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The Third London Airport

AEROSPACE

November 1979

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Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

Department of Trade – Report of the Study Group on South East Airports: Part 1 – Possible sites for a Third London Airport. Published by Department of Trade, London 1979

Department of Trade – Report of the Study Group on South East Airports: Part 2 – Appendices. Published by Department of Trade, London 1979

Department of Trade – Report of the Advisory Committee on Airports Policy: The need for a Third London Airport. Published by Department of Trade, London 1979

Signed

J. Gray

Date

18/11/2023

PREM Records Team



Minister for Housing and Construction

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

CEB/CND
2

30 January 1985

Prime Minister

To note

Dr
371

Dear Andrew,

INSPECTOR'S REPORT ON STANSTED/HEATHROW T5 INQUIRIES

I am sorry not to have replied earlier to your letter of 7 January about the debate on the Inspector's report.

You will know that the debate today will be on a motion to adjourn the House and that it has been agreed that Ministers and PPS's should abstain at the end of the debate if there should be a vote. I enclose a copy of the Attorney General's letter of 16 January about the part which Ministers may play in the debate.

The Lord Privy Seal announced at business questions last Thursday that "after the decisions" (on the Inspector's report) "have been taken and announced, the House will be given a further opportunity to debate and, if it wishes, to vote on the Government's airports policy". The form that that debate will take will need to be considered after today's debate, in the light of decisions which Ministers reach on the Inspector's report.

On the question of new evidence, Mr Gow will explain to the House tonight that if he and the Secretary of State for Transport are disposed to disagree with any recommendation made by the Inspector as a result of taking account of new evidence or a new issue of fact, not being a matter of Government policy, then they are under a statutory duty to inform the parties to the inquiries and to afford them an opportunity of making representations on the new evidence or new issue of fact.

I am copying this to David Morris (Lord Privy Seal's Office),
Murdo Maclean (Chief Whip's Office), Dinah Nicols (Department of
Transport), and to David Serjeant (Law Officer's Department).

Yours,

Neil King

N KINGHAN
Private Secretary

AEROSPACE : Third London Airport : Nov 79.

CONFIDENTIAL

CE 10



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Sir Michael Havers QC MP
Attorney General
Royal Courts of Justice
LONDON WC2A 2LL

14 January 1985

Dear Michael

DEBATE ON INSPECTOR'S REPORT ON STANSTED/HEATHROW TERMINAL 5
PUBLIC INQUIRIES

Thank you for your helpful letter of 16 ^{*Jan*} January outlining
the constraints which will apply during the forthcoming
debate.

Your comments clearly have implications for any other public
statements that might be made, whether orally or in
correspondence, in the period before decisions are
announced. In view of what you say about collective
Ministerial responsibility for the final decision, I am
copying this, and your letter, to all Cabinet colleagues
with a request to them to take note of the constraints
and to ensure that their Ministers are also made aware
of them. If any cases of difficulty arise, I would
expect colleagues to refer them either to me or to
Ian Gow in the first instance: we would then, of course,
consult you as necessary.

*Yours ever
Nicholas*

NICHOLAS RIDLEY

Prime Minister ②
CONFIDENTIAL To note be Attorney's
advice was raised
in Cabinet yesterday. AT 25/1.



01-405 7641 Extn

RECEIVED

17 JAN 1985

SECRETARY OF STATE
TRANSPORT

ROYAL COURTS OF JUSTICE

LONDON, WC2A 2LL

16 January 1985

The Rt. Hon. Nicholas Ridley, MP,
Secretary of State for Transport,
Department of Transport,
2 Marsham Street,
LONDON, SW1P 3EB.

Sec of State to see
Mr Dorek - advice please
cc PS/Mrs Chalker
PS/Mr Spicer
PS/Sir Peter Lynam
Mr Holmes
Mr Beetham
Mr Blinks
Mr Oates
PSO

Dear Nicholas.

DEBATE ON INSPECTOR'S REPORT ON STANSTED/HEATHROW
TERMINAL INQUIRIES

Thank you for your letter of 8th January about the part
Ministers might play in the parliamentary debate on the
Inspector's report.

The position is that, having received the report you are
under a duty to act quasi-judicially until such time as
your decision is announced. In the meantime you should
say nothing which might pre-judge that decision, so that
when you come to address yourself to the question you may
do so genuinely, with a mind which is open to persuasion.

I do not think there can be any legal objection to outlining
the long and complex history of the matter provided, of
course, that the account is factual and accurate. Equally,
I think you could properly inform the House of the statement
of policy put forward by the Government at the Inquiry.
However, it should be made clear throughout the debate that
until you make your decision you remain open to argument
that the announced policy should be changed. Failure to

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req'd.

....



-2-

approach the matter in this way could give rise to legal challenge on the grounds that you had precluded yourself from considering the Inspector's report fairly and without bias. It might also be considered to be inconsistent with the assurances given to the Inspector that the Government was prepared to put all its relevant airport policies at large.

I should add that the constraints to which I have drawn attention apply to all Ministers because they are collectively responsible for your final decision. It is of course for you to judge whether those constraints preclude Ministers from playing a useful part in the debate.

I am copying this letter to Ian Gow, John Biffin and John Cope.

Yours etc.
Michael

FILE

207



10 DOWNING STREET

From the Private Secretary

7 January, 1985

INSPECTOR'S REPORT ON STANSTED/HEATHROW T5 INQUIRIES

BF | The Prime Minister has seen your letter of 4 January to David Morris and the papers attached to it. She has noted the legal difficulties which could arise from the debate and has asked whether there is any way in which the terms of the debate can be drafted to keep discussion to policy questions and to minimise the risk of a successful claim that the inquiries should be re-opened.

I am sending a copy of this letter to David Morris (Lord Privy Seal's Office), Murdo Maclean (Chief Whip's Office), Dinah Nicols (Department of Transport), and to David Serjeant (Law Officer's Department).

(A. Turnbull)

N. Kinghan, Esq.,
Department of the Environment

6

File

From: Alan Walters

CONFIDENTIAL

To: Prime Minister ⁽²⁾

Further support for the development of Heathrow AT 4/1

MW

London's Airports

I was a member of the Roskill Commission and, although I have not been involved in the recent enquiry, I thought it might be of some use to hear my views.

First it was clear in Roskill and in subsequent work by the CAA and me (see my Noise and Prices published by Oxford U.P. 1976) that the best option was to expand Heathrow. (In Roskill our TOR precluded that option and we had to seek a TLA site.) This would capitalise on Heathrow's role as the hub in the hub-and-spoke system for Europe, with great advantages to BA, in the 1990s and twenty-first century. The main objections to expanding Heathrow are environmental. The movement of the sewage works has, I understand, been solved by the Travers Morgan Study and cannot constitute an overriding objection. The additional noise inflicted on the large population on the Heathrow flight-paths used to be an important cost of increased utilization. But in the 1990s and twenty-first century, aircraft will be very much quieter--indeed it is unlikely that they will be heard beyond the airport perimeter. (Note that the engineers have more than delivered on their past promises of quieter engines.) In any case, it is better to concentrate and have continuous noise than to disperse it over a wide area. The other general rag-bag of

environmental objections (traffic on M4, housing, etc.) do not measure up.

Apart from the hub-and-spoke case, the great argument for Heathrow is accessibility, particularly to the corridor from London northwest to the west Midlands and Lancashire. The reality of this accessibility is reflected in the high landing fees combined with virtual capacity working and the obvious desires of passengers.

Similarly its lack of accessibility, even after substantial investment, is the main argument against major developments at Stansted. The Roskill view, reinforced by subsequent research by the CAA and others, was that Stansted was markedly inferior to options which are located nearer to the great population corridor (such as Cublington). One of the main arguments deployed by BAA for the Stansted development was that it was the only way in which they could get the capacity in time. I heard a BAA presentation of their case in 1983 and I found it as unconvincing as the other occasions on which it had been deployed (in the late 60s). The truth is that BAA like all such authorities is always wanting to extend its concrete turf.

(See pages 148-9 of my "Airports - An Economic Survey" for this general propensity)

With Stansted, the best plan is to make the best use of the existing investment, and of the existing 12,000 foot runway, by removing or at least raising the ceiling on movements. Some additional spending on terminals will be needed to accommodate the larger flow of passengers. But no additional runways should be planned, although the reservation of the land might remain with little harm done. Broadly this would mean that Stansted

would have about as many movements as Luton (but more passengers because of the larger aircraft size). The environmental objections to such a modest development are of little import.

In sum, this concentrate-on-Heathrow plan would give the greatest returns to both the private and public sectors. It would also maintain a flexibility which a Stansted two-runway option would preclude. The danger of investing in large airports in relatively inaccessible places is adequately documented by Dulles in Washington. After 22 years, this airport is still regarded as a pariah and is well below its capacity. What a massive waste of federal money! *And what a lesson!*

AW

**THE
SCANNING IS
INFLUENCED
BY THE
QUALITY OF
THE ORIGINAL
DOCUMENT**

Intro Transport
Econ and Policy

AIRPORTS—AN ECONOMIC SURVEY

By A. A. Walters*

May 1978

The enormous (about 12% a year) expansion in the number of aviation passengers over the 1950s and 1960s and the first half of the 1970s has created a large demand for airports. Technological developments in aircraft design—particularly the introduction of jets and wide-bodied aircraft—have changed the demand for airport capacity. Runways have been lengthened and strengthened and terminal facilities greatly expanded. The improvement of an airport (for example, to take jet airplanes) often involves investment in other airports. Consequently, rather than the gradual expansion of runways and buildings, there are many decisions to be made on "lumps" of investment, that is to say on all-or-nothing propositions. Similarly, the evidence suggests that there are large economies of scale in the operation of runways. Optimum size and location are important elements in the investment decision. The cost of access has a strong effect on both location and size. Modelling the access and air transport system, with a view to exploring optimum location and size, involves appropriately linking many sub-models of each activity.

see
page
148-9

Airports do not merely involve travel; there are implications for urban development, pollution, noise and industrial activity. Although the shape of cities influences the location of airports, airports in turn influence the structure of urban areas, and even regional development. The consequent costs and benefits, although not directly the responsibility of the airport authorities, are alleged to be significant or even dominating in the decision-making process. Constraints on building and land use are, for example, instruments of planners' policies. Planners may see the airport as a critical magnet to achieve what they regard as desired regional or urban form (Jodeau (1969), Goldstein (1973)).

Most air transport takes place between the great urban areas of the world, and large airports have become associated with the metropolitan areas that they serve. Yet air transport also plays a unique role in those areas where the population is so sparse, or the terrain so difficult, that the provision of surface transport is too expensive. Typically, the demand is for a very low-volume system with the basic minimum of runway facilities. Then there are the usual problems of upgrading the facilities to reduce unit cost and, incidentally, increase capacity.

Finally, airports are institutions with organisational objectives. The systems of charging should be rationalised in the general framework of airport finance. The general economic rule would be to charge marginal cost for the use of airports. Thus airports that were much in demand would have high landing fees, and there

*Professor of Economics, Johns Hopkins University. Much of the research underlying this article was carried out while the author was a member of the staff of the World Bank. The views expressed, however, are his own and do not necessarily reflect the attitudes of the Bank. The article has benefited from the advice of A. A. Churchill, Alfred Goldstein, Aaron Gellman, Frank Thompson and Mrs J. Wishart—but they must be absolved from any responsibility for error and omission. Mrs Betty Easter and Mrs Ruth Hunter provided valuable help in assembling the bibliography and checking references.

would be a differentiation according to whether the aircraft wished to use the services at peak or at off-peak periods. Although this general principle is most valuable, it must be modified in practice, primarily by the requirements of administrative ease and acceptability. Furthermore, because of the high fixed costs of low-volume airports, it is most unlikely that charges fixed on such a principle would enable the airport to cover its costs. It may be held that general subsidies for air operations are not desirable; then there is the problem of raising sufficient revenue to cover costs, while at the same time ensuring that the charges do not inefficiently deter traffic and lead to underutilisation of the airport. This suggests that some form of two-part tariff might be appropriate.

As technology improves and aircraft become larger, competition among airports becomes keener. The position has often been exacerbated by the tendency to overbuild airport capacity—partly because an airport serves the purpose of a national monument (albeit an expensive one) and partly because airports usually are publicly owned and lack the necessary discipline on expenditure.

For short runways, there seems to be considerable scope for upgrading airports to accommodate jet or even turbo-prop operation where, at present, only light aircraft can operate. For long runways, the evidence suggests that the future demand could be absorbed substantially by more rational pricing policies and by utilising more efficiently the existing capacity through appropriate operating procedures and techniques, rather than by the provision of additional long runways. In fact, the increase in the number of passengers per aircraft may well take up all the expansion of demand for long hauls. Then no new long runways will be justified.¹

THE AIRPORT MARKET

Air transport provides movement for both people and goods. The demand for personal travel arises from households (the ultimate consumers) and from businesses and government (a derived demand). Household demand is determined by the wealth of households and the price of a ticket, as well as by the price of complementary and substitutable goods and services; probably most important influences are the quality characteristics of air travel and the progression of time. Business demand is determined by the marginal productivity of a journey (in relation to its cost (in both money terms and time foregone) and, again, by the price of alternatives (such as telephone, surface transport, etc.).

The proximate demand is in the form of passengers to be moved from A to B. Airlines then plan aircraft movements which will meet this demand. Translating passenger demand into aircraft movements and schedules is one of the most complex problems of the airlines. On each movement, however, there are problems of servicing the aircraft, on the one hand, and the passengers on the other. Airlines like airlines, must serve aircraft movements as well as passenger movements. Aircraft require air space, runways, and other terminal capacity such as aprons, stands, whereas passengers require terminal buildings with check in facilities.

¹This does not, of course, imply that there will be no more Dallas-Fort Worth and Memphis in the future.

airports, etc. These, in turn, are served by surface access such as roads and rail connections. Airport investment and location are influenced by the urban development required to provide people to man the airport.

This view of airports and air transport as an ever-widening circle of inter-acting consequences is compounded by the need for compatibility of airport and airplane schedules. The planning unit in airline economics is the route. Airports on the route must satisfy minimum requirements in terms of runway length, navigation aids, etc. Hence, there is a powerful motive to "keep up with the Joneses" so that a country or city is retained on the route. If a route is fixed, then upgrading one airport on the route will usually mean that all others should be considered for upgrading also. Piecemeal investment is likely to be inefficient; and this applies *a fortiori* to navigation systems.

DEMAND

Passengers and Freight

It would be convenient if one could always distinguish between the passengers who are travelling on their own account, sometimes called leisure traffic, and those who are paid for by some firm or governmental agency, often called business traffic. (We shall call them LT and BT, respectively.) The usual criterion for defining BT is whether the expenditure is allowed as a deduction for income tax purposes. The natural supposition is that LT is part of final consumption. In some models of consumer demand (such as those suggested by Lancaster) one would argue that even LT is an input among others for some more ultimate want, such as a week on a beach or a visit to one's mother. Verleger (1972)).

The determinants of the demand for LT may be considered from a list derived from Marshall's *Principles*: the level of income *per capita*; the relative price of air travel compared with close substitutes such as surface transit; the prices of complementary goods and services, such as the tariffs on hotel rooms or the fees for air instruction. But air travel has the characteristic feature of generally being speedier than alternative forms of travel; consequently, the passenger's valuation of time will play a role in the choice.

The determinants of the demand for BT are clearly the marginal productivity of the travel to the firm (or government) compared with the price of the ticket and the time (presumably working time) taken up in travel. The travel will be bought if the marginal productivity exceeds the price—in both money and time.

As one might expect, BT and LT differ widely in their demand patterns and in the load imposed on facilities. BT tends to be concentrated in typical commuting hours—early morning and evening—whereas LT clusters around weekends and holidays, with baggage as a major problem. It is often conjectured that the demand elasticity for BT is very small compared with that for LT; but clearly much depends on the availability and price of close substitutes.

Time-series methods have been employed to measure the characteristics of the demand function (Brown and Watkins (1974)). The dependent variable is usually total revenue-passenger-miles (RPM), and the independent variables are fare per

mile; disposal income *per capita*, and a time trend term. In aggregate time series, it is normally impossible to distinguish BT from LT; and thus such studies must be carefully interpreted. Probably in most countries BT dominates the air travel market, and one would expect that the lower the income level of the country the more important would BT become. (But clearly there are many low-income countries where tourism is a major industry and LT, for foreigners, tends to dominate.)

The results from the time series studies suggest that there is quite a high long-run elasticity of demand with respect to the fare—the point estimate in Brown and Watkins (1974) for the United States 1948-1966 is -1.71 . No analysis was made of movements in the prices of substitutes, such as the price of a rail ticket or, more important, the cost of automobile travel. It is clear that the relative cost of inter-urban automobile travel fell quite dramatically over this period; this suggests that the true own-price elasticity of demand is rather higher (in absolute terms) than the estimate. The income elasticities have suffered from multicollinearity: over the time series, both incomes and passenger volumes have expanded together. Thus one must rely primarily on cross-section data.

Cross-section analysis of the effect of fare per mile has again been mainly restricted to the U.S. domestic city pairs (Jung and Fujii (1976)). Clearly, there are difficult problems of standardising inter-city pairs so that they may be appropriately compared (Brown and Watkins (1974), p. 106). But also there is a question of identification. Interstate fares per mile are regulated by the Civil Aeronautics Board. The principle of regulation is that of "covering the cost". Although this may be subject to a very large number of interpretations in practice, it means that the more dense the traffic on the route, the lower the costs, and so the lower the regulated fare per mile. (Again, however, the gradual liberation of airlines from regulatory constraints has much blunted this effect in recent years.) In the cross section, therefore, one would observe fares per mile declining with the falling costs as passenger throughput increases. This effect is also compounded by the fact that the larger the number of passengers, the greater the service frequency and the more attractive the service. In the Brown and Watkins study, the extent of this proportional fall in fares was very close to the value for the price elasticity that they had derived from the time series analysis; but this correspondence cannot be taken as affirming that the fare elasticity is about -1.7 . Computation of the fare elasticity from 1972-3 changes in fares for short (less than 500 miles) distances in the Southeast United States suggests that the elasticity may be much higher, in the range -1.8 to -3.1 (Jung and Fujii (1976)). The balance of evidence suggests that an elasticity of about -2.0 is appropriate.²

² If we treat the cross-section analysis as tracing out the regulated price (= average cost) for varying quantities of passenger miles, we should interpret it as:

$$\frac{d. (\log \text{ of average cost per passenger mile})}{d. (\log \text{ of passenger miles})} = 1/2$$

and so: $\log \text{ of total costs} = 0.5 (\log \text{ of passenger miles}) + \text{constant}$. This suggests that, on this interpretation, there are considerable economies of scale in air operations. It is the square-root rule—a doubling of traffic will increase costs by only 50%.

TABLE I

Cross Section Estimate of Demand Elasticities

Miles	Time Elasticity	Price Elasticity
400	-0.51	-1.02
650	-0.45	-1.07
2,500	-0.37	-1.17

Source: De Vaney (1974).

Another important variable in the cross section is the air journey time per mile—the Brown and Watkins results suggest that the elasticity with respect to journey time is about 0.5. As one would expect, it varies according to the length of the trip.³ De Vaney has carried out the most detailed analysis of city pairs, and his main results are reported in Table 1.

It will be noted that these values allow for an assumed access time to airport of 50 minutes.⁴ If only the flight time were incorporated in the elasticity formula, the values of the elasticities would fall considerably—to about -0.2, according to De Vaney (1972). In view of the increasing on-the-ground delays experienced in travel to and from airports and in security procedures, one suspects that the elasticities which incorporate the access and ground time have been rising considerably in recent years. The values may more nearly approximate to unity (as suggested by Brown and Watkins (1974), but for different reasons).⁵ There are no separate results for business travel and leisure journeys, although one may readily conjecture

If T is the total time of travel, a hours is spent in ground access and t hours spent in air travel, then $T = a + t$. Thus if ϵ_T is the absolute elasticity of demand with respect to T and ϵ_t is the absolute elasticity of demand with respect to t :

$$\begin{aligned}\epsilon_T &= \frac{T}{X} \frac{dX}{dT} \\ &= \frac{(a+t)}{X} \frac{dX}{dt} \quad \text{if } a \text{ is constant.}\end{aligned}$$

$$\text{Thus } \epsilon_T = \epsilon_t \left(1 + \frac{a}{t}\right) = \epsilon_t \frac{T}{t}$$

In words: Total Time Elasticity of Demand = (Air Time Elasticity) $\left(\frac{\text{Total Time}}{\text{Air Time}}\right)$

From the point of view of airport investment, the interesting variations are between access time and demand. These are pursued below.

De Vaney reports (letter to author) that he ended by only allowing for *one* access per trip. Thus the elasticities reported above should be higher. Throughout all this analysis access time is valued the same as in-flight time.

These results suggest interesting implications for the provision of fast access (by helicopter, for example) and for the types of configuration and design of airports. These are pursued in National Academy (1975).

the sort of figures one would obtain. On leisure trips, the price elasticity would be larger than average and the time elasticity smaller.⁶

It has been widely argued that the price elasticity of demand for business and official air travel is smaller than for leisure trips; certainly the airlines' attempt to segment the market is consistent with this hypotheses (Cooper and Maynard (1971)). Similarly, it has been suggested that the time elasticity is small; the business trip will be undertaken whatever the elapsed time required.⁷ Variations in the time taken will not much affect the number of business trips. This is another manifestation of the theme of fixed proportions in the production function of business firms. While it may be useful as a short-run approximation, it is unlikely to be a useful approximation for behaviour in the long run.⁸ Indeed, the vast expansion of business travel in the 1960s, notwithstanding the improvement of telecommunications, was clearly associated with the reduction in travel time and in discomfort caused by the introduction of the jet airplane. It would probably be unwise to assume that the time elasticity of demand for business travel is substantially less than (absolute) unity.

Although rapidly growing, freight is still a relatively unimportant item in air carriage. Much is carried in the bellies of the large jets, and consequently the capacity available is closely associated with the primal passenger demand. Specialist freight services are all at present rather small, but are growing rapidly. All-freight carriers do cause special problems for airport management, but they will not be considered further in this survey.

