe and other International destinations.

Air travel remains the most common means of entry into Northern Ireland, with almost three quarters (74%) of overnight visitors and a third (34%) of day trippers arriving by plane (PWC, 2011). Belfast also differs from other regional cities, across Great Britain, in that largest neighbouring airport at Dublin is operated within a separate tax regime with different operating targets linked to the development of its own national economy.

Whilst the proximity of Dublin can offer access to a broader long haul market this provides a greater direct competitive advantage to businesses operating in the airports own local economy.

The development of a new UK hub airport could offer longer term benefits to Belfast by way of convenient and integrated access to Northern Ireland with smoother transfer through a common UK gateway, the development of stable inter-connection services and potentially quicker transfer arrangements.

The current capacity constraints at the main London hubs have resulted in increasing pressure on fixed landing slot allocations and competition between regional and long-haul services. This competition and the longer term uncertainty in relation to the availability of sufficient access to support regional access from Belfast to a full range of long haul connections could limit the potential for future economic growth.

The Council would welcome the introduction of short and medium term measures to maximise capacity as an interim to the adoption of a longer term solution that would provide the potential for growth that meets the needs for the expansion of secure regional connectivity alongside the increased capacity for long haul routes. This balanced approach to the development of future capacity is critical for Belfast and local region to be able to compete and secure the potential for recovery and longer term growth.

Economic Growth

The continued enhancement and refinement of Belfast's potential for connectivity must be linked to the future economic opportunities arising from the changing global conditions such as the growth of new and emerging markets. A significant element of the future growth

potential for the local economy has been linked to the emerging economies, many of which are only accessible through long haul flight connections.

To maximise accessibility and reduce the adverse impacts of our peripheral location any primary UK hub needs to have the capacity to offer guaranteed preferential regional connection from Northern Ireland to service these long haul destinations. The Council along with other agencies continue to address the need for the enhanced economic competitiveness and the capacity to respond to the challenges of the changing world economy.

In September 2011, Frontier Economics published a report on 'Connecting for growth: the role of Britain's hub airport in economic recovery'. As the UK's current hub airport, Heathrow connects Britain to the global economy and is recognised as playing a vital role in the economic success of the country as a whole. The report highlights that successful hub airports play a special role in an economy by underpinning a country's connectivity to long haul destinations around the world.

UK trade with the rest of the world has increased significantly over the last 10 years. Trade with Emerging Market Countries has been a major contributor to the increase. The 'Connecting for growth' report notes that UK businesses have the opportunity to grow their revenues by trading with businesses in these countries. However, the regional markets are not always well connected to these destinations and this lack of connectivity makes it more difficult for the UK as a whole to do future business with Emerging Market Countries.

While Heathrow could serve far more destinations, it is constrained by a limit on air transport movements per year. It is estimated that the value of UK trade could be increased by approximately £1.2 billion a year, if there were capacity to accommodate viable Emerging Market routes. With no available connections available through London, other European hubs have become more attractive. The report notes that there are 21 Emerging Market destinations with daily flights from other European hubs that are not served from London.

Passengers flying to and from hubs, as destinations in their own right, also benefit from better connectivity as many routes would not be viable without the transfer traffic generated through the long haul routes. Consequently passengers can not only benefit from a wider range of routes but also lower fares.

Tourism in many ways exemplifies the challenges and opportunities faced by the broader economy as Belfast and the wider region seeks to achieve a degree of rebalancing both in terms of the general competitiveness and the unique local circumstances. The importance of tourism to the city is highlighted in the Integrated Strategic Framework for Belfast Tourism 2010-2014. Developed in partnership with the Northern Ireland Tourist Board and in consultation with local stakeholders, the Framework recognises that improved access to the city is essential if it is to attract more international visitors and if Belfast is to realise its local Gateway potential. The Council regard the framework as crucial to the city's development as a globally competitive sustainable tourism destination.

Reliable and frequent air connections are vital to the development of the tourism sector and to attract broader investment into Belfast and the regional economy. The total value of direct tourism spend in Belfast by GB and overseas visitors was £418 million in 2012, representing an increase of 3% from 2011. At December 2012, it was estimated that tourism and leisure industries accounted for 54,270 employee jobs in Northern Ireland. In 2012, the total number of GB and overseas visitors staying at least one night in NI was estimated at 1.55 million.

In Belfast's the tourism growth targets is set at a 40% increase in overnight visitors over the next 5 years. The ability to achieve this level of growth will be dependent on the

enhancement of air connections and integrated access, alongside continued activity to support the development of local tourism infrastructure. Belfast City Council is committed to developing tourism exemplified by the contribution to the £97 million development of Titanic Belfast, a world class visitor attraction. This facility alone attracted 807,340 between April 2012 and March 2013. In total, 471,702 visitors to Titanic Belfast came from outside Northern Ireland highlighting the dependence on international accessibility.

Northern Ireland's tourism GDP is approximately 4.9% whereas ROI is 6%. The regional routes and the ability to secure integrated long-haul connections are critical to the continued development of the tourism sector and the achievement of growth targets over the medium to long term. Tourism is forecast to be the 4th fastest growth area in the UK over the next 10 years. NI tourism demand in terms of revenue, is forecast to increase by 2.8% per annum, in real terms over the next 10 years (Deloitte 2010). To meet and exceed these longer term targets Belfast and NI needs to secure additional international links through both direct short haul connections and integrated service via a long haul London hub airport with the capacity to offer guaranteed regional accessibility.