

# YOUR LONDON AIRPORT

## *Gatwick*

06 JUNE 2016

The Rt Hon Mr David Cameron MP  
Prime Minister  
No 10 Downing Street  
London  
SW1A 2AA

REF: AC-LGW-298

Dear Prime Minister

I am writing to you on behalf of our Board and shareholders to set out eight pledges Gatwick is prepared to make in the event of a Government decision for a second runway this summer. We have submitted a considerable amount of new and updated material to the Department for Transport over the last five months. We have set out in more detail how Gatwick would create a second world class airport for the UK and meet the future aviation needs of the country. These new pledges are in large part based upon this further work.

Airport expansion has defeated successive Governments for decades. The reason is very simple. The environmental challenges of expanding Heathrow and flying 350,000 more planes directly over the world's foremost capital city have proved insurmountable. The legal test and public concern around air quality mean these hurdles are higher than ever today. At last, there is a credible alternative. The expiry of a 40 year moratorium on a new runway at Gatwick means Britain can finally solve this policy problem and secure the economic growth it needs at a fraction of the environmental cost of the alternatives. These pledges offer the route map to making that happen.

### **1. A Deliverable New Runway for Britain**

Subject to a Government decision by this October and the normal planning timetable, Gatwick gives an undertaking that its second runway will be operational by 2025 with planning consent granted within this Parliament. This means ground could be broken at Gatwick before the next election and the runway officially opened before the election after that. Our confidence in an accelerated timetable is based on further analysis of our programme, validated by independent planning and construction experts. Our scheme is comparatively simple in terms of planning and construction risks. There are no legal issues with air quality that would run the risk of being challenged in the courts. As the Airports Commission stated 'The Gatwick Second Runway is not forecast to cause any exceedances of legal limits by 2030'. A decision for Gatwick means Britain can finally get the guarantee of the new runway it needs, providing London with two world class airports. Given the history of this debate, the importance of a runway scheme that is deliverable cannot be overstated.

## **2. Guaranteed Economic Growth across the UK**

A deliverable runway means Gatwick can pledge that Britain gets the economic boost it needs as early as possible. Given that growth in aviation is outstripping forecasts, this is vital. As we now know from the work of the Airports Commission itself, once corrected in accordance with the standard Treasury Assessment, the economic benefits of Heathrow and Gatwick expansion are broadly the same - as they both deliver the same amount of traffic and connections to meet the aviation needs of the UK. The Airports Commission evidence also shows that Gatwick expansion will provide the biggest boost to regional connectivity including direct services from regional airports. Norwegian Airlines announced in March that it will base 100 new short haul and 50 new long haul aircraft at Gatwick if it has a second runway and we can be confident that other airlines will move quickly to secure a share of the additional capacity.

## **3. A Cap on Passenger Fares with More Competition**

Expanding Gatwick would write the next chapter of aviation competition - one of the great success stories of recent years, as the recent Competition and Markets Authority Report highlighted. Competition keeps choice high and prices low. The consumer benefits of the BAA break up have been considerable. We want to build on this so Gatwick has put forward detailed commercial proposals that guarantee passenger charges would be subject to an inflation linked £15 firm price limit from the opening of the new runway in 2025 through to 2050. We would expect charges to be well below this cap. We can give this guarantee as both our current charges - and the cost of our second runway scheme - are comparatively low in the context of other major European airports.

## **4. No Taxpayer Subsidy**

Gatwick commits to funding the scheme privately and in full, with no need for billions of pounds of public subsidy. Our estimates for the Gatwick scheme include the full cost of all incremental surface access requirements. We are strongly of the view that runway expansion should be privately funded - indeed we consider that state aid within the competitive airports market would be illegal. As part of its detailed commercial proposals, Gatwick would now also be prepared to bear substantially all of the long term risks related to traffic levels, market pricing, construction and operating costs for the overall project.

## **5. Legal Air Quality**

Gatwick pledges that, with a second runway, the airport will not breach the air quality limits the Government has set out. Given that this is a test of legality, there is perhaps no more important issue in this debate. In light of the vehicle emissions scandal - which arose after the Airports Commission Report was published - the UN recently called the problem of air quality 'a global and increasing pandemic'. Gatwick has never breached air quality limit values and, working in cooperation with our neighbouring local authorities, we can be confident of delivering on this pledge with a second runway. We would not want to put Government in a position where it embarks on a new runway expansion proposal with no way of knowing whether it can be operated legally until after the runway has actually been built. This is what the relevant conditions stated by the Airports Commission mean in terms of Heathrow expansion.

#### **6. A Cap on the Number of People Most Affected by Noise**

Expansion will inevitably mean more people significantly affected by aircraft noise. The total numbers currently affected at Gatwick, whilst a fraction of Heathrow, are still considerable (3,300 at Gatwick against 270,000 at Heathrow at 57 decibels LEQ). We are acutely aware that noise is a major environmental concern around airports. Should Gatwick get a second runway, we would therefore pledge to introduce a noise contour cap of 70kmsq covering 15,000 people experiencing 57decibels LEQ noise and a wider contour cap of 175kmsq covering 40,000 people experiencing 55 decibels LDN. These limits would materially affect how a two runway Gatwick would operate in the future and would be an important consideration in the annual planning cycle around flight paths and aircraft flight frequency. We would obviously want to work out the details of how this would best be managed in consultation with local people and within the formal planning process.

#### **7. An Industry Leading Compensation Scheme**

We recognise, however, that noise contours are not enough and that we need to go further. Uniquely, alongside a wider programme of compensation, Gatwick is pledging to pay £1000 per annum towards the Council Tax of those most affected by noise (57 decibels LEQ) from 2025. This will apply to tenants as well as homeowners. We believe this is the most progressive approach to compensation proposed by any major infrastructure project in the UK.

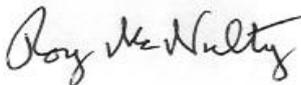
#### **8. Shareholder Commitment to the Second Runway Project**

Gatwick's shareholders, all of whom are leading global investors in long-term infrastructure and active in the UK, have been closely involved in the development of the Gatwick second runway proposal and have expressed their ongoing commitment to support the timely delivery and financing of this critical infrastructure project.

Aviation is changing fast and Gatwick offers a future proofed solution for Britain. The pledges we are making today represent a fair deal for the country - for passengers, the taxpayer and local communities. Critically they guarantee that the UK's next runway can actually be built and operated legally so that Britain can grow. This is something everyone can unite around.

I am copying this letter to Patrick McLoughlin Secretary of State for Transport, the Airports Cabinet Sub Committee and the Cabinet Secretary. In light of the widespread interest in the debate I am also making it public.

Yours Sincerely,



**Sir Roy McNulty**  
**Chairman**

cc. Rt Hon Patrick McLoughlin MP, Secretary of State for Transport  
Airports Cabinet Sub Committee  
Sir Jeremy Heywood KCB CVO, Cabinet Secretary