To summarise, therefore, it appears that the measured elasticities considerably underestimate the true elasticities, which should reflect the generally increasing waiting and access time. One can make no accurate assessment of the effects of such confounding, but my conjecture is that the total (value of time *plus* fare) elasticity of demand is around 1.5 to 2.0, varying with the length of haul and the composition of traffic.

⁶As in the case of ocean shipping, air transport has been divided into the scheduled (liner) sector—usually operated under cartel conditions—and a non-scheduled (tramp) sector consisting of charter, package-deal, and other services. The international cartel IATA (International Air Transport Association) was sponsored by governments to maintain fares, revenues and orderly markets for scheduled services. Fares on scheduled services have been maintained at high levels, but the pressure of entry into the scheduled sector has resulted in low load factors (Wheatcroft (1969), Cooper and Maynard (1971)). The fact that non-scheduled operators have invaded that market, and particularly international flights, is largely explained by the inability of the cartelised scheduled operators (IATA) to prevent them from entering the business. (Laker is the most widely publicised break in IATA's defences.) And the scheduled/non scheduled distinction has faded. The traditional airlines offer a high probability of a seat and minimum waiting, whereas the low-fare airlines provide a lower chance of an available seat. Now the traditional airlines try to fill up their scheduled aircraft with "standby" and other low-fare customers.

⁷For example, see the evidence presented to the Roskill Commission summarised in its Report (1971).

⁸There is a problem of consistency. If it be admitted that the value of time for a business journey is high (perhaps almost double the wage paid to the person making the trip), then one might expect corresponding savings in time to be most valuable and to affect the frequency of trips where the marginal productivity exceeded the additional money cost. Furthermore, it would stimulate industries which used travel intensively compared with those that used it sparingly.

Size of Aircraft and Air Transport Movements

Given the estimate of the number of passenger trips which impinge on an airport, either as departures or as arrivals, the next step is to assess the implications in terms of number of aircraft movements. This translation turns very largely on finding the appropriate types of aircraft in terms of seating capacity, and on the estimated load factor on the route. These factors are to some extent simultaneously determined by the passenger demand—since that will itself be influenced by service frequency and by the fare, which will depend upon cost and so on aircraft size and load factor. There have been few attempts to model such a simultaneous system. The most common procedure, described in some detail in Volume VII (p. 79 *et seq.*) of the Roskill (1971) papers, has been to regard the forecast number of passengers as relatively insensitive to small movements of fares and frequencies, or at least to assume that any such adjustments can be handled by *ad hoc* methods.

Load factors are largely determined by the amount of competition permitted on the route and by the regulation of fares (Edwards Report (1969)). In the United States, fares are regulated by the Civil Aeronautics Board. The form of the regulation tended to fix fares relatively high on dense routes and low on sparse routes.⁹ The airlines then adjusted their frequencies and load factors to these regulated values. Each airline was induced to add a service to a route, provided the revenue covered the additional cost. Services expanded until the load factor was driven down to the breakeven level, and there was much wasteful excess capacity on dense routes. On the less dense routes, the opposite occurred and frequencies declined; this has led to subsidies being paid to induce airlines to provide an "adequate" service on such routes (Douglas and Mill (1974)).

For much international scheduled air travel, the number of flights is determined largely by negotiation, sometimes indeed at the diplomatic level. The ostensible purpose is to prevent "wasteful competition" and to ensure that the chauvinistic, if not the profitable, interests of governments are properly defended. Naturally, it is difficult to forecast the load factors that emerge from such horse trading. Forecasters have tended usually to assume that "normal" or "historical" average load factors are to persist in future years—although occasionally there is a rude awakening, such as that occasioned by the drastic cut in services and increases in load factor caused by the dramatic rise in the price of fuel in 1973-74. The airline industry is changing rapidly. Scheduled services now fill up with standby and other low fare traffic—and overall load factors of 70 per cent are now not uncommon.

The size of aircraft might be thought to be easy to forecast, since aircraft take a long lead time to plan and produce. Yet errors in allowing for aircraft size are most important—for example, they accounted for the largest part of the gap between prediction and outcome in the Roskill (1971) forecasts of air transport movements. In fact it is not easy to forecast the "mix" of aircraft size likely to emerge—larger aircraft were introduced far more quickly than the Roskill forecasts anticipated. The real problem is to judge the "success" of an aircraft. Sometimes it is relatively easy, as with Concorde's lack of it; but, on the other hand, few foresaw the failure of the Comet or the immense success enjoyed by the Boeing 747 and 727-200 series.

⁹In recent years the CAB has modified this principle, and fares are creeping closer to marginal

Yet the main trends are apparent. The increase in number of passengers per plane will arise largely from the larger aircraft and, at least for a time, from improvement in average load factors. Lord Boyd Carpenter, then Chairman of the Civil Aviation Authority, in a speech at Brighton in May 1976 thought it very unlikely that the "future increase in passengers per plane will fall below 5 per cent per annum." This is, of course, a pessimistic estimate—and my best guess would be about 7 per cent. This suggests that most of the expected increase in passenger demand may be absorbed by the increase in passengers per aircraft. And, allowing for improvements in ATC and general runway management, it is likely that we shall be near what Lord Boyd Carpenter called the "Boeing Equilibrium", where there is little or no demand for new runway space.

Airport Landing Fees and Substitution

Although traditionally economists consider price as the most important variable influencing demand, in airport discussions the landing fee is often treated in a paradoxical fashion. On the one hand, it is often alleged that variations in the landing fee will have little or no effect on the demand for runway capacity, since the landing fee is but a small fraction—perhaps about 2%, or at most 7%—of the total costs of the trip. On the other hand, one hears, often in the same speech and sometimes in the same sentence, that, if landing fees are increased too much at Heathrow, London will lose much valuable traffic to Paris.¹⁰ This ambivalence illustrates Marshall's Law: the first point about the "importance of being small" shows that, *if there are no opportunities for substitution*, the elasticity of demand for an aircraft's use of the runway is simply the product of the elasticity of demand for the trip multiplied by the fraction that landing fee costs bear to the total costs of the trip.¹¹ But the second proposition illustrates the consequences of substitution; if Paris (Charles de Gaulle) is a very close substitute for London's transatlantic flights, a rise in the landing fee applied to all London's airports may see a substantial diversion of traffic.¹² Thus, while it is quite sensible to conclude that if *all* the competing airports in a region raised landing fees there would be little effect on air transport movements, it is misleading to suppose that there would be no effect on the demand for a particular airport's operations if it, and it alone, put up its fees. Perhaps the main reactions would be expected from those operators to whom displacement to other airports is not expensive. These may include a very large fraction of general aviation movements,¹³ as well as the package tour and charter firms.¹⁴

¹⁰ The Chairman of the CAA, First Public Hearing, Roskill Commission, November 1968.

¹¹ For an exposition of the theory, see Layard and Walters (1978).

¹² In Doganis and Thompson (1973) it is shown that landing fees are virtually always less than 7% of total costs. However, care must be exercised in interpreting these charges; airports usually extract a considerable monopoly rent from such facilities as duty-free shops, rent-a-car agencies, parking, etc. In many American airports, the revenue from such facilities exceeds that from landing fees. And in many Third World countries there is an "airport tax" levied on passengers.

¹³ General aviation consists primarily of light aircraft, air taxi, air commuter and light charter. Some idea of the elasticity of demand of general aviation can be gauged from the reaction to the large increase in landing fees in New York in 1969. See Carlin and Park (1970a) and Walters (1974).

¹⁴ Evidence appears in the search of charter firms for cheap airports in the metropolitan areas of North America.

Since the general practices of airports were borrowed from those of seaports, one finds a similar form of discrimination in airport charges (Carlin and Park (1969), Little and McLeod (1972)). Virtually all airports increase charges according to the weight of the aircraft. Even in the use of runways there seems to be some increase of costs as the size of aircraft increases—for example, turbulence increases the distance between aircraft. With other terminal facilities, the cost increases with the number of passengers. The progression with weight, however, is greater than the increase in marginal costs of catering for the larger aircraft, and represents the application of the principle of "ability to pay" or what the traffic will bear. Large aircraft have fewer substitute airports than small, and so more is extracted from the airlines for the use of the scarce facilities. Most airports levy charges for passengers (and freight); sometimes these are paid by the airline, and in many countries an airport passenger tax is levied on departure. Long-distance (for example, intercontinental) flights are charged more than domestic or intracontinental services—again reflecting mainly ability to pay rather than costs.

Like any other service industry, many airports offer a wide variety of specialist services for the airlines, such as stand space, towing, fuel provision, aircraft repair and servicing, navigational aids for at least the vicinity of the airport, administrative offices, and so on. Some, such as the tower navigation services, are mandatory for all users; but many services are optional extras and are charged for. In regulating the supply of such services, the airport authority obviously has some power to extract a substantial surplus (which, of course, may be passed on to a trade union, as has happened so frequently in seaports). Direct services to passengers—such as car hire, duty-free shops, restaurants—provide other opportunities for the exploitation of its high rents of accessibility¹⁵ as well as possibilities of exercising monopoly privileges. Little has been done to study these phenomena, but they are unquestionably important; many airports in the United States cover more than half their financial costs by revenue from such services.¹⁶

As with many other transport facilities, airports experience marked peaks in demand. The daily ebb and flow are a consequence of the hours of the business day whereas the annual peaks are usually connected with holiday traffic. Yet changes in fees that vary with the time of day (and the diurnal variations are most important) are quite unusual. Generally, airport managements, particularly those in the United States, look upon them as discriminatory (which they are not) and much resented (which they are), and are reluctant to impose them until facilities become appallingly congested.¹⁷ Indeed, the use of landing fees to influence

¹⁵ As always, it is important to distinguish between rents of accessibility and monopoly profit. The former arise because of free competitive bidding for space, the latter because the quantity of space is restricted so that, for example, airport-located rent-a-cars are more expensive than under free entry conditions.

¹⁶ A recent controversy on the contribution of concessions to revenue is to be found on pages 52 *et seq.* in National Academy (1975).

¹⁷ For example, the New York Port Authority allowed small aircraft to land on duty runways during peak hours for a fee of \$5—and this undoubtedly contributed much to the very long delays which were experienced at New York airports during 1968. When the fee was raised to \$25, the heavy congestion was reduced. See Walters (1974). Peak pricing was introduced in London (Heathrow) in 1972 by imposing a surcharge of £20 per movement during the summer mornings. See Little and McLeod

demand, either by peak spreading or by redistributing marginal traffic, has only recently become a central concern of airport authorities, and then mainly in the United Kingdom. The process of "demand management", as it is usually called, is one of rationing of flight slots, "rationalising" services, using route or landing priorities to favour large scheduled aircraft, dispatching general aviation on circuitous routes, and so on. Agreements on flight slots are sometimes, as in the case of London (Heathrow) in the late 1960s and 1970s, evolved from a users committee (Little and McLeod (1972)); at other times they may be negotiated with suitable reciprocity between the airline and the airport authority.¹⁸ In effect, all such rationing procedures have the effect of dissipating the surplus which the airport could earn. Rationing is a substitute for revenue and involves substantial real costs.¹⁹

In reality, airport pricing policies are normally determined by accounting criteria—the need to keep a subsidy down to a certain level, the aim to break even or to earn a profit. A fundamental difficulty is that the accounts are presented in terms of historical costs and, if land is entered at all, it is shown usually at a low acquisition cost. This practice leads to economically perverse pricing—since the airports that were built earliest are "low cost" and so low priced; but these are often the airports that are close to the urban areas and so highest in order of preference of travellers, and so likely to be congested.²⁰ And, generally, it leads to too low a level of airport charges and probably to too much airport investment.

The application to airports of the principles of marginal cost pricing has not proceeded very far (Eckert, Dygert in Howard (1974), Carlin and Park (1970a), Little and McLeod (1972)). In principle, one should levy short-run marginal cost (including a so-called rent element necessary to ensure that demand is equal to supply at effective capacity) for existing facilities. Each airline takes account only of the costs it incurs in waiting in the stack or queuing for departure. It will not take into its accounts the costs of the delays that its additional flights impose on other airlines.²¹ The well-known case for congestion pricing is that the marginal costs—including the additional congestion costs of all other airlines—should be reflected in the price for the use of the facilities.²² These congestion charges are simply the quasi-rents for the scarce airport capacity; they are exactly analogous to the charges that would be levied by a competitive industry, if it were conceivable, in the rent-a-runway business.²³

¹⁸ On occasion, these negotiations develop such heat that they become diplomatic incidents—as in the case of the first refusal to allow Turkish airlines to operate from Heathrow. Threats of retaliation rapidly resulted in a reversal.

¹⁹ In recent years airport pricing in Britain has been moving quite rapidly away from the rationing approach and toward a peak pricing system. Peak fees and passenger charges will be the major source of airport revenue.

²⁰ For example, the investment in Kennedy (Idlewild) was undertaken long before Newark, and landing fees in Newark were about twice those at Kennedy.

²¹ An exception is where only one airline uses the airport (or nearly all the operations are by one airline).

²² This is exactly analogous to congestion pricing on the highways.

²³ Note that these charges do not reflect the monopoly power of the airport authorities. Maximising the net revenue of the authority would call for even higher fees and a contraction of traffic; instead of setting the marginal cost (including congestion costs) equal to the fee, the authority would find the volume of traffic at which marginal revenue was equal to marginal cost (Eckert (1972) and (1973)).

Calculations of the congestion costs at *existing* levels of use have been made for various airports—probably the most sophisticated study was carried out for the New York airport system by Carlin and Park (1969). The marginal delay costs—which comprised almost all the costs—during the busiest times at Kennedy during 1967 exceeded \$2,000 per operation; they were over \$500 at La Guardia, and were usually hundreds of dollars throughout business hours.²⁴ This gives a measure of the waste that is caused by congestion, but it does not, *per se*, give a guide to the appropriate fees to be levied. These must take into account the demand conditions—that is to say the fees that users are willing to pay. Indeed, it was shown in New York that increases of general aviation fees to \$25, only a small fraction of the marginal cost, were sufficient to reduce congestion considerably (Walters (1974)).

One serious difficulty in employing congestion levies is that aviation, probably more than any other form of transport, is much beset by uncertainties—of weather, technological failures, and conditions in other airports, including night curfews and administrative constraints. The capacity of an airport may be changed drastically in a matter of minutes by a wind reversal or by fog. Scheduled operations and fares and airport fees clearly can take into account "normal" conditions: one may hope that in so doing they balance the cost of delays during the bad weather with the modest underutilisation during the good.

Costs and investment

Fixing fees according to short-run marginal costs provides an appropriate pricing policy and also gives the groundwork for developing investment rules. If there were constant returns to scale in airports and if there were adequate divisibility of investment, the investment rule would be simple: expand airport capacity if the users, paying the fees discussed above, would cover the full costs of the extension. If the inputs, particularly land, were priced according to their opportunity costs, this rule would give rise to the best investment and would ensure that the airport authority just broke even. If, in the long run, airport services are supplied under conditions of decreasing returns (i.e. rising costs), airport capacity should be constrained so that substantial profits are earned. Finally, if there are increasing returns (declining costs), there is a *prima facie* case for subsidising airports.

It is difficult to make convincing generalisations about the pattern of costs in airports. Probably the main problem is their geographical specificity, and the difficulty of comparing like with like. In terms of aircraft and passenger throughput on runways, for example, it is likely that one four-runway airport is less expensive than two two-runway airports or four one-runway airports.²⁵

Certain central services may be shared, and there are minimum viability levels for some activities. But, to the passengers, accessibility is of great importance. And concentrating all runways in one place, instead of spreading them about among the population, would substantially increase access costs. Economies of scale are

²⁴ The values are "per operation", which might be either an arrival or a departure.

²⁵ This issue was debated during the Roskill hearings, assuming away differences in terrain. Note, however, that the proposition applies only to *runways* and the aircraft throughput.

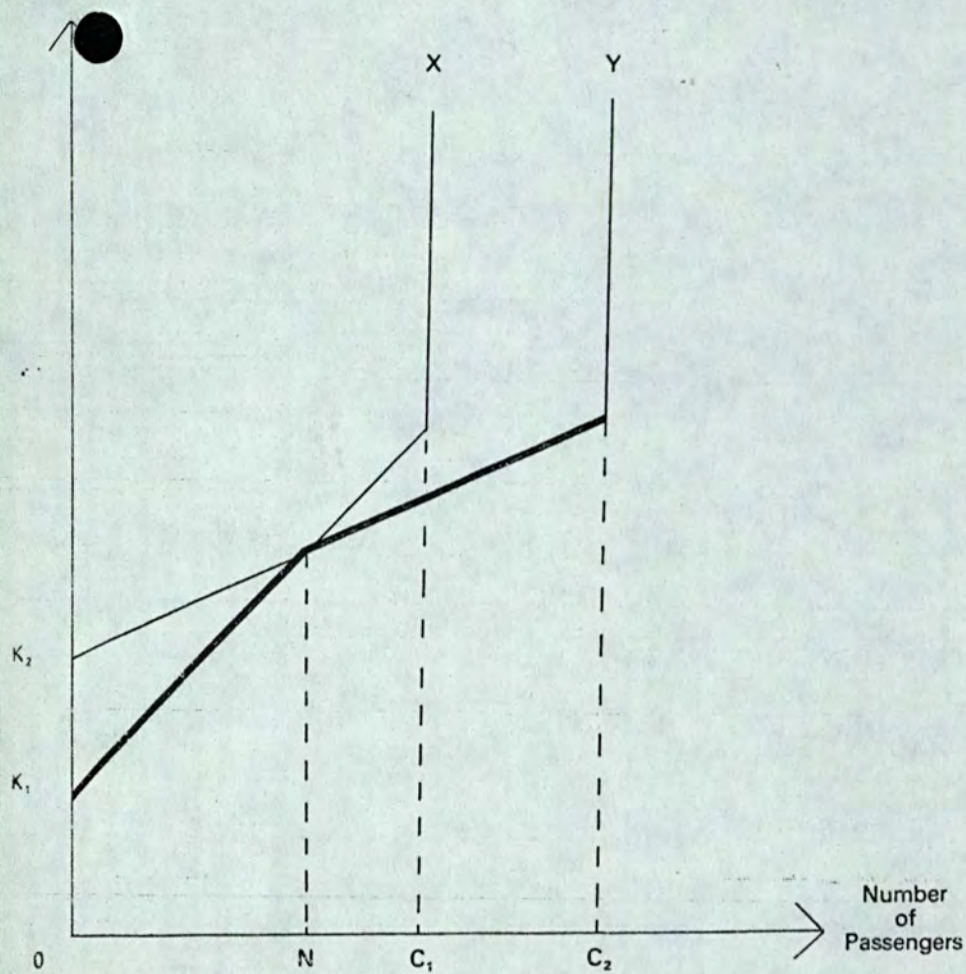
limited by the size of the market. It is likely also that, as additional airport capacity is built, less and less desirable sites must be chosen; the best get built up first, and because of the requirements of airspace, the next sites will be inferior. There are thus "natural" diseconomies which reinforce the diseconomies of access. Furthermore, it seems certain that, with the forecast increase in the number of passengers per aircraft, severe diseconomies will be apparent in the terminal passenger services for more than two or three long runways. Small airports can "process" passengers more quickly than large ones (see National Academy (1975)).

At the minimum level of service and for the small airports there is an important "lumpiness" in the fact that a runway is needed as a minimum requirement. The spectrum begins with a short runway, with no taxi-way, suitable for only light propeller aircraft. As demand increases, so the use of the runway expands, until the question arrives whether to strengthen and lengthen to enable jets (two- or three-engined) to operate. It is unlikely that the short runway will be fully used (indeed it is likely still to be used very far below capacity) before it becomes desirable, because of cost reductions due to larger aircraft, to build the longer jet runway. Thus the form of the total cost functions, somewhat stylised to show a constant variable cost up to capacity, is shown in Figure 1: the heavy line shows the minimum cost expansion path. It will be noted that marginal costs are always below average costs for the range of throughputs on the expansion path. This constitutes an element of the case for subsidising small airports.

Over a certain size, however, capacity becomes the dominant consideration. This is certainly true for the 3,000-metre runways, and probably for many of the 2,000-metre runways. Then the large airport will find it efficient to operate at effective capacity (i.e. on the vertical section of the total cost curve); and additional capacity will be added (in lumps) by new runways. But the upgrading of airports in many developing countries to accommodate intercontinental jets is usually carried out long before there is any capacity constraint on an existing 2,000-metre runway. Thus, except for the main airports in European and North American cities, the pattern of relevant costs is represented by the concave expansion path shown in Figure 1. In practice, there is not the extreme discontinuity shown in the figure. Capacity can be increased by providing taxi-ways, fast turn-offs, different patterns of runway usage, provision of a short runway for light aircraft, etc. These round the corners of the cost function and modify the slopes; but the essential pattern remains.

So far, the discussion has been concerned with runways—but another important element of airport investment is terminal capacity, to deal primarily with passengers. There is little lumpiness of units of investment in passenger handling. But there is a choice between capital-intensive methods (finger piers, ramps, moving walkways) and labour-intensive ones (mobile lounges). This suggests that low-volume airports and seasonal peak traffic at high-volume airports should use the mobile lounges, while the hard-core traffic is accommodated through the finger piers, etc. (see FitzGerald and Abdelmoneim (1977)).

Although it is clear that there are marked economies of scale in the provision of runways, it seems equally likely that size eventually brings diseconomies in the provision of terminal facilities, such as car parks, access-to-airplane, etc. It is not only in the old airports but also in new ones, such as Dallas-Fort Worth, that the



- K_1 = capital cost of short-runway airport
 K_2 = capital cost of long-runway airport
 C_1 = capacity of short-runway airport
 C_2 = capacity of long-runway airport
 K_1 to X = total cost curve for short runway
 K_2 to Y = total cost curve for long runway

FIGURE 1

Costs and Scale (Runways only)

length of time required for a passenger to pass through the terminals increases with the size of the airport. Thus it is the diseconomies of terminal operation that may well limit the size of airports in the future. On present estimates, by 1990 the number of passengers per aircraft will mean that at capacity over 20 million passengers per annum will pass through a one-runway airport. The balancing of the diseconomies of terminals with the economies of runways suggests that future airports should be limited to two independent runways. But this is only a provisional conjecture; the evidence for each particular case must be assessed.

Pricing policies for small airports

With small airports which experience no congestion, landing fees and other user charges should reflect the low costs of using underutilised runways. But this marginal-cost pricing will give rise to financial deficits which must be financed from one source or another. In developed Western countries, many small airports are subsidised partly by the municipality (the residents of which are thought to be the main beneficiaries of the airport) and partly by central government (Gellman (1975)). In LDCs the responsibility is usually borne entirely by central government, and in some cases the expenditure is considered part of the defence appropriations.

The strong objections to subsidy no doubt may be held to apply particularly to airports. The discipline of "covering the costs" may mean desirable air movements foregone, but it is likely to forestall overbuilding, overgilding and featherbedding. Suggestions for pricing policies give a balanced budget range from some sort of average cost pricing (often under the guise of long-run marginal cost pricing and discriminatory pricing according to the elasticity of demand) to various forms of multi-part tariff.²⁶ In practice, some form of two-part tariff is often used for airport finance; thus an airline that uses a particular airport on a regular basis will find it profitable to enter into a long-term contract for airport services, and may simply pay an annual rent for the right to use the runway. Casual users, of course, are charged a normal landing fee. But it is not so easy to apply multi-part tariffs in the same way as in electricity and gas supply, largely because there is no essential and exclusive "hook-up" equipment.

Protagonists of a full-cost pricing policy for airports rely on the proposition that the elasticity of demand for an airport's services is likely to be small—and so the distortion of resources is probably trivial.²⁷ This is likely to be valid only if all alternative airports follow suit; otherwise there is the chance of a large-scale switch to the subsidised airports.

This discussion raises an old issue: would it not be best to permit the unsubsidised competitive provision of airports by the private sector? There has been little research on the likely consequences of freedom to enter the airport business. One may conjecture that there is sufficient competition from other modes, the threat of new entrants, and the performance of competing airports to provide both

²⁶An ingenious development of a programming approach to give simultaneously a "fair" contribution to fixed costs and an investment test is to be found in Littlechild and Thompson (1977).

²⁷See evidence by Sir Peter Masefield, Chairman of British Airports Authority, to the Roskill Commission: Papers and Proceedings, Public Hearings, Part I.

constraints and incentive for the private owner. Apart from the extensive system of general aviation airports in many states in the USA, however, such competitive options have never been explored. Government subsidies are a potent drug which airport authorities are most unwilling to forgo.

Externalities

Externalities are usually defined as effects (bad or good or some mixture) of a production process for which there is no market transaction. Thus polluters do not have to pay for the inferior air quality that they impose on the affected population. In airports, the most important cost that does not appear in the accounts of airlines at airports is that of noise. The householder or landlord who resides under the flight path near an airport has no right to regulate the flights over his territory.²⁸ Nor has he the automatic right to redress for the intrusion of considerable noise. In the United Kingdom, there has been no disposition on the part of the courts to provide any compensation. On the other hand, in the United States, and particularly in California, courts have made awards of substantial damages in suits against the airport. Predominantly, however, aircraft noise remains an externality which affects large numbers of people. In principle, it would be possible for all the households affected by noise to agree with the airport authority on the quantity of noise and the compensation they require for suffering the din. But agreement between large numbers of people is difficult to reach, and each has an incentive to hide his true preferences—a typical example of the “free rider” problem.

The quantification and, *a fortiori*, the valuation of this externality have been the subject of hot dispute. On one side (e.g. Crowley (1973)), it has been argued that virtually all the disamenity of noise will be reflected in the lower values of noisy sites compared with the quiet plots. On the other hand, it has been suggested that there can be no adequate measure of the disamenity of noise, and certainly no sufficiently comprehensive valuation of it can be adduced from property values (National Academy (1977)). Nevertheless, there appears to be a minimum consensus that the differential property value provides *some* sort of measure—although views differ on whether that tells the whole story (Paul (1971); Mishan (1970)).

Fortunately, for the analyst, aircraft noise is a local phenomenon and is confined to a narrow tongue extending for some kilometres from the end of the runway (Flowerdew (1972), Walters (1975)). The proximity of noisy houses to quiet ones provides the opportunity for *ceteris paribus* comparisons of the selling prices (or, where not controlled, the free market rents) of houses or, more rarely, plots of land. For most well-established airports with more than a decade of jet operations, these price differentials in the prices of houses approximate to the long-term market value of quiet.²⁹ And the quantity of quiet will be very different just beyond the threshold of the runway from the quantity five or six miles away.

Although there is no natural quantitative measure of noise, acousticians have devised ordinal scales, such as the Noise Number Index in the United Kingdom

²⁸The old principle that a landowner disposes of the resources under the land and the airspace above it was abolished by Section 9(1) of the Air Navigation Act in Britain in 1920. His air rights were appropriated and vested in the aviation industry.

²⁹Over a decade or so, it is likely that there is so much natural movement that the costs of movement may be ignored in the evaluation; see below.

(NNI), the Composite Noise Rating (CNR) and the Noise Exposure Forecast (NEF) in the United States, and the Isosopique (I) in France. All are weighted averages of the high frequency peak noise and number of occasions on which the noise of an aircraft is heard, and all broadly give the same results.³⁰

In most studies of aircraft noise, the area surrounding the airport has been divided into contours according to NNI, CNR, etc., and the depreciation of houses ostensibly due to aircraft noise has been noted. The results of these studies summarised in Walters (1974) and Nelson (1976), suggest a degree of consistency which is surprising in view of the diverse methodologies and measures. They suggest that the number of percentage points increase in the depreciation of the price of a house due to a one-unit increase in NNI or CNR is between 0.3 and 1.0 or between 0.45 and 1.5, respectively. Furthermore, with suitable assumptions they can be interpreted to show that the demand for quiet is elastic with respect to permanent income (somewhere around 1.5 to 2.0).

There are various levels at which one may make use of these noise differentials in planning the location of new airports, or the demise of old ones. A crude approach is simply to debit or credit the differentials multiplied by the number of households affected.³¹ This will give differences between alternative locations for the airport which are often quite good enough for a first comparison of sites. There is, however, a large variance in individuals' tolerance to noise; some are much upset but others may happily put up with it. Consequently, the simple differential does not take into account the fact that people may move to more preferred locations. At a cost, the sensitive may avoid noise by moving away—allowing the imperturbables to move in; and, if there is a sufficient lead time for a new airport, there is always the normal movement of households which can take into account the effects of noise. The process of natural movement, noise-induced moves, and so on is one that has been modelled in the Roskill papers.³² The principles are simple, but the calculations are complex.

Many of the uses of such noise differentials are for the purpose of deciding on the costs and locations of *new* airports, or at least of new or lengthened runways on existing airports. But what about *closing* existing airports or runways—is it possible simply to write the costs of noise as benefits? Unfortunately, no. The population around existing airports has long ago adjusted to the environment; and the lower prices for houses in noisy zones, and any movement costs that arise as imperturbables sell to the sensitive because of the new peace, must be *debited* to the closure. This gives considerable strength to the case for leaving existing airports open even when, as in the case of London's Heathrow and New York's Kennedy, they have very considerable effects on large numbers of families.

Nevertheless the noise studies do indicate how to arrive at sensible decisions on the widely touted solutions to the problem of airport noise. These include, *inter*

³⁰ See Walters (1975). They are approximately linear transforms of each other.

³¹ This encompasses only the noise effects on households and is thought not to cover the noise on schools, hospitals, parks, etc. It is likely, however, that much of these effects will be reflected in the house price differentials. See Walters (1975).

³² Roskill, Papers and Proceedings, Vol. VII, 1970. Walters (1975), however, shows that the final figures fit a simple linear pattern.

"here rather than there"; such increased values are a windfall to the owners and are part of the benefits of an airport that are only partially, through real estate and income taxes, appropriated by government.

Externalities—planning

With understandable professional chauvinism, planners have often proclaimed that decisions about airport investment are first and foremost issues that should be determined by planning criteria.³⁷ In principle, the planner claims not merely to take into consideration, but also to weigh and judge, those aspects of human experience which are not, or are only inadequately, comprehended by the market. As an objective this Olympian ideal is unexceptionable, but the reality is what matters. In practice, planning has no methodological discipline and no way of organising evidence in a coherent form beyond the form that appears in cost-benefit studies. The use of "consultation" to discover what people really want is largely a matter for public relations rather than a tool of research, although these planning inquiries can be useful in illuminating issues which may otherwise be obscured. In fact, the planner will normally make a judgment about the appropriate location of an airport on a mixture of personal, aesthetic and material grounds³⁸.

Nevertheless, the urban consequences of an airport location may be of considerable importance. Some locations may make it cheap to accommodate airport workers and ancillary industry and population, whereas other locations may be much more expensive. The present state of the art of urban economics, however, is far from the stage where it can model and evaluate all the multitude of facets of the residence-work location process.³⁹ The accurate prediction of the levels of rent is far beyond the power of empirical economics. Nevertheless, some startling differences may be worth noting. For example, in the Roskill study, it was observed that the Maplin (then called Foulness) site would involve building most of the airport town on piles; thus the Commission took into account this additional cost in the cost-benefit study. It is probably possible to take into account the differentials in supplying other services, such as water and sewerage, for different locations, and, if these services are provided at cost, the differences will be reflected in house prices and rents. That is about as far as the present state of the art will take us.

Access by surface

The main cost-benefit studies have shown that, among the various factors considered, surface access costs are very important and indeed dominate the discrimination between sites. And this gives rise to the much-publicised dilemma—put the airport near the people and put up with the noise for the convenient access, or locate far away and buy peace at the expense of poor access.

³⁷ Professor (now Sir) Colin Buchanan frequently and eloquently put this case during the course of the Roskill Commission. See Roskill Report (1971) and Hall (1970).

³⁸ Perhaps the best account of the planning mind is to be found in the eloquent minority report by Buchanan in Roskill Report (1971).

³⁹ The New Urban Economics which deals with these issues is in the stage where it is producing parables, not policies.

spreading the operations around so that each part of the community gets its share of the noise (bad because it does less harm to concentrate the noise experience), restricting night operations (probably good, since night movements cause about ten times the annoyance of any day movements), hushing the noisy jet engines by retrofit (doubtful, since much of the benefit can be obtained by less costly methods), and levying landing charges according to the amount of noise emission (see Walters (1975), Nelson (1976), and De Vaney (1976)). A number of airport authorities, e.g. Japan, France and the Netherlands, have introduced airport landing fees that vary with the noisiness of the aircraft—but there is a long way to go before the fee reflects the calculated cost of noise.³³

Notwithstanding the fact that the price of a noisy house near an airport may be 30% less than the more expensive houses (Walters (1975)), the calculations of total noise costs, and the differentials between new airport sites, are relatively small when compared with the prior expectations of many informed observers and with the other costs, such as those of surface access. And this is in spite of the biases toward magnifying noise costs.³⁴ Nevertheless, partly because of the substantial returns that accrue from quite a small expenditure on lobbying and political pressure, it seems that noise is likely to bulk large in airport decisions.

The problems of truly compensating those who suffer are complicated by the process of capitalisation of expected compensation in the price of assets. In the United States (and particularly in California) the courts have made a series of decisions requiring airport authorities to pay compensation.³⁵ In the United Kingdom, the Land Compensation Act of 1973 provides for a money payment to be made to those property owners who are affected by a *new* runway or *changed use* of an existing runway. This measure is likely to reduce the immediate depreciation of price of houses under the flight path, so that the existing owners do not suffer so much loss; however, after a time, the differential will revert to its long-run pattern.³⁶

Although noise is the dominant (bad) externality of airports it is by no means the only one. Others, such as air pollution and traffic congestion, are associated with such projects, and the location problem is one of "here rather than there." Airport authorities are inclined to emphasise the good externalities of their facilities—such as higher wages and plentiful jobs—which themselves increase rents and house prices in the vicinity of the airport. Although again this is a question of

See Surland (1976) and US Council on Wages and Price Stability (1977). Certain guidelines on charging for aircraft noise were being studied by an OECD panel and were scheduled for release in 1978. Meanwhile, in Britain, the Civil Aviation Bill (published 15 December 1977) allows airports to "discriminate" in favour of quieter aircraft.

In the Roskill research, for example, it was assumed that, through a time trend, people at a given income level would increase their valuation of quiet life; tastes were thought to grow continuously more quiet and contemplative. If one discounts the *ex cathedra* statements by eminent town planners, there seems to be little evidence of such a sea change.

In the Westchester (1976) decision the Supreme Court of California ruled that, notwithstanding the fact that a property owner bought his interest at a noise discount, he was nevertheless entitled to additional compensation from the airport authorities! Legal opinion, however, suggests that this is unlikely to stand.

The Act sets strict limits on the amount of compensation; in practice, it is likely to fall considerably below the actual depreciation due to noise.

de Neufville in Howard (1974)). Many populists allege that poor access can be banished by high-speed, usually unconventional, forms of transport to the airport. Investigations have shown, however, that there is no magic solution to the access problem—and, as experience has confirmed, conventional methods, such as car, bus and ordinary steel-on-steel rail, are the only options worth considering.⁴⁰ And the need to link airport traffic into the metropolitan distribution system suggests that the closer the access system is to the conventional network the better.⁴¹

The methodology of assessing surface access, therefore, tends to follow the conventional forms of transport models—but with one big difference. The destinations for outbound passengers, and similarly the origins for inbound travellers, are few: namely, the airports considered in the system. The choice of airport and access to it is a joint choice, depending upon the price (in a general sense, reflecting all the costs) of the air trip and the journey to or from the airport. This interaction is complicated further by the fact that the larger the number of services the greater the attractiveness of an airport. (A large airport will generally have more inter-line and feeder services as well as more frequent departures and arrivals.)

It is, however, extraordinarily difficult to model this scale effect of attractiveness formally into the transport model. It is best dealt with as a separable effect in allocating traffic between airports. In the Roskill analysis, for example, the attractiveness of an airport was calibrated along conventional gravity model lines. In other airport modelling—such as that which has been used in centrally planned economies—the allocation of traffic is finally solved by simple *dirigisme*. In situations where there is considerable freedom of choice, the authorities appear to have much underestimated the deterrent effect of access distance and few services.⁴²

A preliminary decision of some importance is to define what airports and what catchment area of traffic are to be included in the system. The more airports and the wider the area included in the assignment procedure, the greater the complexity of the analysis and the likelihood that errors will compound the forecasts. A judgment must be made on the point at which detailed articulation of the access analysis gives way to a more summary aggregate treatment. For example, a detailed treatment of the jet airports in the south-east was clearly worth pursuing in the Roskill enquiry; and it was probably worth while modelling in the Midland, and even the Manchester, airports. But the airports and traffic in Scotland and the north of England were treated on a summary residual basis only.

With known flights and passengers at each airport in the system, the problem remains to forecast passengers' domestic origins and destinations and allocate them

⁴⁰Note that even fast "conventional" rail methods, such as the Advanced Passenger Train and the Shinkansen trains of Japan National Railways, are not suitable for transit distances of less than 100 kilometres. See, however, Miller (1974).

⁴¹This was one of the main reasons for extending the London Underground to Heathrow as an alternative to a faster British Rail connection.

⁴²Probably the best known case is the Dulles/National competition in Washington, D.C. Dulles, although a splendid airport, is about 50km from the central business district, whereas National is a mere 8 km. Dulles has remained underutilised for many years, while National has been much overcrowded. Rationing of flights into National has diverted traffic both to Dulles and to Baltimore Washington International Airport.

to airports. The forecast of catchment areas is determined primarily by calibration with respect to income *per capita*, population and the location of business. The really difficult part is to allocate passengers to airports. Minimum access cost is a criterion which is clearly inconsistent with the evidence; people will often undertake longer and more costly journeys in pursuit of the appropriate departure time or type of service. Some sort of "assignment curve" technique or probit analysis may be used to model (but to cover our ignorance of) the complex set of factors that determine passenger choice.⁴³

It is difficult to judge the success of these methods of allocation and assignment. No doubt they are easier in the case of the extension of an existing airport than in the assignment of a new airport. One would expect that an analysis of the outcome in the case of those new airports that have been built, such as Dulles and Charles de Gaulle, would be of some interest in testing the veracity of such models—but so far as one can discover no work has been published along these lines. One particularly important issue, on which there is little information and analysis, is that of modal choice. Airport access is somewhat different from the traditional concerns of modal choice analysis (usually commuter or relatively long-distance traffic), since it is often highly seasonal with much baggage. Fortunately it appears that, for deciding the location of airports, modal choice is probably not a dominant determinant, although it gives rise to some doubts about the shaping of transport systems and terminals.

The evaluation of alternatives has been carried out by the conventional methodology. But in location studies it has been normal for the passenger benefits to be taken as given for all options, so that the differential is one of costs only. Benefits will differ according to the extent to which different airport locations will generate or repress traffic. The reluctance of analysts to place much, if any, weight on generated traffic arises partly from ignorance and partly from the argument that the differences in costs between different airport configurations are only such a small part of the total costs of the trip that they can have only a miniscule effect on the propensity to travel. (But, as pointed out above, there may be a switch outside the system.)

The costs are conveniently divided into operating costs (and the implied value of time) and capital costs. The treatment of capital costs must vary according to the pattern of transport planning used. In Britain, there is a well-formulated planned sequence of upgrading and new building of roads. The main effect of an airport will be to bring forward in time some of the improvements, while delaying others. Since motorways and freeways are large lumpy pieces of investment, it is sometimes possible for the airport traffic to be accommodated easily in the lee of one of the investment waves.⁴⁴ The "bringing forward" technique avoids many of the problems said to be involved in allocating the costs of a new highway between airport and non-airport users. In the case of Dulles, the FAA "solved" this problem by ensuring that the access road was restricted almost entirely to airport users. Such

⁴³ One recent study of this kind is Metra (1975).

⁴⁴ It will be noted that, if the site is sensibly chosen, it will be where there are existing good communications; sites where there are poor communications and few planned (e.g. Foulness called Maplin) are unlikely to be good sites.

opacious waste is hardly to be commended. In investment planning, there is no reason why airport users should be singled out for either fair treatment or foul.⁴⁵ For rail investment—including the desirability of a new rail line, either trunk or spur—the issues are more complicated. The critical flow of passengers is high in order to achieve frequencies which make the rail service widely preferred to the bus alternative. In a few cases (e.g. Gatwick), the airport traffic can simply be grafted on to existing suburban services. But many large metropolitan areas do not have such a convenient network of rail services, and so the building of a special line is mooted. However, it is very unlikely that any airport will have a sufficient load of traffic *per se* to justify a new rail line—other than a short and inexpensive spur to an existing line. And new general passenger lines are unlikely to be built in most metropolitan areas of the world.

The operating costs are calculated from the relationship between capacity and the expected volume of traffic, and for evaluation purposes they are entered net of taxes. Perhaps the fiercest disagreements have been generated over the treatment of time savings. The differences in time for alternative sites tend to be rather small on the average—although this average difference applies to a large number of passengers. There is an abiding feeling that small differences in time, incurred on only a small number of occasions per annum per person, are imperceptible, and so not valuable—or at least that their value is considerably less than the proportionate amount of a large chunk of time.⁴⁶ For the business traveller, the transformation of a time saving into a money cost involves finding the labour cost to firms of those who travel on business; this implies taking the hourly wage or salary and adding the additional costs of employing a person.⁴⁷ Under competitive conditions, this is merely another way of measuring the loss in real output—the marginal productivity per hour—of the additional time spent in travelling. Criticisms of such measures have usually hinged on allegations of the invalidity of the marginal productivity theory of distribution and the existence of spare labour capacity. In my view, such criticisms have not carried the day, and, subject always to the uncertainty of the statistical base, the labour cost approach is the best we have. For leisure travel, however, one can marshal in evidence no such marginal productivity theory. One must depend on observing people's behaviour. Most studies that have been made are concerned with commuting, and only fragmentary evidence is available for airport access trade-offs. The general result is to suggest that leisure time should be valued at 25% to 50% of the hourly wage *receipt* before tax is deducted.⁴⁸

In much informal discussion, it is sometimes argued that the authorities should discriminate against airport users, since on the average their income is higher than that of the rest of the population, and public investment should have a "distribution bias" towards the poor and needy.

At first sight, it might seem that, to be consistent, governments that use a value of time to evaluate road projects should not demur from using that same value in justifying or rejecting airport projects. However, where there is a will . . . And the argument for such asymmetrical treatment is derived from the proposition that airport access journeys are "different" from the normal trip. See Roskill (1969).

Surveys show, however, that businessmen claim to do a considerable amount of work while seated in aircraft or lounge.

⁴⁸ For a comprehensive survey of the values of time, see Yucel (1975).

The appropriate valuation of time is the subject of a long-standing dispute in transport economics, which can be resolved or at least hushed only by the further study of decision-making involving the time-money trade-off. This remains meanwhile a large uncertainty in the evaluation. It is usually dealt with by sensitivity tests with different values of time (see for example CTLA Report (1970)). But this is hardly satisfactory.⁴⁹

Access by air

The criteria for air access are quite different from those for surface access. Air space is the prime requirement; and, for the ideal Air Traffic Control conditions, large airports must be a minimum of 32 miles apart.⁵⁰ However, such ideals are very misleading. For example, the New York system contains three airports within this radius; but it will be noted that they are not four-runway airports, and the ATC for New York is operated as one integrated system. The real point is that some sacrifice in terms of the reduced use of runways may be a good thing if there are countervailing benefits from the location. But this is not the only cost, for the location of the airport can have a considerable differential effect on the number of kilometres that aircraft must travel to gain access to the airport and air routes.

The modelling of air traffic is made analytically difficult by the very large number of variables involved—type of aircraft, weather conditions, time of day, mix of traffic, etc. Analytical methods such as the theory of queues have a very limited application. Most useful models have proceeded to simulate the traffic and ATC procedures and runway utilisation.⁵¹ The inputs of traffic, a weather mix, ATC procedures, etc., are fed into the model and there emerges the utilisation of runways, the throughput of aircraft on each runway, and the distribution of waiting times in the "stack."

These outputs then provide the basic data for the evaluation of: first, the location of the airport relative to some alternative; second, the benefits from having an additional runway; and third, the costs of different alignments of runway at a particular location. In practice, however, it is usually possible to settle this last (alignment) problem without recourse to the model. Runway operation which is unimpeded by conflicts of air space can vary from about 35 to 40 movements to as many as 60 or even 70 movements an hour—much depending on whether visual flight rules are in operation, whether it is operating as a joint landing and departure runway or exclusively one or the other, and so on. The appropriate design of runways has been changing remarkably. The "complete independence" requirement was that runways should be 5,000 feet apart; but now it appears that new ATC procedures enable close-spaced parallel runways to be operated with

⁴⁹ A further complication is that it is often alleged that those who suffer the noise are poor, while it is the rich air traveller who saves time. Much has been made of the asymmetry of this trade-off (Nwaneri (1970)).

⁵⁰ This requirement, for full independent operation under instrument flying conditions, does not take into account the possibility of a micro-wave landing system (MLS).

⁵¹ One much-used model is that developed by Airborne Instruments Laboratory (1969). This was used in the simulations for CTLA (1970). More recent simulations are available from the FAA—see FAA (1977).

something near to the capacity of the independents. This emphasises the difficulties of making the long-range forecasts that are required in airport planning.⁵²

The cost-benefit criterion for new runway capacity is simple: a new runway should be built when the present value of the benefits in terms of the amount which airlines (and ultimately their passengers) are willing to pay for the additional facilities exceeds the present value of costs when a charge equal to the short-run marginal cost is levied for the use of the runway. This is the normal area-under-the-demand-curve criterion. But airports do not use marginal cost pricing, and consequently, with too little runway capacity, there is the familiar process of queueing in the stack. Whether one should count the reduction in queueing costs of existing traffic as part of the benefits of a new runway depends on whether one takes the pricing policy (below marginal cost on the existing runway) of an airport as given. If it is so fixed, the reduction in queueing costs of existing traffic is indeed part of the benefits of a new runway; and traffic on the enlarged airport will not be as large as it "ought to be" because the price is above the much lower short-run marginal cost.⁵³ This is no more than an application of the theory of the second best.

In airport planning, however, a rule-of-thumb is normally proposed. This is that the runways should have sufficient capacity to handle, with small delays, the twentieth busiest hour during the year. Although as a rough guide to future investment this is not ridiculous, the criterion cannot be used for detailed study of investment plans. It ignores items such as the costs of providing the capacity and the ability to spread or repel demand by peak hour pricing.

The evaluation of the air traffic implications of a particular site relative to its alternatives can be conveniently assessed in the form of: first, the loss of runway utilisation, and second, costs of additional travel. The loss of runway capacity because of conflicting flight paths can be evaluated by the costs of bringing forward a time the additional runways that will be required, given the assumptions on pricing policy, etc. The loss due to additional air kilometres involves valuing the cost of additional flying hours and the time of passengers on a basis similar to that used for the evaluation of delays in the stack. Again, the same problems arise with respect to the value of passenger time that have been reviewed in the case of surface access, and a similar treatment is appropriate.

Methodology of airport investment decisions

From the large studies of airport investment that have been carried out in recent years, one may derive a number of lessons, which we may now review. The most outstanding feature of the studies has been the complexity of the problem; airports have substantial ripple effects, and it is by no means certain when the ripples are small enough (especially if there are a lot of them) to be ignored. Yet the problem is

A more dramatic change would be the development of MLS radar, which would massively increase the capacity of the terminal air space. But securing the necessary measure of international agreement will be very difficult, as was illustrated with respect to Decca's Area Navigation System in the early 1960s.

On this, see the criticism by Forsyth (1972). Rightly or wrongly the Roskill Commission took the view that its terms of reference did not include recommendations about the appropriate pricing policy and its effect on the timing of the need.

more manageable than, say, the London Motorway issue. And this is because it is possible to carry out the research and investigation with *separable* models. The ATC can be separated from the surface access model, and the urbanisation study from the investigation of noise. Of course there is interaction between these separate models—but it is small and manageable. This distinguishes airport studies from studies of urban motorways; there the interactions of transport with land use and location are central and fearfully complex. Indeed, it appears that there are good reasons for not developing a large integrated model in airport investment planning.

Perhaps the main reason is that technology has changed and is expected to change rapidly in air travel, and it is extremely difficult to make predictions for even a few years ahead.⁵⁴ Thus one needs to develop an approach that can easily and cheaply incorporate changes in key parameters. This will also usually ensure that the methodology is transparent, so that one can understand the details of the process and “see” what is happening.⁵⁵ Thus one can more readily use non-quantitative information, such as knowledgeable hunches and the variety of informed opinion, to test the robustness of any conclusions.

Such separable models, of course, have their disadvantages. They need to be stitched together and the seams are likely to be weak. One of the main skills is to develop sub-models so that they can be fitted together into a coherent whole. There is no theory of such a model development—it remains an art. One needs to guess what can be ignored and what cannot.

Fortunately, in airport location decisions, there is one important saving grace: one is concerned only with the *differential* costs between airport sites. In Roskill's terminology, one must measure the height of the wave and not the depth of the sea. This enables the analyst to avoid many of the much debated issues which are extraneous to the problem of airport location.

One striking feature of airport investments is worth noting. Virtually all large airport projects—and probably many or most small airport projects—are mooted many years before they are economically desirable. Airport authorities and government officials seem to be congenitally committed to laying down new runways too soon and in too large a number.⁵⁶ In the case of London, for example, the airport authorities had urged dates for developing a third airport which, in the event, proved to be some ten years before the third airport would be economically justified; a rather similar experience occurred in the New York system.⁵⁷ The ones that got away—such as Dulles—have very largely established this proposition of “too much and too soon.” Whether these lessons have been truly

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⁵⁵ Experience with complex and highly interacting econometric models suggests that transparency is most important. Nonsense can often lurk unilluminated and unsuspected in the inaccessible recesses of such models; it is less likely to be passed over in models of a simpler structure.

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SIZE OF VESSELS AND TURNROUND TIME

Further Evidence from the Port of Hong Kong

By Ross Robinson*

Thorburn, in his seminal work *Supply and Demand of Water Transport* [1], gave particular emphasis to the importance of vessel size as an independent variable in the explanation of the pricing of water transport. Of earlier writers concerned with the same problem, he noted that only Jonson in 1929 had specified a relationship between vessel size and the "times spent in harbour"—"a general formula according to which the discharging and loading rate for vessels of different sizes with the same type of cargo is in the proportion $\sqrt[3]{tdw}$ ". In the subsequent development of his models, especially his "tramp shipping model" (in chapter 3), Thorburn argues, in a similar vein, that the "turnover of goods per day in port" is a length-dependent function (and takes the form " $y^{1/3} = x$ where y is the variation in the amount of goods per day" (page 40). He further argues that the "effective time in harbour", which is obtained by dividing the total cargo by the quantity discharged per day, takes the form $y^{2/3} = x$, where y is again the variation in nrt and x the variation in time—in short, time in harbour varies as the square of the length of the vessel.

Thorburn's discussion is less than convincing. For, quite apart from problems associated with the size and structure of the sample from which the functions are derived (page 37), the rate at which cargo is handled, even for ships with the same types of cargo, is different for different cranes, on different berths, and in different ports, and is subject to a large range of random factors. So too is turnround time in port.

Nonetheless the generalisation that larger ships spend more time in port has been a persistent one, though in 1967 Sturmey [2] voiced doubts about it and in 1971 Goss [3] expressed profound scepticism that any relationship between ship size and time in port could be specified—"and certainly not in any such simple a way", that is as Thorburn had suggested. In 1972 Heaver and Studer in a paper published in this journal [4] examined the relationship between ship size and turnround time for a sample of bulk carriers—grain ships—in the port of Vancouver. Despite relatively low levels of statistical explanation in some of the relationships they were able to confirm, for that sample, that larger ships spent longer in port than the smaller vessels.¹

*Dr Robinson is Reader in Geography in the University of Wollongong, N.S.W., and was Visiting Leverhulme Fellow to the University of Hong Kong in 1973. He is currently on leave at the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) in Bangkok.

A recent paper [5] supports the finding that larger ships (in this case break-bulk vessels) have faster handling rates per ton of cargo. The paper is concerned, however, with cargo handling rates and efficiency rather than with vessel turnround time.



Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction

Prime Minister ②

The Solicitor General thinks there are circumstances in which the Parliamentary Debate could create an obligation on the Minister to go back to the parties if new facts were presented (as opposed to expressions of views) which aggrieved parties might wish to rebut.

4 January 1985

AT

4/1,

It will have to be a debate' strictly on Policy matters and only that.

ms

Dear David,

INSPECTOR'S REPORT ON STANSTED/HEATHROW T5 INQUIRIES

My Minister has asked me to send you the attached copies of the correspondence between himself and the Attorney General referred to in the Secretary of State for Transport's letter to the Lord Privy Seal of 31 December, about the Parliamentary debate.

with AT

I am copying this to Andrew Turnbull (No 10), Murdo Maclean (Chief Whip's Office), Dinah Nichols (Department of Transport) and David Serjeant (Law Officers' Department).

Yours sincerely,

Neil Kigh

N KINGHAN
Private Secretary

3



01-405 7641 Extn

ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

21 December 1984

Ian Gow, Esq., MP,
Minister for Housing and Construction,
Department of the Environment,
2 Marsham Street,
LONDON SW1P 3EB.

Dear Ian.

STANSTED

Thank you for your letter of the 14th December concerning the consequences of a Parliamentary debate on the application for planning permission for the expansion of Stansted Airport.

You ask whether I agree that counsel advising the North of England Regional Consortium appears to be suggesting that the Secretary of State would be under no obligation to give the parties to the inquiry any opportunity to comment on anything said in the Parliamentary debate. I am doubtful whether the opinion goes that far.

In paragraphs 1 and 2 counsel describes as ill-founded a view that there might be a challenge on the ground that a debate in Parliament might constitute breach of the rules of natural justice and/or fairness for the Secretary of State to take into account matters raised in the course of Parliamentary debate, without giving the parties affected a further opportunity to comment or reply. However, in paragraphs 3 to 6 he considers the power of Ministers to take into account and apply Government policy without giving the parties an opportunity to comment. Counsel appears to have assumed

.....



-2-

that the only matters that will be raised in the debate would be matters of policy; he does not seem to have considered the consequences if new evidence or facts were raised. I therefore interpret his opinion as being restricting to matters of policy that may be raised in a Parliamentary debate.

You ask for my advice on whether you and the Secretary of State for Transport would have any obligation to go back to the parties before reaching a decision in relation to anything said during a Parliamentary debate, whether it constituted "evidence" or not. If the only matters that are raised during the debate relate to policy, then, in my view, you would have no obligation to go back to the parties. On the other hand, if new evidence was put forward you might be under an obligation to do so either under rule 12 of the Town and Country Planning (Inquiries Procedure) Rules 1974 or in accordance with the principles of natural justice.

... I am sending a copy of this letter to Nicholas Ridley.

Yours ever,
Michael



Minister for Housing and Construction

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Ref: G/PSO/46196/84

14 December 1984

Van Rie,

STANSTED

As you know, it has been agreed that before Nicholas Ridley and I proceed to a decision on the application for planning permission for the expansion of Stansted Airport, there should be an opportunity for a debate in Parliament.

The advice that we have received from our Departments is that Ministers should not take part in any such debate, for fear of prejudicing our position and that if during the debate additional information is put forward this might constitute evidence on which the parties have to be given an opportunity to comment (either under rule 12 of the Town and Country Planning (Inquiries Procedure) Rules 1974 or as a matter of natural justice).

- / Nicholas Ridley has now received the enclosed letter dated 16 November from Fred Silvester MP. As you will see, he has obtained Counsel's Opinion dated 12 November 1984 to the effect that there is no constraint on a Secretary of State from "consulting Parliament on his policy before reaching his decision" on a matter like the Stansted application. Counsel appears to be suggesting that the Secretary of State would be under no obligation to give the parties to the inquiry any opportunity to comment on anything said in the Parliamentary debate (page 4 of the Opinion). I enclose a copy of that Opinion.
- / I also enclose a copy of a minute which sets out the comments of Departmental lawyers on this point.

Nicholas Ridley and I would be grateful for your advice as to whether we have interpreted Counsel's Opinion correctly and, if so, whether you agree that we would have no obligation to go back to the parties before reaching our decision, in relation to anything said during a Parliamentary debate, whether it constituted "evidence" or not.

I am sending a copy of this letter to Nicholas Ridley.

✓
ev
Ian.

IAN GOW

From: Fred Silvester, M.P. :



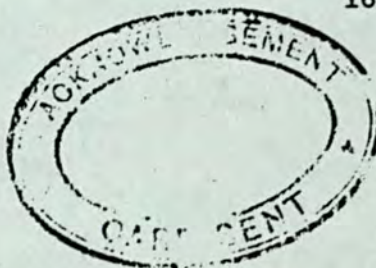
HOUSE OF COMMONS
LONDON SW1A 0AA

SofS to see
Urgent advice pl
Mr. Baker for Mr Spicer
cc (15) Mr Spicer
As / Mr Lazarus
Mr Holmes
Mr Blanks
Mr Stevens
Mr Clarke

16th November 1984

Mr Oates
Mr Ramsey
Mr Cartwright

The Rt. Hon. Nicholas Ridley, MP,
Secretary of State,
Department of Transport,
2 Marsham Street,
London SW1P 3EB



Dear Nick,

You will, of course, know of the widespread concern in the Party about the introduction of the Civil Aviation Bill on Wednesday. This concern arises not so much from the contents of the Bill itself but from the knowledge that it is intended to use it to apply a limit on ATMs at Heathrow. This decision is in turn related to other matters such as the development of regional airports and the expansion of Stanstead. It would have been better in my view to have have postponed the introduction of the Bill in order that all these decisions could have been taken together.

However, it is clear that there is not going to be any change in the agenda for next week, but attitudes to the Bill will be greatly affected by what you say about Stanstead. I believe it is very important that the Government should make clear that it will hold a debate on the question of airport policy following the publication of the report of the Inspector conducting the enquiry into Stanstead, but before the Government makes a decision. Hopefully such a debate could be held before Christmas. A number of hints have been made that the Government will be prepared to make time for such a debate, but a firm commitment on or before Wednesday would be helpful.

Ian Gow has suggested in the past that such a debate could not be held because it would involve the reopening of the enquiry. I have now obtained Counsel's opinion on this, a copy of which I enclose. It is quite clear that there is nothing to stop the Government holding a debate on policy. The other argument is that it would create a precedent for the Government to hold a debate on major planning applications before they announced a decision. This may be a civil servant's argument but politically it cannot be taken seriously. As you will know more than most the decision about Stanstead is of a quite different order from those which Ministers customarily face.

I hope it will be possible for you to announce such a debate.

Yours sincerely,
Fred Silvester

cc: Ian Gow
John Cope

NORTH OF ENGLAND REGIONAL CONSORTIUM

PROPOSALS TO EXTEND STANSTED AND
HEATHROW AIRPORTS: PARLIAMENTARY DEBATE

ADVICE

1. The Inspector is believed to be on the point of submitting his report to the Secretary of State. The Consortium hopes that, before a final decision is made, there will be an opportunity for a debate in Parliament. It is understood that his departmental officials would advise the Secretary of State against such a course. Apparently they fear that the eventual decision on ^{the} various applications would thereby be made susceptible to challenge. The suggested basis for such a challenge is that it might constitute a breach of the rules of natural justice and/or fairness for the Secretary of State to take into account matters raised in the course of Parliamentary debate, without giving the parties affected a further opportunity to comment or reply.

2. If this is the view of the Department then I consider it is illfounded. The Secretary of State can certainly consult Parliament before his decision is made. Indeed there are certain circumstances where it is quite proper, and it may actually be desirable, that he should.

3. The role of the Secretary of State in considering the various called-in planning applications may be, as my Instructions point out, quasi-judicial. This expression was explained by Lord Greene M.R. in Johnson & Co. (Builders) Ltd. v. Minister of Health [1947] 2 AER 395 at 399A as an administrative decision, based on policy, but which required at some stage to conform to the principles of natural justice. This has been described by Professor Wade as "a well established proposition" (see, Administrative Law, 5th Edition at page 458). Lord Green's analysis of the Secretary of State's role was applied by the House of Lords in Bushell v. S.O.S.E. [1981] AC 75. As Lord Diplock said at pages 101-102:

"It is only at one stage in the course of arriving at his decision that there is imposed on his administrative character a character loosely described as being quasi-judicial; and that is: when he is considering the respective representations of the promoting authority and of the objections made at the local inquiry and the report of the Inspector upon them. In doing this he must act fairly as between the promoting authority and the objectors; after the inquiry has closed he must not hear one side without letting the other know; he must not accept from third parties fresh evidence which supports one side's case without giving the other side an opportunity to answer it. But when he comes to reach his decision, what he does bears little resemblance to adjudicating upon a lis between the parties represented at the Inquiry."

Both Lord Diplock in Bushell and Lord Greene in Johnson referred to the duty of the Minister to consider the interests of a third party who was not at the Inquiry, namely the general public. As Lord Greene said at page 399G:

"It is in respect of the public interest that the discretion that Parliament has given to the Minister comes into operation. It may well be that, on considering the objections, the Minister may find that they are reasonable, and that the facts alleged in them are true, but, nevertheless he may decide that he will overrule them. His action in so deciding is a purely administrative action, based on his conceptions as to what public policy demands. His views on that matter he must, if necessary, defend in Parliament, but he cannot be called on to defend them in the courts."

It is clear therefore that the Secretary of State considers the respective cases of the parties and the Inspector's report upon them in a wider context. That context is his conception of the public interest. In respect of this interest he formulates policy and it is to Parliament alone that he is answerable for that policy.

4: Although Lord Greene's analysis was enunciated in a case which concerned the Minister's role as confirming authority to a compulsory purchase order, and the Bushell case involves the confirmation of two schemes for motorways, I consider the principles are applicable in a case such as this. The rules which govern the conduct of planning inquiries are The Town and Country Planning (Inquiries Procedure) Rules 1974. Rule 12 deals with procedure after the Inquiry. This states, inter alia, that where the Secretary of State is disposed to disagree with the Inspector because he has taken into account new evidence "or any new issue of fact (not being a matter of government policy)" he shall notify the parties giving them an

an opportunity to make representations or request the inquiry be reopened. It is obviously significant that matters of government policy are expressly excluded from those matters which necessitate the further opportunities for representations. In Kent County Council v. S.O.S.E. (1976) 33 P & C.R. 70, which concerned an application to construct an oil refinery, Sir Douglas Frank Q.C. held that the Secretary of State for the Environment was entitled to take into account a statement of policy made by the Secretary of State for Energy in the House of Commons without giving the parties an opportunity to comment. He relied on Rule 12 but went on to say at page 78:

"Apart from the Rules, there is ample authority for the proposition that the first Respondent was entitled to take into account the views of another government department even without giving the parties an opportunity to comment on them."

He referred to a number of cases which supported this proposition, including Johnson. Sir Douglas Frank also decided Hynoburn v. S.O.S.E. (1979) 251 EG 473 in which he said this at page 474:

"It is well settled that a Minister is entitled to have a policy and to apply that policy without giving the parties to an appeal the opportunity of commenting upon it. There are a whole string of cases to that effect and I take the law to be so well settled as not to require authority."

5. In the case of the joint inquiries into the Stansted and Heathrow airport proposals there can be no doubt that what Lord Greene referred to in Johnson at page 401 as "matters of high public policy" are at stake. The whole process was initiated by the Secretary of State for Trade on 17th December 1979, when he invited the BAA to bring forward proposals in respect of Stansted Airport. This was in the context of a debate in the House of Commons on airports policy which took place the same day. The policy context was also debated in the House of Lords on 14th February 1980. During the course of the Inquiry the Government's policy was explained to the Inspector by counsel acting on behalf of the various Government departments involved. Although debate on policy was, unusually, permitted to the extent that the Government departments indicated that they would receive, through the Inspector, representations as to what their policies should be, it was made clear that those policies would remain the context within which the eventual decisions would be reached. Such policies are, to quote Lord Greene again, "under constant consideration and review by the necessary Minister," and as observed above he is accountable only to Parliament in respect of them.

6. To summarise, although there has been a public inquiry into the various proposals now before him the Secretary of State is not constrained thereby from consulting Parliament on his policy before reaching his decision. Where the decision is to be based upon policy there is no reason why the final decision should be based exclusively on the evidence given at the Inquiry, see Wade op.cit. page 838. With the importance of policy in this case it may actually be desirable that there should be a debate in Parliament. As Professor Wade says on page 839:

"the place where policy should be explained is in Parliament, where the responsibility lies. Nothing, therefore, can prevent the ultimate policy lying outside the forum of an inquiry, whereas it might lie inside the forum of a court of law."

7. I am also asked to consider the possibility that the Secretary of State might give Parliament an opportunity to consider the matter by using the Special Development Order (S.D.O.) procedure. Section 24 of the Town and Country Planning Act 1971 enables the Secretary of State to provide for the grant of planning permission by an S.D.O. Any such order is made by statutory instrument which is subject to the negative resolution procedure of either House of Parliament, see section 287(4) and (5). In other words it will take effect unless a motion for its annulment is carried. This procedure

has been used on a number of occasions and a list of the orders currently in force can be seen in Volume 2 of the Encyclopaedia of Planning Law on page 20492. The most relevant to the present issue is the Town and Country Planning (Windscale and Calder Works) Special Development Order 1978.

As is pointed out in de Smith's Judicial Review of Administrative Action, 4th Edition, page 210, the Secretary of State decided to make the S.D.O. so that there could be a debate on the report of the Windscale Inquiry. In order to do so he refused permission in respect of the application before him. However he adopted the Inspector's principal findings and recommendations and made the Order so that permission would be granted.

8. It should be appreciated that the actual applications presently before the Secretary of State cannot be determined by Parliament through use of the S.D.O. procedure. This is a separate procedure and those applications must be decided by the Secretary of State himself in accordance with the provisions of the Act and the Rules. As explained above that does not preclude him from consulting Parliament on his policy before reaching the final decision. The circumstances in which the S.D.O. procedure would be used in this case would arise where, in a similar situation to the Windscale case, the Secretary of State is minded to grant permission either for

Stansted or Heathrow T5. Despite this he would have to refuse all the applications, issue the Inspector's report with his decision, and then make an S.D.O. which he would lay before Parliament. It would then become operative unless it is annulled. He could either make one S.D.O. in respect of his preference, or, perhaps, alternative S.D.O.s for Stansted or Heathrow T5 and leave it to Parliament to annul either or both of them.

9. The S.D.O. procedure was used at an earlier stage in the Stansted saga when, in 1967, after a non-statutory public inquiry, the Minister decided to grant permission by means of an S.D.O. This was unsuccessfully challenged in the High Court by Essex County Council who contended that they should have an opportunity for further representations. In striking out their claim in Essex County Council v. Ministry of Housing and Local Government (1967) 66 LGR 23 at page 31 Plowman J. said:

"In my judgment the Minister's power to make a development order ... is a purely administrative or legislative power fully exercisable discretionarily. He is responsible to nobody except Parliament, and that this should be so seems to me to be quite sensible in a case like the present where planning permission is required only as one aspect of the implementation of government policy."

J. Plowman

4/5 Grays Inn Square,
Grays Inn,
London WC1R 5AY

12th November 1984

Mr Child

STANSTED

I refer to the letter of 16 November last from Mr Frederick Silvester MP enclosing a copy of Counsel's opinion on the legal position of the Secretary of State in relation to the holding of a Parliamentary debate before reaching a decision on the applications before him.

While I would not dissent from most of the views expressed by Counsel, it seems to me, with respect to him, that he has overlooked one important aspect of the question of the effect of a Parliamentary debate on the Secretary of State's conduct of the planning applications. He points out that a decision on a planning application has to take into account not only the evidence given by the parties but also government policy; and that the Secretary of State is answerable only to Parliament on the policies that he adopts. I do not think that anyone would seriously question these two statements. However, Counsel appears to be under the impression that because it is proper for government policy to be debated in Parliament, nothing that is said in any debate on the Stansted case could result in an obligation on the Secretary of State, in the interests of natural justice, to ^{allow the parties to} comment before he proceeds to a decision on the applications. This, in my opinion, is a misconception, and overlooks the possibility of one or more MPs saying something in the debate which constitutes new evidence (as against an expression of view about government policy).

Counsel cites a number of cases in support of his view that the Secretary of State can "consult Parliament before his decision is made" without going back to the parties, and in particular two cases decided by Sir Douglas Frank QC (sitting as a Deputy Judge). In the first of those cases (Kent County Council v SSE) the Deputy Judge stated that there was "ample authority" for the proposition that the Secretary of State was "entitled to take into account the views of another government department even without giving the parties an opportunity to comment on them"; and, as Counsel has pointed out, he referred to a number of cases to support that proposition. I have examined those cases and in my opinion they do not in any way indicate that the Secretary of State is free to take into account, without giving the parties an opportunity to comment, material received from another government department which constitutes "new evidence": in the case of Johnson & Co v Minister of Health (which is mentioned in Counsel's opinion) the Court were careful to distinguish between information

that the Minister had acquired in the normal course of the exercise of his administrative functions (which the Court considered him not in general to be obliged to put to the parties for comment) and material which had "come into existence for the purpose of the quasi-lis", ie the matter which was before him for decision (which the parties clearly must be given an opportunity of commenting on as a matter of natural justice). Clearly, any comments made by MPs, during a debate on Stansted at the present time, would be material put before the Secretary of State in connection with the applications which are now before him; and the decision in the Johnson case would therefore not apply to them. In the later case of Darlassis v Minister of Education (1954) 4 P&CR 281 the Judge drew a very clear distinction between the taking into account of the "views" of another government department (eg a statement by them that they would prefer that the application be refused) and the putting forward of factual evidence, as is indicated by the following passage in his judgement:-

"The Minister of Education is clearly entitled to obtain the views of her ministerial colleagues before arriving at her final decision as to whether or not to confirm the compulsory purchase order. She is entitled to do so both before and after her consideration of the quasi-lis between the acquiring authority and the objector. In the present case I am satisfied that her communication with the Ministry of Housing and Local Government was made to enable her to reach this clearly administrative decision. The communication itself affected her decision on policy and not, in any true sense, her consideration of the quasi-lis. The situation would have been wholly different if the Minister of Housing had stated that he did not require the High Trees site for housing purposes because it was water-logged or otherwise unsuitable for building. Information of that kind would be clearly relevant to the quasi-lis, which concerned the relative merits of the two sites, and should I think have been disclosed to an objector to enable its accuracy to be challenged."

Counsel's opinion does not discuss at all the Secretary of State's position in the event of the Parliamentary debate's giving rise to the production of information which constitutes "new evidence" on the planning applications, and to that extent I suggest that it is irrelevant to the issue of whether the holding of a Parliamentary debate before decisions on the planning applications are made could give rise to an obligation to refer back to the parties or to re-open the inquiry.

I assume that Mr Gow is not asking for any comments on that part of Counsel's opinion which relates to the possibility of a SDO being made, since I understand that that course does not commend itself to Ministers in any event.

[L. M. Hammond]

MISS L M HAMMOND
Legal A
P3/110
Extn 4746

29 November 1984

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u/s



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

*NDPM
AG 4/1*

The Rt Hon John Biffen MP
Lord Privy Seal
Privy Council Office
68 Whitehall
LONDON SW1A 2AT

31 December 1984

Dear John

INSPECTOR'S REPORT ON STANSTED/HEATHROW TERMINAL 5 INQUIRIES

When I minuted the Prime Minister on 6 December about the main conclusions of the Inspector's report, I suggested that the Parliamentary debate should not take place until the second half of January. I think that would be acceptable to the House, since delay would give Members more opportunity to study Mr Eyre's lengthy report, and could produce a more informed debate. As you know, I confirmed that there would be a debate when I answered questions on my statement on 20 December - though naturally I left the date to you. But I think it should not be deferred any longer than the end of January ^{or early February} since we are aiming to reach a decision by Easter, so that we can bring the Civil Aviation Bill back into Committee; and of course the Committee will have to meet on 12 February, or the Chairman must put forward a debatable motion for a further adjournment.

I should welcome your advice on how we can best manage the debate so that there is not a vote which could then tie our hands in reaching our decisions on the Inspector's report. We discussed this briefly on Tuesday 13 November when the possibilities mentioned were a debate on the

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adjournment, or on a substantive motion that the decisions should be taken by the Secretaries of State for Transport and the Environment.

We also need to consider whether Ministers could play some useful part in the debate, bearing in mind that we cannot advocate a case because of our statutory role. But it might be in order to explain the need for additional capacity, and to give a historical review. Ian Gow has sought legal advice on this from Michael Havers.

I expect you will wish to make an early announcement after the Christmas recess about the timing of the debate.

I am copying this letter to the Prime Minister, John Cope, Michael Havers and Ian Gow.

*I would be happy to discuss with you
when in return*

Nicholas Ridley

NICHOLAS RIDLEY

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AEROSPACE: 3rd London Airport.
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Minister for Housing and Construction

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

13 December 1984

* Note Told Mr Kingham that I was content

Dear Andrew,

STANSTED

Fred Silvester MP has put down a priority written question for answer today, "to ask the Secretary of State for the Environment whether he will be employing the special development order procedure under the Town and Country Planning Act in respect of the application for the expansion of Stansted airport."

My Minister proposes to answer Mr Silvester as follows:

"During the Second Reading of the Civil Aviation Bill, my Rt Hon Friend the Secretary of State for Transport announced that the Inspector's report would be published and that the House would have an opportunity to debate airports policy in the light of the report. The report was published on 10 December. After the debate, decisions on the Stansted applications will be taken under normal planning procedures."

This answer has been agreed with the Secretary of State for Transport. I would be grateful to know if you and the others to whom this letter is copied are content with it.

It would be most helpful to receive any comments by 4pm today, to enable us to answer Mr Silvester by 6pm. I am sorry to give you so little notice.

I am copying this letter to Michael Reidy (Department of Energy), David Morris (Lord Privy Seal's Office), Dinah Nichols and Andrew Melville (Department of Transport), Helen Goodman (Financial Secretary's Office), Murdo Maclean (Chief Whip's Office) and Richard Hatfield (Cabinet Office).

Yours sincerely,
Neil Kingham

N KINGHAM
Private Secretary

Andrew Turnbull Esq



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Prime Minister (2)
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PRIME MINISTER

INSPECTOR'S REPORT ON STANSTED/HEATHROW TERMINAL 5 INQUIRIES

1. Ian Gow and I have arranged for the publication of the Inspector's report on the Stansted/Heathrow Terminal 5 Inquiry on Monday 10 December. This minute summarises the Inspector's main findings, and how we will be handling his report. Ian Gow will be announcing a publication by written answer tomorrow

2. We agreed to publish the report as soon as practicable after we received it (your meeting of 20 November). Following the debate on Second Reading of the Civil Aviation Bill, I decided that it was important that we should make the Inspector's report available before the Committee stage of the Civil Aviation Bill (which starts on Tuesday 11 December). There is an additional reason for early publication: the Inspector has made some critical comments on the proposed Air Transport Movement limit at Heathrow, and we would not want to be accused of keeping this information from the Committee. To ensure early publication, Ian Gow has agreed to the publication of a summary document of extracts, including all the Inspector's conclusions and recommendations, to supplement copies of the full report. This would probably have been necessary in any case as the Inspector's report is 2,500 pages long. There will need to be a subsequent printing of the full report, and I suggest that we do not make arrangements for the Parliamentary debate that we have promised until these further copies are available. This means that the debate should not take place until the second half of January.

3. I am attaching a copy of the Inspector's summary of conclusions. You will note that on the applications before him the Inspector recommends that BAA's application to develop Stansted up to a capacity of 15 million passengers a year should be permitted, but only on condition that the Government gives an unequivocal declaration that no second main runway should ever be built. He considers that only Stansted can provide the additional capacity needed at the London airports in the early to mid 1990s, and

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the environmental and land use consequences of a one-runway airport, if carefully managed, can be accepted in the national interest.

4. But the Inspector has interpreted his remit very widely, going far beyond the immediate planning applications. He is very critical of 'ad hoc' decisions by previous Governments, and recommends strongly that the Government should take its decision on the BAA's application only as part of a coherent strategy to meet demand into the next century.

5. The Inspector sets down his own views on what that strategy should be. His recommended strategy is based on making the most effective use of existing airports, especially Heathrow which he sees remaining as the primary London airport. He recommends that in due course Heathrow should be expanded westwards to the line of the M25 to provide additional terminal accommodation with an ultimate capacity of 15 million passengers a year (taking total capacity to 53 million passengers a year) and to provide direct access from the M25. This would require the removal of the Perry Oaks sludge treatment works, and is a more ambitious scheme than the planning application that was before him. It raises problems that will have to be looked at very carefully. The Inspector suggests a number of other improvements to the present "second-rate" facilities - cargo facilities, the internal road system, road and rail access - and advocates the abolition of the Air Transport Movement and, as a recompense to the neighbouring population, a ban on night flights.

6. The Inspector supports our existing policy of developing Gatwick with its one runway up to a capacity of 25 million passengers a year, except that he again recommends a ban on all night flights.

7. At Stansted he says that adequate road and rail access should be provided, and ultimately the terminal capacity could be increased

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to match the capacity of the one runway, ie to 25 million passengers a year. Again, he suggests a ban on all night flights.

8. The Inspector envisages the three airports continuing to develop as a system providing a gateway to the UK, the South East and London, with licensing and other Government policies employed to achieve their efficient operation.

9. As to the implementation of this strategy, the Inspector makes some interesting recommendations. He suggests that with the long history of inquiries, culminating in the one that he conducted for 258 days, "the people have had a fair crack of the whip", and that the Government should in due course proceed with a fifth terminal at Heathrow by primary legislation.

10. At first sight, by producing so ambitious a report, the Inspector has made it more difficult politically to achieve the immediate goal of providing additional capacity at the London airports by the early 1990s. His report will please neither of the virulent lobbies that oppose further development at Stansted and Heathrow. At the same time he dismisses the case made by those who argued that further development should take place at regional airports, noting that this was not supported by a single airline. It is clear that the report raises many difficult issues. When Ian Gow and I have been able to digest it, we will report on how we propose to handle these. We will also make a further report in due course about the handling of the Parliamentary debate.

11. I am copying this minute to members of the Cabinet, Ian Gow, John Cope, Bertie Denham, John Selwyn Gummer and to Sir Robert Armstrong. Perhaps I could remind colleagues that in view of the statutory role of the Secretaries of State for the Environment and Transport in relation to the inquiries, no public comment should be made on the Inspector's report or on any of the cases made at the inquiries.

NICHOLAS RIDLEY
6 December 1984

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SUMMARY OF OVERALL CONCLUSIONS

The lessons from and consequences of the past

- 1 The history and development of airports policy on the part of administration after administration of whatever political colour has been characterised by ad hoc expediency, unacceptable and ill-judged procedures, ineptness, vacillation, uncertainty and ill-advised and precipitate judgments. Hopes of a wide sector of the regional population have been frequently raised and dashed. A strong public cynicism has inexorably grown. Political decisions in this field are no longer trusted. The consequences are grave. There will now never be a consensus. Other important policies which do not countenance substantial expansion of airport capacity or new airports have been allowed to develop and have become deeply entrenched. Somewhat paradoxically, such policies are heavily relied upon by the thousands of reasonable people who strongly object to airport development. The past performance of Governments guarantees that any decision now will provoke criticism and resentment on a wide scale. I do not level this indictment merely as gratuitous criticism nor in order further to fan the fires of the long history of controversy but to set the context for current decisions which will shape a future that must enjoy an appropriate measure of certainty and immutability.

The need for decisive action

- 2 The matters to which I have adverted should not dissuade Government from leaving the long and largely predictable debate behind and taking decisive action to resolve the airports question in the longer term in a manner that is speedy, unequivocal, firm in its expression and resolute in its implementation.

Identification of a coherent strategy

- 3 Although past history has seriously narrowed the available options, the paramount need is for the identification of a coherent strategy for the future which reflects a close, full and proper consideration of all the relevant material that is now available on a massive scale.

The planning applications

- 4 The decisions on the applications for planning permission with which the Inquiries were concerned must be taken in the light of the strategy and be consistent with its main objectives and aims.

Main objectives and aims

- 5 The main objectives and aims must encompass the need to provide a sufficiency of effective and efficient airport capacity throughout the UK and in the London airports system as a whole. The international, national and regional importance of the London system should be maintained and enhanced.

Meeting demand

- 6 The growth of passenger demand will continue into the foreseeable future. In so far as that demand arises in the south east, it should be met by the provision of additional capacity within the region. In so far as demand arises in the rest of the UK, a substantial part of the need can and should be met at the airports outside the south east some of which have an extremely important role to play. The aim of providing a capability to develop additional airport capacity as and when it arises in the future is a major objective but its attainment should not be achieved at any cost and other important considerations must be given full weight.

The importance of Heathrow

- 7 The need to maintain and enhance the unique international status and importance of the London airports system as a whole cannot be achieved unless there is full utilisation of capacity and infrastructure at Heathrow which is and should continue to be the dominant airport in the system and unless, in addition, the opportunity is now resolutely seized to cure a number of grievous ills and shortcomings at Heathrow Airport. I am obliged to put Government on enquiry that failure to take this course will militate against the future success of Heathrow and result in serious deleterious consequences for both the system and the nation.

Identifiable demand

- 8 Present and planned capacity in the London airports system will be insufficient to meet demand beyond the present decade and additional capacity will be required no later than 1990.

The future contribution of Stansted

- 9 Only Stansted can provide additional capacity to meet demand in the early to mid 1990s. Subject to an unequivocal declaration of intention on the part of Government to limit the future growth of Stansted and the imposition of appropriate conditions, the necessary planning permissions to enable Stansted Airport to be developed to a capacity of 15 million passengers per annum should be granted as expeditiously as possible.
- 10 From the outset, the development of Stansted Airport should be planned so as to be capable of providing an ultimate capacity equivalent to that which can be accommodated on the airport's single runway. Such capacity is likely to be approximately 25 million passengers per annum.

The limit on development at Stansted

- 11 There are compelling reasons which are now manifest as to why a second runway at Stansted should not be developed under any circumstances and Government should make an unequivocal declaration of intention that a second main runway will not be built. No planning permission should be granted in the absence of or prior to the making of such a declaration.

The immediate position at Heathrow

- 12 Additional capacity at Heathrow cannot be available in time to meet demand in the early 1990s and planning permission should not be granted for any airport development at this stage.

The future contribution of Heathrow

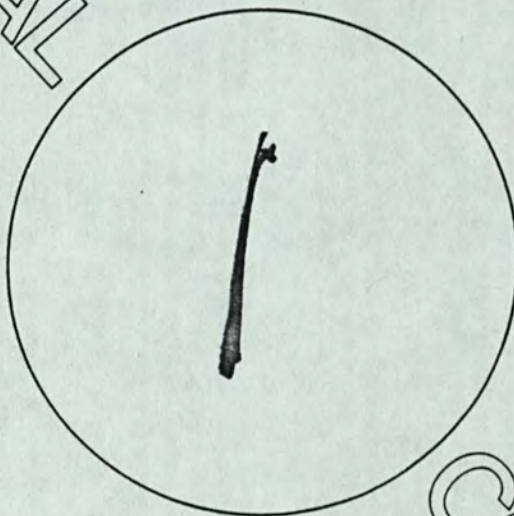
- 13 Subject to certain contingencies, a capacity capability at Heathrow of up to approximately 53 million passengers per annum can be available from the mid 1990s. The provision of such capacity would make a crucial contribution to total capacity in the London system as a whole and should be developed in conjunction with other vital airport facilities so as to ensure that standards at Heathrow are commensurate with its status as the most important international airport in the world.
- 14 In relation to the future of Heathrow, the most important factors and contingencies are the removal of the Perry Oaks sludge treatment works, the availability of further land to the west, the abandonment of the ill-advised and misconceived proposal to impose a limit on air transport movements, the mitigation of unsatisfactory conditions which currently exist and will obtain in the future both on-airport and off-airport and the provision of adequate surface access facilities. There should be a resolute aim to commission additional terminal accommodation and other airport development at Heathrow by the mid 1990s.

The end of uncertainty

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The complementary capacity contributions to be made by development at Heathrow and expansion at Stansted will provide a flexible and well balanced capability in the London airports system for meeting demand from about 1990 and into the next century and finally bring to an end for the foreseeable future the many uncertainties which have been such a deplorable feature of post war airports policy.

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10 DOWNING STREET

From the Private Secretary

20 November 1984

Dea Dunch,

STANSTED/HEATHROW TERMINAL 5 PUBLIC INQUIRIES

The Prime Minister held a meeting today to discuss the handling of the Inspector's Report on the Stansted/Terminal 5 public inquiries. Present were your Secretary of State, the Secretary of State for Energy, the Lord Privy Seal, the Minister for Housing and Construction, the Financial Secretary and the Deputy Chief Whip. Also present was Mr. Brearley, Cabinet Office.

The Attorney General had advised that the Inspector's Report would have to be published before the issue of the BA prospectus. It was noted, however, that this did not require the Government's decision also to be in advance of the prospectus. Whatever was decided would, in practice, have little impact on BA's trading results before the 1990s. It was agreed that there should be no delay to the publication of the BA prospectus. If the Government were to reach its target for asset sales in 1984-85, it was essential to stick to the mid-February deadline. Indeed, if the technique of advance publication of a "red herring" prospectus, which had been successfully introduced with BT, were used for BA, it would be necessary to secure publication of the Inspector's Report two or three weeks earlier.

The Prime Minister asked whether, by employing outside Counsel, it would be possible to reach decisions and draft the decision letters by end-January. It was noted that the decision letters, of which there were twenty-two in all, needed to be prepared with great care if the Government was to minimise the scope for challenge in the High Court (though it was unlikely that this risk could be eliminated altogether). In any case, there was still a possibility that submission of the Report could be further delayed. The meeting endorsed the view that an end-January timetable for completion of decisions and issue of decision letters was unrealistic. The meeting went on to consider Option III,

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i.e. that the Government could announce decisions and publish the Report by end-January but defer the issue of decision letters. It was argued that this would increase the risk of challenge in the High Court and this Option was not considered further.

The meeting was then faced with a choice between publication in advance of decision, with a debate in between (Option II) or use of the Special Development Order procedure. It was agreed that to allow a debate before decisions in planning cases was an undesirable precedent. The planning process already took too long and gave a great deal of scope for those opposing any development. If the debate concluded with a vote, there would be a demand that the Government should abide by the outcome in making its decision. If, on the other hand, Ministers spoke in the debate, they could be accused of prejudicing the outcome of the decision; there could also be requests for the inquiry to be reopened. One possibility would be to seek a debate of a take-note kind which concluded without a vote and in which Ministers made no substantive statements. It would, however, not be easy to secure this. The SDO procedure had a further complication in that it required a vote in the Lords as well as the Commons.

Summing up the discussion, the Prime Minister said that the lesser evil was to publish the Inspector's Report and allow a debate before taking a decision. Despite the fact that the Government had already undertaken to publish the Sizewell Inspector's Report before decisions, every effort should be made to minimise the extent to which the Stansted/Terminal 5 case could be used as a precedent. In announcing the Government's intentions during the Second Reading of the Civil Aviation Bill, the Secretary of State for Transport should make clear that the procedure agreed above was being undertaken only in order to meet the legal requirements for the BA flotation and that the Government did not regard this as being a normal part of the planning process. The Prime Minister added that it was urgent to make progress on the work on the various aspects of the planning system.

I am copying this letter to Michael Reidy (Department of Energy), David Morris (Lord Privy Seal's Office), Paul Britton (Office of the Minister for Housing and Construction), Helen Goodman (Financial Secretary's Office), Murdo Maclean (Chief Whip's Office) and Richard Hatfield (Cabinet Office).

Yours sincerely
Andrew Turnbull

(ANDREW TURNBULL)

Miss Dinah Nichols,
Department of Transport.



Government Chief Whip
12 Downing Street, London SW1

20th November 1984

Dear Mr Ridley

Stansted/Heathrow Terminal 5 Public Inquiries

1. If we use the S.D.O procedure we give the final decision to Parliament. If we publish the report and do not promise a debate we risk a motion on an Opposition Day or a Private Members' day, which could, at least, close off options. If we provide for the debate ourselves we can choose the Motion (but not amendments) although the vote even on an unamendable adjournment Motion could make some options difficult or even impossible.
2. Either way when the vote comes to be taken we will have to consider the various groups you mention. If the E.D.M. is a reliable guide we will have to exert the maximum effort to stand a chance of achieving a Stansted decision (if that is what emerges) and will use up a great deal of goodwill both in the regions and in Essex etc. At this point we cannot be sure of sufficient support.
3. If you are ^ainposition to say on Wednesday that the Leader of the House expects a debate to take place after publication and before decision then the dangers on the Civil Aviation Bill and its use as a practice for the Stansted decision will be minimised.

*Yours sincerely
C. S. Roberts*

*Dictated by Mr Cope and
signed in his absence.*

JOHN COPE
(Deputy Chief Whip)

The Rt Hon Nicholas Ridley MP
Ministry of Transport



10 DOWNING STREET

Prime Minister

Peter Walker rang to provide some background on decision to allow a debate before decision on Sizewell.

The Dept advised against; John Moore agreed; but Nigel Lawson overruled; PQ was issued in John Moore's name without him as Dept having opportunity to press original advice.

Peter Walker urges, however, that you do not charge John Moore personally with the decision.

AT

20/11



PRIME MINISTER

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STANSTED/HEATHROW TERMINAL 5 PUBLIC INQUIRIES

We are meeting tomorrow to discuss the handling of the Inspector's report on the Stansted/Terminal 5 public inquiries. I thought it would be helpful if I set down the options as I now see them.

Background

We expect to receive the Inspector's report at the end of the month. I plan to publish the BA prospectus in mid-February. The Attorney General has advised that the Inspector's report will then have to be published as being material to BA's prospects. Decisions on the Inspector's report would have to be taken by the end of January if we are to stick to the normal planning procedures, whereby Inspectors' reports are only published with the decision letters.

I do not think that there is any chance of our reaching decisions on the 20 different applications involved, and drafting decision letters (which will need to be drafted with great care to avoid the risk of challenge in the Courts) by end-January.

Options

This gives us the following options for publication of the Inspector's report:-

- i. to delay publication of the BA prospectus;



- ii. to publish the Stansted report in advance of our decision;
- iii. to reach and announce decisions on the Inspector's report by end-January (at the same time publishing the report), but deferring the issue of decision letters (which cannot be rushed);
- iv. to use the Special Development Order (SDO) procedure.

Option (i): I am strongly opposed to delaying the publication of the BA prospectus. I have already announced that we hope to privatise BA in early 1985, and the Chancellor is very concerned that the sale proceeds should be received in this financial year. This could not be achieved if there is any delay in the BA prospectus.

Option (ii): there is a risk that publishing the Inspector's report in advance of a decision would set a difficult precedent, but we could point to the unusual circumstances of BA privatisation. Energy Ministers are already committed to publishing the Inspector's report on the Sizewell inquiry in advance of a decision.

Option (iii) brings its own problems. The legal advice is that to announce a decision without issuing a decision letter could well lay us open to successful challenge in the High Court. This course of action would also invite further representations, and Ian Gow and I would be in an extremely difficult position if, after we had announced a decision, new evidence was presented which led us to take a different view. And a debate



would be much more difficult to handle if decisions had been taken but the applications were still before us. I am conscious too that the late receipt of the Inspector's report - and we cannot be certain it will not be further delayed - means that carrying out the thorough appraisal that is legally required, and reaching agreement with other Ministers, will be difficult, if not impossible, to achieve by end-January.

One possibility which would avoid some of the pitfalls of option (iii) would be to publish the Inspector's report prior to the issue of the BA prospectus indicating that Ministers were minded to take a particular decision. But this approach would resemble consultation, with an implied invitation to "unsuccessful parties" to put forward further representations in the hope of changing our minds, and it would still be difficult to reach different conclusions.

Option (iv): to use the SDO procedure would require us to reach and announce our conclusions by early February, when we would publish the report. But it would give us a little more time since we could defer the laying of the SDO. However, this device has a number of serious disadvantages:

- (i) we should have to refuse the major planning applications, and invite Parliament to approve the proposal we endorsed;
- (ii) the SDO might be voted down, either in the Commons or the Lords;
- (iii) there would be difficulties in dealing with the associated decisions.



We cannot be sure that Parliament would agree on any one site for another major airport development in the South East.

/ The attached annex showing the views of the various interest groups demonstrates that there would probably be a majority against Stansted, but no majority for any other realistic solution.

In view of these difficulties I recommend in favour of publishing the report in advance of the decision. If colleagues are concerned about the precedent, I suggest we could cite the particular difficulties arising from the BA prospectus. We could make a virtue of it by saying we want to hear the views of the House, but this would risk creating a difficult precedent for other major planning cases.

Parliamentary Debate

More than 80 Conservatives have now signed the Early Day Motion opposing the development of Stansted. For the reasons given in paragraph 9 above, I do not favour giving the final decision to Parliament by using the SDO procedure. I recommend that we should provide for a debate after the report is published, and proceed to a Ministerial decision in the normal way. We do not, however, need to decide now which of these courses to take: we should merely say now, if colleagues agree to publish the report before a decision, that that is our intention, and that we will provide for a debate in due course.

The risk with allowing a debate under the normal planning procedures is that new evidence might be raised which would have to be referred back to the parties.



That could in certain circumstances lead to a reopening of the inquiries and would in any event delay a decision for some months. We could not, alas, ensure that the debate is not on a substantive motion.

Civil Aviation Bill

I will need to announce how we propose to handle the Inspector's report in Wednesday's Second Reading debate on the Civil Aviation Bill. A number of MPs have said that we should defer implementing the ATM limit until we have taken our decision on Stansted Terminal 5. I am happy to defend the timing of the Civil Aviation Bill. The Bill is required now if the ATM limit is to be in force in October 1985: a scheme for implementing the limit will have to be agreed by June 1985 to enable airlines to plan their forward schedules. The ATM limit was reaffirmed at the Stansted Terminal 5 inquiries. Its implementation will not of itself require new runway capacity at London's airports, but could affect the timing. But if we are to make concessions on the advance publication of the Inspector's report, I would wish to be able to announce that on Wednesday.

I am copying this minute to John Biffen, Peter Walker, Ian Gow, John Moore, John Cope, and Sir Robert Armstrong.

David Nichols

pp. NICHOLAS RIDLEY
19 November 1984

*(Approved by the Secretary of State
& signed in his absence).*

VESTED INTERESTS

The following oppose development of Stansted. They would not be able to agree on a realistic alternative:-

- (i) MPs and local authorities in the Stansted area;
- (ii) airlines who use Heathrow, who would prefer to see T5 developed;
- (iii) Northern MPs and local authorities, who see the development of regional airports as an alternative to providing further capacity at the London airports.

2. Some of these interests also oppose, or will oppose, the ATM limit, since by limiting the capacity of Heathrow's runways it weakens the case for T5, and strengthens the case for Stansted. The Northern lobby also oppose the ATM limit since they see it as endangering domestic services to Heathrow from regional airports.

3. The following support the development of Stansted:

- (i) most MPs and local authorities local to Heathrow;
- (ii) most MPs and local authorities local to Gatwick;
- (iii) BCal who do not wish to see T5 enhancing Heathrow's advantage over Gatwick.

4. The Labour Party may be expected to support the regional lobby, although at their last Conference Mr Prescott spoke in favour of developing both Stansted and regional airports.



Ref. A084/3031

PRIME MINISTER

Cabinet: Parliamentary Affairs: Stansted/Heathrow Terminal 5
Public Inquiries

BACKGROUND

The Inspector's report on the concurrent public inquiries into the Stansted/Heathrow Terminal 5 planning application is finally expected later this month. Such reports are normally published only when the decision is announced and it was agreed in March 1980 that this should apply in this case.

2. There has been considerable pressure both inside and outside Parliament for the report to be published and for Parliament to discuss it before decisions are taken. (More than 80 Conservative MPs have signed an Early Day Motion opposing the development of Stansted.) Furthermore the Attorney General has advised that the Inspector's report will have to be disclosed in connection with the publication of British Airways' (BA's) prospectus, since information in it will materially affect the company's prospects. It is most unlikely that a decision can be taken on the report before next February, when BA's prospectus is published.

3. The Secretary of State for Transport now proposes (his FLAG A → minute to you of 13 November) that the earlier decision on publication should be reversed. A Written Answer before the Second Reading debate on the Civil Aviation Bill on 19 November would announce the intention to publish the Inspector's report when it is received. This should prevent the Second Reading debate being used as a vehicle for discussion on Stansted and Heathrow. Parliament would be given an opportunity to debate the report at some time in the future; the form and timing of this debate can be decided later. The Lord Privy Seal, the Minister for Housing and Construction and the Deputy Chief Whip support this line.



MAIN ISSUES

4. This is not the time to discuss any substantive issues on Stansted or Heathrow. The issues before Ministers at this stage relate only to publication of the report:

- (a) Timing. Is it necessary to announce a decision on publication before Second Reading of the Civil Aviation Bill? If not, might it be better to wait and see what the report says, and to be sure that a decision cannot be made before the BA flotation?
- (b) Publication before the Government has made its decision will create a precedent. Are there implications for other inquiries eg Sizewell?

HANDLING

5. Before asking the Secretary of State for Transport to open the discussion, you may wish to point out that this is not the time for a discussion of the substantive issues on Stansted/Heathrow. Only decisions on publication of the Inspector's report need to be taken now. The Secretary of State for Energy will have views on the impact on the Sizewell Inquiry; the Secretary of State for the Environment may also wish to speak on the general issue. The Lord Privy Seal and the Deputy Chief Whip will be able to explain the House of Commons views. The Lord President may wish to comment on possible difficulties in the House of Lords.

CONCLUSIONS

6. You will wish Cabinet to reach conclusions on:

- (a) Whether the Inspector's report on Stansted/Heathrow Terminal 5 public inquiries should be published as soon as it is received.



(b) If so, whether this should be announced in advance of the Second Reading of the Civil Aviation Bill.

R

Approved by
ROBERT ARMSTRONG
and signed in his absence.

14 November 1984



Prime Minister:

CC NO
CC BH

These arrangements have been agreed between Mr Ridley, Mr Butler and Mr Gwo.

Prime Minister

STANSTED/HEATHROW TERMINAL 5 PUBLIC INQUIRIES

Agree to proposal to debate the Inspector's report before

On 19 March 1980 the then Secretary of State for the Environment minuted you and Cabinet colleagues proposing that the handling of the post-inquiry arrangements for the Stansted and Heathrow Terminal 5 (T5) planning applications should be based on standard planning procedures. Your Private Secretary's letter of 24 March 1980 to the Private Secretary to the then Secretary of State for the Environment recorded your agreement to this course. Inspectors' reports are normally submitted in confidence under these procedures to the Ministers who are statutorily responsible for appointing them and for the ultimate decisions on the applications. The reports are generally published at the same time as the decisions are taken and announced.

14/11

The Stansted/Heathrow planning applications were considered at concurrent public inquiries which lasted from September 1981 to July 1983. The Inspector's report on these inquiries was originally expected at the beginning of this year but there has been a series of delays and his report is not now expected until later this month.

There has been considerable political pressure both inside and outside Parliament for the report to be published and for Parliament to be given an opportunity to debate it before decisions are taken. More than 80 Conservative MPs have now signed an Early Day Motion tabled last week opposing the development of Stansted (the application for which was brought forward by the British Airports Authority at the behest of the Government).

The Attorney General has recently advised that the whole of the Inspector's report on the inquiries will have to be disclosed in connection with the publication of the British Airways'

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prospectus, since it will contain information that affects materially the company's prospects. The Inspector's report, like the public inquiries themselves, is expected to be extremely long (2,600 pages) and detailed. 20 planning applications have to be decided by the Government. The decision letters will need to be drafted with the utmost care because of the possibility of challenge in the High Court. In view of this and the late receipt of the Inspector's report, we are very unlikely to be able to reach decisions on Stansted/Heathrow T5 prior to the publication of the British Airways' prospectus which is scheduled for next February.

I have therefore today discussed with the Lord Privy Seal, the Minister for Housing and Construction and the Deputy Chief Whip how we should handle the Inspector's report. For the reasons above, we now propose to depart from the normal procedures in this case and announce that we intend to publish the Inspector's report when we receive it, and to arrange a debate on the report as soon as is practicable thereafter and before decisions are taken. We do not need to decide on the form and timing of the debate until after the Inspector's report is received.

Subject to colleagues' approval, we would announce, by way of a Written Parliamentary Question, our intention to publish the report prior to the Second Reading debate on the Civil Aviation Bill, which is planned for next Monday 19 November, to prevent this debate being used as a vehicle for discussion on Stansted/ Heathrow T5. The announcement would make it clear that this course was being followed because of the unique set of issues involved, and that it was not a precedent for the handling of Inspectors' reports on future public inquiries.

I therefore seek colleagues' agreement that -

- a. we publish the Inspector's report on the Stansted/Heathrow T5 public inquiries when it is received, and subsequently give

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Parliament an opportunity to debate it before decisions are taken.

b. we announce this decision prior to the Second Reading debate on the Civil Aviation Bill.

I am copying this to the members of Cabinet, the Attorney General, the Minister for Housing and Construction, the Deputy Chief Whip and Sir Robert Armstrong.

du

pp. NR

NICHOLAS RIDLEY

13 November 1984

*(Approved by the Secretary of State
& initialed in his absence).*

Aerospace: Third London Airport Nov 79

CONFIDENTIAL

cc/pa



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Ian Gow Esq MP
Minister for Housing and
Construction
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

3. Oct. 1984

WSPm
Jr.

Dear Ian

Thank you for your letter of 13 September about the handling of the Stansted/Heathrow T5 report.

I recognise that in the coming months there will be increasing pressure for a Parliamentary debate from both sides of the House. However, I believe that it is important that we should continue to resist this pressure. We cannot lose sight of the fact that we have a statutory responsibility to determine the planning applications on the basis of the Inspector's report and the evidence before him at the Inquiries. The right time for Parliament to be involved under the standard planning procedures is after and not before the decisions have been taken and announced. I am concerned that any change in these procedures would lead to further delays before decisions are taken.

I accept that even if we do not allow a debate in Government time, it would be open to a back-bencher to initiate an Adjournment debate. If that happened, I believe that we should adopt the position that we have already taken in response to letters and PQs, namely that it would be

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inappropriate for us to comment on the issues involved in view of our statutory responsibilities. The Opposition have shown little interest in debates on airports, or indeed on civil aviation in general, and I think it very unlikely they would think it worth a Supply Day.

I note that you have asked officials to consider whether any issues have arisen since the Inquiries closed which could be regarded as relevant to the Stansted/T5 decisions. As you know, we have already agreed, following advice from our lawyers, that matters such as the privatisation of British Airways (and by implication that of the British Airports Authority) and the ATM consultation paper should be kept separate from the decisions on the planning applications. Whatever the findings of the work you have commissioned it is important that we do not introduce "new evidence" ourselves into the consideration of the planning applications.

I am copying this letter to the Prime Minister.

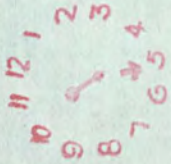
Nicholas Ridley
Nicholas

NICHOLAS RIDLEY

CONFIDENTIAL

Aerospace 1000 79
3rd Hudson Airport

- 4 OCT 1984



cc/so



Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction

13 September 1984

Mr Hill,

BK // 55 TFIS MVM.

Mr Fletcher

To see ofr.

*Dues
17/9*

Thank you for your letter of 21 August.

I am enclosing a copy of a letter which I have sent to John Cunningham today.

I am content, at any rate at this stage, to rest on the argument which you deployed in the third paragraph of your letter to John Prescott on the 21st of last month.

Nevertheless, there are two factors which I bear in mind:-

1. I expect pressure for a Parliamentary debate, from the Official Opposition and from a number of our own supporters (Alan Haselhurst, Bowen Wells, Francis Pym, Tony Grant, Robert Rhodes James, Timothy Wood, Marion Roe, John Biggs-Davison, Bob McCrindle, Jerry Hayes) to grow. If the Government refuses to allow a debate in its own time, it would be open to the Opposition to take a Supply Day, or for a back-bencher to initiate an Adjournment Debate. If there was to be a Supply Day Debate, the risk to which you refer in the third paragraph of your letter of 21 August would be present; and the Government would be criticised by many of its own supporters for not having agreed, itself, to allow a debate in Government time.

2. If representations material to the eventual decision are received, it may be necessary to refer that material back to the parties. Such material could be introduced even if there is no parliamentary debate. I have, therefore, asked my officials to review, with yours, whether any relevant matters have arisen since the Enquiry was completed on 6 July 1983 and to report their findings to us.

I am bound to say that I do see some force in the argument advanced by Peter Shore when he said:-

"The open procedure would have been incomplete if, at the end of the day, when all the parties had been heard, Parliament itself had been excluded from the debate."
(Official Report, 22 March 1978 column 1541)

I am sending a copy of this letter, and of your correspondence
with John Prescott to the Prime Minister ✓

evl
im.

IAN GOW

The Rt Hon Nicholas Ridley AMICE MP

2F



Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction

Our Ref J/G/PS0/44556/84
13 September 1984

Dear Dr Cunningham,

Following my Private Secretary's letter to you of the 14 August, I have now looked into the points which you raised.

The position is set out in Nicholas Ridley's letter to John Prescott of 21 August of which I am enclosing a copy.

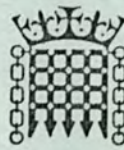
Yours sincerely,

Stephen Jay

pp. IAN GOW

(agreed by the minister and
signed in his absence)

Dr John Cunningham MP



HOUSE OF COMMONS
LONDON SW1A 0AA

31 July 1984

Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

RECEIVED IN

- 1 AUG 1984

PRIVATE OFFICE



Dear Patrick,

Stansted/Heathrow Terminal 5 Planning Inquiry

I understand that the Inspector's Report on the above Inquiry will be submitted to Ministers in the near future. I also note that Ian Gow will be dealing with the matter on your behalf.

I am writing formally to you to request that a full and proper opportunity is given to the House to debate the Report prior to any decision being taken by the Government.

I appreciate that the 'lead' department will be Transport, but the DOE is clearly responsible for the way in which the matter is processed, given the fact that it stems from a planning application and a Public Inquiry under the Planning Acts.

I and my colleagues are of the very strong view that a debate is important for a number of reasons; Stansted will involve a major investment decision, indeed probably one of the biggest to be taken for a number of years; there are a variety of major national issues to be considered, ranging from civil aviation to regional policy; and one cannot be unaware of the strength of feeling members from both sides of the House have expressed on the matter.

I recognise that there has been considerable discussion on Stansted but as Peter Shore said in 1978, when he introduced the Windscale project before the House... "Where there are major environmental, national and international issues raised by a project, the open procedure would be incomplete if, at the end of the day, when all the parties had been heard, Parliament itself had been excluded from the debate."

Dr. J.A. Cunningham MP

This statement surely applies equally to building a third London Airport as it does to building a nuclear reprocessing plant, and I am bound to point out that Government have already appeared to acknowledge the validity of this point in the context of the Sizewell Inquiry.

Indeed, it is my view that Stansted and other major projects should be determined by way of an SDO which would be subject to resolution by Parliament. There will be some resistance to this, but we really must come to terms with the fact that the local planning machinery is hardly able to cope with issues like those raised by Stansted; at the present time the SDO procedure is the only effective way of securing a parliamentary input in the way major investment decisions arising from the local planning machinery are determined. I hope you feel able to agree to this reasonable request.

*As ever,
Jed.*

Dr J Cunningham MP

cc John Prescott MP



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

John Prescott Esq MP
House of Commons
LONDON
SW1

My ref: R/PSO/8504/84

21 August 1984

Dear John

Thank you for your letter of 6 August about the mechanics for handling the Inspector's report on the Stansted/Heathrow Terminal 5 Public Inquiries.

It is our intention that the Stansted/Heathrow Terminal 5 planning application will be dealt with on the basis of standard planning procedures under the appropriate provisions of the Town and Country planning legislation. The statutory position is therefore that the Secretary of State for the Environment and I are jointly responsible for the decision on the BAA's planning application to develop Stansted but the Secretary of State for the Environment alone is responsible for the decision on the application to construct a fifth terminal at Heathrow. The decision on the fifth terminal however, will clearly only be taken after the fullest consultation with myself. In view of the fact that Patrick Jenkins's home is only six miles from Stansted, Ian Gow will be looking after his Department's interests in the decisions. That and the joint responsibility for the decision, was made clear by Patrick Jenkin on 14 February, when he answered a written Parliamentary Question from Alan Haselhurst.

We now expect to receive the report in the early autumn. Inspector's reports are not generally published nor comments invited on them in advance of the decisions on the applications to which they relate. The reason is that representations received after inquiries have closed may have to be referred back to the parties if they are material to the eventual decision and could in certain circumstances lead to a re-opening of the inquiries. A Parliamentary debate in this period before decisions are taken would seriously increase the risk of this happening. The Stansted/Heathrow Terminal 5 Public Inquiries were the longest, lasting 258 days, and most complex planning inquiries that have taken place. They provided every opportunity for all the parties to deploy their arguments and to comment on the various proposals

put forward, and I doubt whether most of those concerned would wish there to be any unnecessary delay before final decisions are reached.

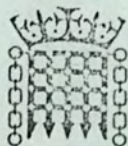
I am sending a copy of this letter and yours to Ian Gow.

Tommen

Nicholas

NICHOLAS RIDLEY

John Prescott, MP



HOUSE OF COMMONS
LONDON SW1A 0AA

RECEIVED IN
- 7 AUG 1984
PRIVATE OFFICE

6 August 1984

De Nicholas,

STANSTED/HEATHROW TERMINAL 5 PLANNING INQUIRY

I am aware that one can expect the above inspector's report to be available shortly. No doubt, though past events are no guarantee, there should be a full and proper debate on the implications of such a report.

Since this report will involve a number of departments and Mr Jenkin has removed himself from an active part in it because of his constituency involvement, can you tell me whether you, as Secretary of State for the Department of Transport, will in fact be handling this matter?

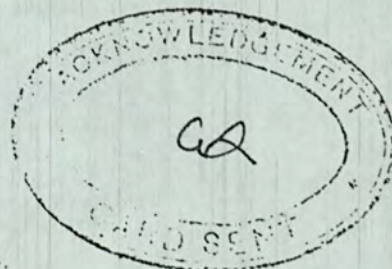
I would be grateful for any observations you can give me on the procedure that will be followed.

I look forward to hearing from you.

Yours in
J.P.

John Prescott

Rt Hon Nicholas Ridley, MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
LONDON SW1P 3EB



Aerospace - The 3rd London Airport

11/78.

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11/78



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

CCND

Ian Gow Esq MP
Minister of Housing and
Construction
Department of the Environment
2 Marsham Street
LONDON
SW1

My ref: R/PSO/8502/84

21 August 1984

N
23/84

Dear Ian

Your office have sent to No 10 a copy of a letter from John Cunningham arguing for the adoption of the Special Development Order procedure for the Stansted decision. I was rather surprised you had done this, since we agreed earlier this year that the Inspector's report should be dealt with in accordance with standard planning procedures.

As you rightly said in your letter to me then, the introduction of new material relevant to the decisions - which could easily occur in a Parliamentary debate - could provide a basis for interested parties to call for a re-opening of the Inquiries before Ministerial decisions were taken. As you know, the public inquiries were the longest that have taken place and provided every opportunity for interested parties to make their cases and to comment on those of others. I am sure that most of those concerned would not welcome any additional delays before decisions are taken. I am you know also perturbed about the implications that could have for privatisation of British Airways.

I believe that it is important that we both stand firm in the face of the inevitable pressure for the report to be published and a Parliamentary debate allowed before decisions are taken, and I hope you will confirm that you are still content that we should proceed in the way that was agreed.

I am sending a copy of this letter to the Prime Minister.

Yours
Nicholas

NICHOLAS RIDLEY

AEROSPACE NOVEMBER 79

310 Linda Airport

7/15



2

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction

Patricia M...
D

7 August 1984

Dear Tim,

The Minister has asked me to send you this copy of a letter from John Cunningham MP about the Stansted and Heathrow/Terminal 5 Planning Inquiry which will be of interest to the Prime Minister. 7/8

A copy of this letter and enclosure goes to Dinah Nichols in Nicholas Ridley's office.

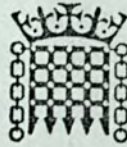
Yours sincerely,

Paul Britton

P J J BRITTON
Private Secretary

mt

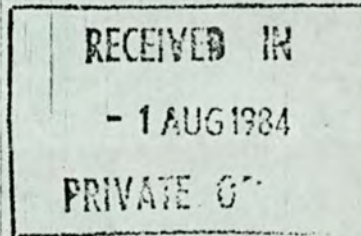
Tim Flesher Esq



HOUSE OF COMMONS
LONDON SW1A 0AA

31 July 1984

Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB



Dear Patrick,

Stansted/Heathrow Terminal 5 Planning Inquiry

I understand that the Inspector's Report on the above Inquiry will be submitted to Ministers in the near future. I also note that Ian Gow will be dealing with the matter on your behalf.

I am writing formally to you to request that a full and proper opportunity is given to the House to debate the Report prior to any decision being taken by the Government.

I appreciate that the 'lead' department will be Transport, but the DOE is clearly responsible for the way in which the matter is processed, given the fact that it stems from a planning application and a Public Inquiry under the Planning Acts.

I and my colleagues are of the very strong view that a debate is important for a number of reasons; Stansted will involve a major investment decision, indeed probably one of the biggest to be taken for a number of years; there are a variety of major national issues to be considered, ranging from civil aviation to regional policy; and one cannot be unaware of the strength of feeling members from both sides of the House have expressed on the matter.

I recognise that there has been considerable discussion on Stansted but as Peter Shore said in 1978, when he introduced the Windscale project before the House... "Where there are major environmental, national and international issues raised by a project, the open procedure would be incomplete if, at the end of the day, when all the parties had been heard, Parliament itself had been excluded from the debate."

This statement surely applies equally to building a third London Airport as it does to building a nuclear reprocessing plant, and I am bound to point out that Government have already appeared to acknowledge the validity of this point in the context of the Sizewell Inquiry.

Indeed, it is my view that Stansted and other major projects should be determined by way of an SDO which would be subject to resolution by Parliament. There will be some resistance to this, but we really must come to terms with the fact that the local planning machinery is hardly able to cope with issues like those raised by Stansted; at the present time the SDO procedure is the only effective way of securing a parliamentary input in the way major investment decisions arising from the local planning machinery are determined. I hope you feel able to agree to this reasonable request.

*As ever,
J.C.*
Dr J Cunningham MP

cc John Prescott MP

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- 7 AUG 1984

CONFIDENTIAL

CCNO-



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

NBPM
AT 16/5

Ian Gow Esq MP
Minister of State
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

15 May 1984

Dear Ian

Thank you for your letter of 4[✓] May about the handling of the Inspector's report on the Stansted/Heathrow Terminal 5 inquiry.

I am in full agreement that we should deal with the report under the standard planning procedures; and like you, I am sure that a Parliamentary debate should be avoided, since this would carry risks of further delays on decisions. I mention this because, although I accept that our decisions on the Inspector's report cannot be influenced by considerations about the privatisation of British Airways, I am anxious that we should reach those decisions by the end of this year because they will be relevant to the prospectus for the sale of British Airways. I hope, therefore, that we can both ensure not only that the report's confidentiality is maintained but also that it is dealt with as expeditiously as possible.

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I am copying this letter to the Prime Minister, Willie
Whitelaw, John Biffen and to Sir Robert Armstrong.

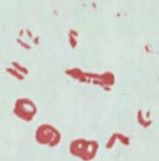
*Yours
Nicholas*

NICHOLAS RIDLEY

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Aerospace: 3rd London Airport Nov 79.

16 MAY 1984





Minister for Housing and Construction

NBPM 915 LENO
Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

CONFIDENTIAL

4 May 1984

Dear Nick,

I have been considering the situation which will arise once we receive the Inspector's report on the Stansted/T5 inquiry which is not expected before the end of July.

The question of a third London airport is extremely complex and the inquiry itself ran to 258 working days. Our consideration of the Inspector's report will take some time. We are making special arrangements to ensure the confidentiality of the report until our decision can be made public. I understand that your Department is doing the same.

In March 1980 the Prime Minister agreed to Michael Heseltine's suggestion that the report should be dealt with under standard planning procedures. This would mean that the report would not be published and Parliamentary debate preferably avoided until our decisions on the planning applications were announced. Any speculation about the report would receive no comment. Nothing that has happened since 1980 suggests to me that we should now proceed differently.

The introduction of new material relevant to the decisions - which could well occur in a Parliamentary debate - could afford the basis for interested parties to call for the opportunity to put further arguments, or even for the re-opening of the inquiry, before Ministerial decisions were taken. I am advised that the proposed privatisation of British Airways is not a relevant consideration for the planning decisions although of course these will have an important bearing on your proposals for the issue of a prospectus early next year. Given the contentious nature of this inquiry, we must avoid opportunities for delaying our decisions or making them more difficult: our experience of the delay to the much less contentious case of the second terminal at Gatwick shows that this is not a theoretical risk.

Perhaps you would confirm that you are content that we should proceed in this way.

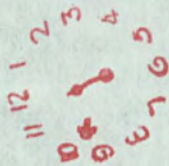
I am sending a copy of this letter to the Prime Minister, to Willie Whitelaw, John Biffen and to Sir Robert Armstrong. I am having a short brief on Stansted prepared for the Leaders of each House in case they are asked questions about it in the course of a Business Statement.

IAN GOW

The Rt Hon Nicholas Ridley MP

Aerospace Nov 79 3rd London
airport

- 9 MAY 1984



JL



10 DOWNING STREET

From the Private Secretary

MR. HATFIELD

THE STANSTED INQUIRY

The Prime Minister has seen Sir Robert Armstrong's minute of 25 January. She confirms that she was under no misapprehension about the reasons for which Mr. Jenkin wished to take no part in the Stansted Inquiry. She acknowledges that his sole concern was to avoid embarrassment to his colleagues.

(ANDREW TURNBULL)
26 January 1984

PERSONAL



Prime Minister
I do not think you were
under any misapprehension
about this

No - I want!
mt 25/11

Ref. A084/295

PRIME MINISTER

The Stansted Inquiry

The Secretary of State for the Environment is anxious that you should be under no misunderstanding about his reasons for proposing a statement making it clear that he would not take any part in the decision-making processes on the Stansted inquiry. He has no wish whatever to delegate or abrogate his responsibilities as Secretary of State; his sole concern is to avoid personal embarrassment to you and to his other colleagues.

RTA

ROBERT ARMSTRONG

25 January 1984

I should have thought it could
be done in a written answer.
mt

PERSONAL



10 DOWNING STREET

From the Private Secretary

20 January, 1984

Stansted Planning Inquiry

The Prime Minister has seen the advice of the Attorney General and Sir Robert Armstrong and agrees with your Secretary of State's proposal that he should declare a personal interest in the Stansted Inquiry and should distance himself from the processes of reaching a decision. She agrees with the text of the statement but thinks that Sir Robert Armstrong's re-draft of the final sentence could be adopted with advantage.

I am copying this letter to Dinah Nichols (Department of Transport), Henry Steel (Law Officers' Department) and to Richard Hatfield (Cabinet Office).

ANDREW TURNBULL

John Ballard, Esq.,
Department of the Environment



10 DOWNING STREET

Prime Minister

Both AG and RTA
support Mr Jenkins' view
that he should take no
part in decisions on
Stansted.

Agree, with drafting
amendment suggested by RTA

AT
19/11

Yes
ms.

Andrew

DoB know.

JF.



Ref. A084/221

MR TURNBULL

Stansted Planning Inquiry

Your letter of 9 January to the Private Secretary to the Secretary of State for the Environment sought my advice on the Secretary of State for the Environment's minute of 6 January.

2. There is, of course, no way in which the Secretary of State for the Environment can escape from exercising his responsibilities as Secretary of State in this case. The decision has to be that of the Secretary of State for the Environment and the Secretary of State for Transport, and he cannot divest himself of or delegate that responsibility. If when the time comes he did not feel able to be bound by the decision arrived at after the appropriate Ministerial consultation, the only course open to him would be to resign.

3. As I understand it, that is not the problem. Whatever the decision is, the Secretary of State will be prepared to make it and accept responsibility for it. He merely wishes to avoid the potential embarrassment to the Government, if it was thought that the material decision had been taken by a Minister who might be attacked as having allowed personal interests to affect the decision.

4. The Secretary of State could be affected either way. There is no proposal to alter the length or the alignment of the runway at Stansted, and the proposals now under discussion would not bring any part of the airport closer than at present to his home. On the other hand, there would be substantial additional traffic and aircraft noise, and revised flight paths which would come more directly over his home. Thus, if the decision were to reject the proposals, his personal interests could be thought conceivably to have affected the decision. On the other hand, there are plenty of people who believe that the development of Stansted will enhance property values in the district; if therefore, the proposals are approved, it could be thought that the Secretary of State's personal interest in the value of his property had affected the decision.



5. I understand Mr Jenkin has not been called upon to make any public statement about Stansted in his constituency for a number of years, though when Stansted was first proposed nearly 20 years ago, he then spoke strongly against it, largely on traffic grounds.
6. As the Attorney General has said in his minute of 11 January, there is a recent precedent for the procedure proposed by the Secretary of State in what Lord Cockfield did when he was Secretary of State for Trade about the takeover of Anderson Strathclyde. Like the Attorney General, I think on balance that the risk of challenge of improper delegation would be less than risk of challenge on the breach of rules on natural justice, and that it would therefore be advantageous for the Secretary of State to distance himself personally from the decision.
7. I therefore recommend the Prime Minister to agree that the Secretary of State should do as he proposes. I suggest, however, that it might be useful if the final sentence of his draft reply was expanded to read:
- "This statement is to make clear that, to avoid any risk of it appearing that the existence of a possible conflict of interest could affect the consideration of the issues, I shall take no personal part in the processes leading up to the announcement of a decision".
8. I am sending copies of this minute to the ^{Private Secretaries to the} Secretaries of State for the Environment and Transport and to the Attorney General.

RfA

ROBERT ARMSTRONG

19 January 1984

CONFIDENTIAL



PRIME MINISTER

STANSTED PLANNING INQUIRY

I have seen Patrick Jenkin's minute to you of 6 January and your Private Secretary's letter recording your preliminary reaction.

2. There is a recent precedent for the procedure Patrick Jenkin is proposing. Arthur Cockfield, when Secretary of State for Trade, felt that it would be wrong for him to be personally involved in the decision about the take-over of Anderson Strathclyde by Charter Consolidated, since he held shares in the bidding company. Parliament was, therefore, told that the decision would be taken by his Minister of State. That decision was subsequently challenged inter alia on grounds of improper delegation. However, the challenge failed because in law the decision was that of the Secretary of State.

3. When Patrick Jenkin's officials referred his proposed PQ and Answer to this office we checked with Junior Treasury Counsel, who appeared in the Anderson Strathclyde case, that its wording would not cause him any problems if he had to defend the Stansted decision. The penultimate sentence of the draft Answer sent to you was inserted at his suggestion.

4. Where a Minister - or indeed an official - takes a decision in a quasi-judicial capacity I think it is important to avoid any appearance of bias. Indeed, in certain circumstances, the court may quash a decision where there is a reasonable suspicion of bias. My feeling is that in this case the risk of challenge on grounds of improper delegation would be less than the risk of challenge for breach

CONFIDENTIAL

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2

of the rules of natural justice and that, on balance, it would be advisable for Patrick Jenkin to distance himself personally from the Stansted decision.

5. I am copying this minute to Patrick Jenkin, Nicholas Ridley and Robert Armstrong.

M.H.

11 January 1984

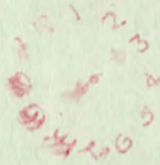
CONFIDENTIAL

Aerospace: NOV 79

3rd London Airport



112 JAN 1984



CONTROL



059

File



10 DOWNING STREET

From the Private Secretary

9 January 1984

STANSTED PLANNING INQUIRY

The Prime Minister has seen your Secretary of State's minute of 6 January. She questions whether the fact that he lives six miles from the end of the Stansted runway (and is therefore close to it now) really is sufficient to debar him from exercising his responsibilities as Secretary of State. Stansted will be one of the major planning inquiries to come before this Government, and she is therefore most reluctant for it to be delegated to another Minister in the Department.

S.F. |

Before taking a decision, the Prime Minister would welcome advice from Sir Michael Havers and Sir Robert Armstrong.

I am copying this letter to Dinah Nichols (Department of Transport), Henry Steel (Law Officers' Department) and to Richard Hatfield (Cabinet Office).

MR. A. JURNBULL

John Ballard, Esq.,
Department of the Environment.



Prime Minister ⁽²⁾
Agree?

AT 6/11

PRIME MINISTER

STANSTED PLANNING INQUIRY

I really wonder whether
6 miles from the end of the runway
(and it's close to it now) - would really

^{oust} your duties as S of S. Would the A-G
We expect the Inspector to submit his report on the Stansted admin.
Inquiry this Spring - probably in May. The ultimate decision
is the joint responsibility of the Secretary of State for
the Environment and the Secretary of State for Transport.
ms

I have to declare a personal interest in the case - my home
is 6 miles from the end of the runway. There is no basis
on which I can formally transfer or delegate my statutory
responsibilities in relation to Stansted but I must clearly
distance myself from all the processes of reaching a decision.
I intend therefore to ask Ian Gow to oversee all the Departmental
aspects of the case, and, with your agreement, I would ask
him to represent the Department in discussions with Ministerial
colleagues (the case has all the importance that would call
for a discussion with Cabinet colleagues before reaching
a decision). In effect the DOE Ministerial decision would
then be taken by Ian, though promulgation of that decision
must be formally in the joint names of the two Secretaries
of State.

If you endorse what I propose, then it also appears advisable
that I should make the position known publicly, as far as
possible in advance of the Inspector's Report reaching my
Department. I would intend making an announcement in the
terms of the attached draft PQ and answer which has been
cleared with Sir Robert Armstrong and the Attorney General's
Office.

I would be grateful for your approval to this course of action.

I am copying this note and the enclosure to Nicholas Ridley,



Michael Havers and Robert Armstrong.

PS

P J

6 January 1984

CONQUEROR
LONDON



To ask the Secretary of State for the Environment what administrative arrangements have been made for reaching a decision on the proposals to develop a Third London Airport at Stansted.

My Rt Hon Friend the Secretary of State for Transport and I expect to receive copies of the Inspector's report in the Spring. However, because my home, where I and my family have lived for the past 4 years, is only 6 miles from Stansted I have concluded that it would be wrong for me to be personally involved in the matter. With the approval of the Prime Minister, therefore, I am making special arrangements for the handling of the case in my Department. The Minister for Housing and Construction will oversee all departmental aspects of the case, and will act for me in the decision-making process. Legally and constitutionally the decision will be mine and that of the Secretary of State for Transport. This statement is to make clear that I shall take no personal part in the processes leading up to the announcement of a decision.

LONDON



6 JAN 1984



COMMERCIAL

LONDON



20
Aeropace

10 DOWNING STREET

From the Private Secretary

5 November, 1981.

Thank you for your letter of 23 October, with which you forwarded a transcript of exchanges at the Stansted Inquiry.

The Prime Minister accepts that the Inspector intended to maintain his impartiality, but has noted that the letter which Jonathan Rees sent me on 16 October acknowledged that some of his remarks might have given the wrong impression.

I am sending a copy of this letter to Jonathan Rees.

M. A. PATTISON

Mrs. H.F. Ghosh,
Department of the Environment.

PRIME MINISTER

When you replied to Alan Haselhurst's letter about the Stansted Inquiry, you expressed your concern about the remarks of the Inspector. When I forwarded a copy of your reply to the departments concerned, I recorded your unease.

The Department of the Environment are clearly hurt about this, and now imply that Mr. Haselhurst somewhat misrepresented the Inspector.

Your intervention will have been reassuring for Mr. Haselhurst and others, but you may like to have a glance at the relevant exchanges in the attached extract. Your exchange of correspondence with Mr. Haselhurst is beneath it.

attached to Envir letter dt 23/10.

ms. MFD

30 October 1981

Then why did we have the confidence not to use that? m

CF?



2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref: 23 OCT 81

Dear Mike

Thank you for copying to us your letter of 19 October to Jonathan Rees about the Prime Minister's reply to Alan Haselhurst MP on the subject of the opening statement on behalf of the Government at the Stansted Inquiry. This also conveyed comments from the Prime Minister on this situation.

We feel that the Prime Minister's comments may arise from a misunderstanding of what was actually said by the Inspector. The attached extract from the transcript of Day 2 shows (at page 30, letter A) that he has every intention of hearing all the parties concerned on this point, and I hope you would agree underlines his intention to maintain his impartiality.

Yours sincerely,
Helen Ghosh

MRS H F GHOSH
Private Secretary

Mike Pattison Esq.

any way in which they can help in resolving those problems, they will do so.

A THE INSPECTOR: The last matter relates to the way you very helpfully if I may say so, put the Government's stance with regard to policy. As I understood it, this is the way that you sought to help me. I am faced with this position, am I not: the Government has said expressly on a number of occasions: "No T5," supported by an extremely experienced Inspector who conducted the T4 Inquiry? In another breath people are invited to make an application, or rather canvass T5. As I understand the way that you put it, my approach should be that I should give very great weight to what the Government has said with regard to T5 and its future, and find special compelling reasons if I am going to recommend to the Secretary of State that development should go ahead on that site. Have I put it too high? I am very concerned to get some assistance on the correct approach to this very difficult problem which the Government has given me.

B
C
D MR. BARNES: I can sympathise with that, sir. The Government's position in relation to T5 is that it has, on a number of occasions over the last two years, indicated that it does not and would not support construction of T5. On the other hand, there is before you -- and, of course it is only for the Secretary of State for the Environment to decide -- an application for planning permission to construct a Fifth Terminal. Clearly, therefore, no Government and no Minister of the Government would dream of saying at this stage that such a planning permission would have to be refused on account of that policy. On the other hand, we do feel that that policy and other policies -- but I take that one as an example -- are relevant matters to be considered by you in forming your conclusions and by the Government. Of course, the T4 Inquiry, conducted by the Inspector that you have mentioned, had people appearing at that Inquiry, particularly who lived in West London, and who approached that Inquiry on the basis of those Government statements.

E
F THE INSPECTOR: That is certainly so, and Mr. Glidewell, as he then was, said that he did not think that he had ever seen a Government statement in such firm terms, and he said that he was going to regard it as a commitment in his approach to the problem.

G MR. BARNES: He did in his report approach the formulation of what he thought was the Government policy in relation to that; but, having said that, our view is therefore that, in the light of both statements of policy, in the light of the reliance which has been placed upon them, among others, by Mr. Glidewell, there should be compelling reasons shown if a decision were taken on the Uttlesford planning application which meant in effect a change of those policies.

THE INSPECTOR: And, of course, then I am faced with a similar position in relation to Maplin.

H MR. BARNES: You are, sir.

THE INSPECTOR: The Secretary of State for Trade has indicated that this

Government in any event would not revive Maplin in any form.

A MR. BARNES: That is its policy, sir.

THE INSPECTOR: And, indeed, in the House, on the other side of the House, it was indicated that it was unlikely that an alternative administration would take a different view. I suppose that here, again, you would say that I would have to find, as you call it, compelling factors.

B MR. BARNES: I do, sir, although there is, in a sense, a difference between Teeside and Maplin, in that in relation to Teeside there has been comparatively recently a planning inquiry into T4, at which of course the question of a possible future T5 figured, not in the forefront but certainly in people's minds. Indeed, at that Inquiry the site which is now promoted for T5 was in general terms promoted by some as being a site which should have been the site for T4, which is an additional factor in relation to Heathrow which has not occurred in recent years in relation to Maplin.

C THE INSPECTOR: It was probably a better site than T4.

D MR. BARNES: Mr. Glidewell concluded, from a number of points of view, that that was so. In my recollection, it was, I think, mainly lead time which led him to believe that that objection could not stand. I do see that as a difference between that and the present Heathrow proposals.

E THE INSPECTOR: Then, of course, there is the other point, I suppose -- I do not know whether you want to make any submissions to me at this stage on this -- that here I am; I have an application from a professional association in relation to Maplin; I have an application by a local government authority in relation to T5; I have a Government who says that it will not do either of them; and British Airports Authority, who are saying that they would not bring forward proposals in respect of either of them.

F

(Continued)

G

H

A Is my position somewhat academic, or not? I am going to ask Mr. Keene and others about this and I thought I would give you the opportunity. If you don't want to deal with those matters now please don't, because as I indicated right at the outset I am really looking for assistance, and it may be you want to deliberate further.

B MR. BARNES: I would, Sir, like to deliberate and take instructions further before saying anything further to you. But I would like to say one thing in relation to the last point that you have raised. It is our view that in relation to both T5 and Maplin the facts that (a) in order for an airport actually to be built there has to be commitment by bodies other than the applicants and (b) that the other bodies who are concerned, primarily British Airports Authority and the Government, have expressed clear views in relation to those, are not decisive factors which must rule it out as a matter of law but certainly relevant factors.

C THE INSPECTOR: They are certainly relevant.

D MR. BARNES: They are certainly relevant for you to take into account, Sir. But having said that as a preliminary indication I would like to come back on that at an appropriate stage if it will be of help to you.

THE INSPECTOR: It would be helpful if you could. If I may put it this way your clients have put me in a difficulty and if there is anything they can do to get me out of it I would greatly appreciate it.

E MR. BARNES: I am aware of that, Sir.

F THE INSPECTOR: Just one other point. You have told us that you don't think that at present advised the Department of Environment will be represented. As I understand it, and you will remember I did raise this with Mr. Read and he sought to help me yesterday, the Department of the Environment's view is clear, is it not; that the airport proposal and its consequential development would not be consistent with policies contained in the non-statutory strategic regional guidance, because we are in a constraint area and would not be consistent with policies contained in the structure plan, as they currently stand.

MR. BARNES: That is what I attempted to say, Sir.

G THE INSPECTOR: And you go somewhat further as I understand it, or the Department does, and contemplates that if the Secretary of State did give permission there would have to be further input, as it were, into the structure plan to reflect changes of such substance that the Department actually contemplates there being promulgated by the planning authorities.

H MR. BARNES: It appears to the Department, Sir, likely that it would in that event be necessary that there should be alterations

A promoted to the structure plans. The primary responsibility for such alterations would be with the County and planning authorities, and I mention in order that everything may be before you, that the Secretary of State in the final analysis had powers to direct that the amendment should be made. That is the position.

B THE INSPECTOR: When you are dealing with the regional airports and their present and future, could you also include Luton in the list, although I don't categorise it of course as a regional airport. There is this question of the 3½ and the 5.

MR. BARNES: Certainly, Sir.

C THE INSPECTOR: I am most grateful, Mr. Barnes, that has been very helpful. Mr. Read, I think we hear from your first witness now.

MR. READ: Yes Sir. I will call my first witness.

MR. NORMAN JOHN PAYNE: Called
Examined by MR. READ

D Q. Mr. Payne, can I first introduce you? Are your names Norman John Payne? A. They are.

Q. And are you Chairman of the British Airports Authority, having held that appointment since March 1977? A. I am.

Q. Were you previously Chief Executive and earlier held appointments as Director of Planning and Director of Engineering? A. Yes.

E Q. Were you appointed to the Board of the Authority in April 1971? A. That is so.

Q. Are you a Fellow of the Institution of Civil Engineers, the British Institute of Management, the City & Guilds of London Institute and the Chartered Institute of Transport? A. Yes.

F Q. Are you a Member of the Institution of Highway Engineers, the French Society of Civil Engineers and the Architectural Association? A. Yes.

Q. And are you a graduate of the Harvard Business School Advanced Management Programme? A. Yes.

G Q. And are you the Chairman of the British Section of the Centre for European Public Enterprise? A. Yes.

Q. And a past President of the Western European Airports Association, and past Chairman of the Airports Association Co-ordinating Council? A. Yes.

H Q. And in your next paragraph do you tell the Inquiry what is your scope of evidence; and would you please read from paragraph 4 onwards. A. In my Proof of Evidence I summarise the Authority's

A case for its proposed development of Stansted Airport against the background of the BAA's statutory duties, Government airports policy and the underlying growth of the air transport industry. I deal with the Authority's forecasts of air transport demand and identify the prospective shortfall in capacity at the London Area airports from the late 1980s. I examine some of the possible solutions that have been canvassed for dealing with this shortfall, including the view that the demand should not be met. I conclude that the solution must be to provide further airport capacity in the London Area and I deal with the reasons why the Authority believes that Stansted is the right place to provide this capacity. I describe the build-up of traffic that the Authority would expect to be attracted to Stansted and explain how the proposed airport development would be financed. Finally, I examine the prospects for growth in the very long-term and consider how any such growth might be accommodated.

C The BAA's Statutory Duties.

D 5. The BAA is a public enterprise, which started its airport operations in 1966 and operates under the Airports Authority Act 1975 (BAA2). It currently owns and manages seven major airports in the United Kingdom -- Heathrow, Gatwick and Stansted in the London Area, and Glasgow, Edinburgh, Prestwick and Aberdeen in Scotland. During the financial year 1980/81 these seven airports handled 74 per cent. of all passengers and 85 per cent. of air cargo using airports in the United Kingdom.

E 6. Under Section 2 of the 1975 Act it is the duty of the Authority "to provide at its aerodromes such services and facilities as are in its opinion necessary or desirable for their operation" and in carrying out that duty the Authority "shall have regard to the development of air transport and to efficiency, economy and safety of operation". The Authority's primary task is to operate, plan and develop its airports efficiently and profitably to meet the present and future needs of air transport, both international and domestic, so that air travellers and cargo may pass through as safely, swiftly and as conveniently as possible. This general objective and the essential policies in support of it are set out in the Authority's 1980/81 Annual Report and Accounts (BAA 120). The proposals before this Inquiry seek to give effect to the Authority's duty and policies.

G Airports Policy Background.

H 7. The Authority's Statement of Case (BAA 1) outlines the various events that determined the development of the London Area airports system up to 1974. I adopt, without repeating, this historical summary and turn to later events.

Airport Strategy for Great Britain.

8. Following the abandonment of the Maplin project in 1974, the Government ordered a comprehensive review of airports policy.

CONFIDENTIAL

cc DOE

HL



Aerospace

Alan
Thanks.
12/10
I wasn't wearing my
speed. Honest.

10 DOWNING STREET

From the Private Secretary

19 October 1981

We spoke this morning about the Prime Minister's reply to Mr. Alan Haselhurst's letter of 6 October. I enclose a copy of her reply. I am attempting to speak to Mr. Haselhurst to warn him that a copy will go to the Inspector, although I have not been able to make contact yet.

The Prime Minister is not at all happy about the situation highlighted in Mr. Haselhurst's letter. She has commented:

"The remarks of the Inspector in public do give rise to great concern. They cannot be cancelled out by an apology in private. He has cast doubts on the impartiality of his office. I realise that the letter tries to correct this, but I doubt whether it can succeed."

I am sending a copy of this letter and enclosure to David Edmonds (Department of the Environment).

M. A. PATTISON

Jonathan Rees, Esq.,
Department of Trade.

6



CC DOT
DCE

DS

10 DOWNING STREET

THE PRIME MINISTER

19 October 1981

Dear Alan,

Thank you for your letter of 6 October about the terms of the opening statement on behalf of the Government at the Stansted Airport Public Inquiry.

The main purpose of this statement, which was made by Mr. Barnes on instruction, and approved by the Government Departments concerned, was to set out the main elements of Government policy as they relate to the planning applications before the Inquiry. It was clearly essential to explain why the Government invited the BAA to bring forward proposals for the expansion of Stansted and why it does not favour a fifth terminal at Heathrow or a new airport at Maplin or Severnside.

The Government's airports policy was announced by John Nott in the House of Commons on 17 December 1979 and has been repeated since. Nevertheless the Inspector was concerned that people should be aware at the outset of the Inquiry where the Government stood and indeed this is essential if participants are to make their case effectively. If they support the Heathrow or the Maplin proposals it will be for them to indicate why such an alternative should be pursued notwithstanding the reasons given in December 1979 for rejecting them. In effect it will be for them to show why Government policy should be modified.

Nothing in the Government's statement should be taken as detracting from the rights of objectors - nor if read as a whole can it reasonably be taken in that sense. The Government have

/repeatedly

HL

repeatedly made it clear that the Inquiry will be wide ranging and will give opponents of the Stansted proposals an opportunity of presenting alternative solutions. The Inspector brings an open mind to the issues, and has the benefit of hearing all relevant evidence presented and tested in cross examination. I can assure you that when the Inspector's report is received, the representations made and his conclusions on them will be carefully considered and there will be no question of treating any particular alternative proposal as out of the question because it conflicts with Government policy as put to the Inquiry.

In the light of the concerns expressed in your letter, I am arranging for a copy of this letter to be put before the Inspector.

*Y
Lousier
Rogent*
—

Alan Haselhurst, Esq., M.P.



10 DOWNING STREET

PRIME MINISTER

There is a background note
beneath this draft reply.

MAJ

The remarks of the
16 October 1981 Inspector in
public do give rise to
great concern. They could be
cancelled out by an apology in
private. He has cast doubt
on the impartiality of his office.
I believe that the letter tries to
correct this - but I doubt whether
it can succeed.



From the Secretary of State

Mike Pattison Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

16 October 1981

Dear Mike,

Thank you for your letter of 7 October with which you enclosed a letter the Prime Minister has received from Mr Alan Haselhurst MP about the statement made on behalf of Government Departments at the opening of the Stansted Public Inquiry by Mr Michael Barnes QC.

Mr Haselhurst's concern is that this statement appeared to rule out alternatives such as a fifth terminal at Heathrow and a new airport at Maplin, which are being put forward by objectors to the Stansted proposals. He asks for an unequivocal declaration that the Government are not discounting in advance any options which the Inspector may be persuaded to recommend.

You will recall that the original statement on the Government's airports policy made by Mr John Nott on 17 December 1979 set out the reasons which had led the Government to reject the idea of building a new international airport at Maplin or any other greenfield site, and to confirm the policy of the previous Government and the recommendation of the Inspector into the Fourth Terminal, that Heathrow airport should be limited to a maximum of four terminals. He explained that on the evidence before it the Government had concluded that Stansted Airport was the best site for development and that the BAA would be invited to submit an appropriate planning application which would be examined at a public inquiry before a final decision was taken. The Government's policy was explained in subsequent debates in Parliament but a commitment was given that the Inquiry into the Stansted proposals would be wide-ranging and that objectors would be free, at the Inspector's discretion, to put forward alternative proposals.

Subsequently, the Town and Country Planning Association and the Uttlesford District Council (the local authority for the Stansted area) submitted planning applications for alternative schemes for developments at Maplin and a fifth terminal at Heathrow. Both applications were called-in by the Secretary of State for the Environment and referred to the Inspector for examination at the same public inquiry. The Inspector will therefore make recommendations in respect of these applications as well as the proposals for Stansted which the Government invited BAA to bring forward.

Although the Government's policy towards the alternative sites has been repeated on a number of occasions in the past and set out in



From the Secretary of State

documents placed before the Inquiry, the Inspector invited Mr Barnes to make an initial statement so that "people might know the stance of the Government". The statement prepared by Mr Barnes covered the interests of all the Government Departments which will be putting evidence to the Inspector and was cleared with the Departments concerned. Its purpose was to set out the main elements of the Government's policy. Mr Barnes made it clear that it was for the Inspector to decide what weight to attach to Government policy in making his recommendations and that those who promoted alternative sites would need to deal convincingly with the reasons which had led the Government to reject them. He made it clear, however, on several occasions, that the fact that the Government had a stated view did not rule out future consideration of alternative options and no final decision would be taken until the Inspector's report had been carefully considered. He did not suggest that the outcome of the Inquiries was a foregone conclusion.

Unfortunately the Inspector made some humorous, but unhelpful, remarks about whether, in the light of the Government's views, his role was not purely academic. These remarks attracted the press publicity to which Mr Haselhurst refers. The Inspector has subsequently apologised in private to Mr Barnes for giving the impression that his remarks were prompted by his statement on the Government's stance which he had in fact found helpful.

The draft reply to Mr Haselhurst has been prepared in consultation with the Treasury Solicitors' Department, who instruct the Government's Counsel, and with Department of the Environment Ministers.

It has been carefully drafted to avoid the possibility of legal challenge on the grounds that the Inquiries are not fair and genuine. It repeats the commitment given in the Prime Minister's letter of 1 July 1980 to Mr John Lukies that the Government will not reach a final decision until it has given careful consideration to the Inspector's report. In the light of Mr Haselhurst's concerns and of a related request from the Inspector, it is proposed that a copy of the Prime Minister's letter should be placed before the Inspector by the Government's Counsel.

I am copying this letter to David Edmonds (Department of the Environment).

Yours Sincerely,

Jonathan Rees

JONATHAN REES
Private Secretary



DRAFT REPLY FROM THE PRIME MINISTER TO MR ALAN HASELHURST MP

Thank you for your letter of 6th October about the terms of the opening statement on behalf of the Government at the Stansted Airport Public Inquiry.

The main purpose of this statement, which was made by and approved by the Government Departments concerned, Mr Barnes on instruction, was to set out the main elements of Government policy as they relate to the planning applications before the inquiry. It was clearly essential to explain why the Government invited the BAA to bring forward proposals for the expansion of Stansted and why it does not favour a fifth terminal at Heathrow or a new airport at Maplin or Severnside.

The Government's airports policy was announced by John Nott in the House of Commons on 17th December 1979 and has been repeated since. Nevertheless the Inspector was concerned that people should be aware at the outset of the Inquiry where the Government stood and indeed this is essential if participants are to make their case effectively. If they support the Heathrow or the Maplin proposals it will be for them to indicate why such an alternative should be pursued notwithstanding the reasons given in December 1979, for rejecting them. In effect it will be for them to show

../Cont'd...



why Government policy should be modified.

Nothing in the Government's statement should be taken as detracting from the rights of objectors - nor if read as a whole can it reasonably be taken in that sense. The Government have repeatedly made it clear that the Inquiry will be wide ranging and will give opponents of the Stansted proposals an opportunity of presenting alternative solutions. The Inspector brings an open mind to the issues, and has the benefit of hearing all relevant evidence presented and tested in cross examination. I can assure you that when the Inspector's report is received the representations made and his conclusions on them will be carefully considered and there will be no question of treating any particular alternative proposal as out of the question because it conflicts with Government policy as put to the Inquiry.

In the light of the concerns expressed in your letter, I am arranging for a copy of this letter to be put before the Inspector.

Mr. HASELHURST T/P

16/10

7 October 1981

I enclose a copy of a letter to the Prime Minister from Mr. Alan Haselhurst, MP, about the Stansted Airport Inquiry. Mr. Haselhurst will be releasing this to the Press in the course of the day.

I should be grateful if you could let me have a draft reply for the Prime Minister's signature. The Prime Minister will want to write as soon as possible, and I must therefore ask for a draft by mid-day on Friday 16 October, so that the matter is dealt with before she leaves for the Mexico Summit meeting.

I am sending a copy of this letter and its enclosure to David Edmonds (Department of the Environment).

M A PATTISON

Nicholas McInnes, Esq.,
Department of Trade.

7 October 1981

I am writing on behalf of the Prime Minister formally to acknowledge your letter of 6 October about the Stansted Airport Inquiry. As I told you on the telephone, I shall ensure that the Prime Minister sees this on her return from Australia and Pakistan. I know that she will be grateful to you for consulting us before releasing your letter to the Press.

MAP

Alan Haselhurst, Esq., MP.



10 DOWNING STREET

PRIME MINISTER

Here is a letter from Alan Haselhurst protesting about the attitude of the Government's counsel in the Stansted inquiry.

Mr. Haselhurst telephoned us to say that he hoped to release the letter to the press unless this was out of order. He has now done so.

We will let you have a draft reply.

MA

7 October 1981

mf

From: Alan Haselhurst, M.P.

✓ See Press
✓ I.G.



HOUSE OF COMMONS
LONDON SW1A 0AA

6th October, 1981

My Dear Prime Minister,

C7/10

Having read the transcript of Day 2 of the Stansted Airport Public Inquiry and received Constituency reactions to Press reports of it, I feel obliged to write to you to express my extreme concern about the Government's attitude towards the Inquiry.

I understand, of course, that the Government are entitled to have a policy towards airport development - even though I may think it mistaken - and equally entitled to hold to that policy in the absence of any better alternative being proved. Nevertheless I had always believed the assurance, given both on the record in the House of Commons and in other ways, that the Public Inquiry to follow the initial statement of policy would be "genuine and wide-ranging". It is very hard to see confirmation of this aim in the contribution on Day 2 of the Government's Counsel, Mr. Michael Barnes.

Mr. Barnes seems to have gone out of his way, on behalf of the Government, to rule out the alternatives which the Inquiry is testing. He used such emphatic terms that the Inspector was clearly placed in a difficulty. I must say that in view of all the protestations of good faith which have preceded the Inquiry, I think the Government could have instructed its Counsel to speak with moderate language, if not detachment, in order to uphold the commitment that they would be paying serious regard to the proceedings. As the record now stands few people think this is any longer the case. Counsel's action has fuelled the suspicion that the outcome of the Inquiry has all along been a foregone conclusion.

Mr. Barnes appeared to indicate to the Inspector that he would be seeking further instructions. I appeal to you to ensure that the various Departments of Government involved so present themselves that charges of irretrievable bias cannot be maintained. What is surely needed is an unequivocal declaration that the Government are not discounting in advance any option which the Inspector may be persuaded to recommend. Without this the Inquiry as a whole is diminished.

I hope you will be able to deal with this as a matter of some urgency and provide me and, more importantly, the Inspector with the necessary reassurances.

Yours sincerely,
Alan

Rt. Hon. Mrs. M. Thatcher, M.P.
10 Downing Street,
London SW1



Aerospace

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

Rt Hon Michael Heseltine MP
Secretary of State for the Environment
2 Marsham Street
London SW1P 3EB

2 April 1980

M. H.

STANSTED AIRPORT PROPOSALS - PROCEDURES

I have seen your minute of 19 March to the Prime Minister.

I am in broad agreement with the procedural arrangements you propose and particularly with your intention that the Inquiry covers both the initial and subsequent phase, should it be needed. I am aware from discussions my officials have had with the NFU that farming interests are intent on having the effects on agriculture of a 50 million passengers per year airport fully examined. The discretionary blight relief scheme may help to mollify their approach to the overall proposals.

My Department will need to be consulted on the proposed boundaries of course and we shall do all that we can to assist the Inspector by providing any agricultural appraisals that he may need.

I am copying this letter to the Prime Minister, other members of Cabinet and to Sir Robert Armstrong.

PETER WALKER

CABINET DISTRIBUTION - 21

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28



10 DOWNING STREET

From the Private Secretary

24 March 1980

Stansted Airport Proposals - Procedures

The Prime Minister has considered your Secretary of State's minute of 19 March about Stansted Airport, and she is content with the procedural arrangements proposed.

I am sending copies of this letter to the Private Secretaries to members of the Cabinet and to David Wright (Cabinet Office).

T. P. LANKESTER

David Edmonds, Esq.,
Department of the Environment.

R.P.



Content with the
proposed procedural arrangements?

PRIME MINISTER

Yes and. R.
21/3

STANSTED AIRPORT PROPOSALS - PROCEDURES

Flay A

1. When Cabinet discussed airports policy last December, it was decided that we should defer taking final decisions on the procedures for implementing the Stansted proposals (announced by John Nott on 17 December) until after the Parliamentary debate. Following the debate on Airports Policy in both Houses last month, John Nott and I have now reached agreement on the way we should proceed.
2. Our main conclusion is that we do not need any special procedural measure to deal with the Stansted proposals. Despite the expected local opposition, the statement was well received in the national press, and the Parliamentary debates were fairly quiet. There was general support in both Houses for the idea of a wide-ranging inquiry, but almost no pressure for the adoption of any special procedures. Only one Member suggested the untried device of a Planning Inquiry Commission, but without support. Nobody pressed for a Special Development Order (which would need Parliamentary approval) or suggested that the final decision should be reserved to Parliament.
3. We can therefore proceed in a straightforward manner along well-tried lines. We envisage that the BAA will apply to the local authority, probably next July, for planning permission for new terminal facilities at Stansted: this application will be



called-in for decision, following a public local inquiry, by John Nott and myself. This was the procedure followed for the Heathrow 4th Terminal and the Gatwick 2nd Terminal. The procedure at the inquiry itself would be, within limits, under the control of the Inspector, but I envisage that it would be sufficiently flexible to give an opportunity to those concerned not only to raise objections to the Stansted proposal, particularly on environmental, regional planning and agricultural grounds, but also to question the need for major airport expansion at all and to discuss alternative sites. In view of the local feeling on the matter, it is clearly important that objectors as well as supporters should be allowed their full say.

4. The BAA would at the same time publish compulsory purchase orders for the first 1,500 acres of land needed for the first phase of development, together with further plans indicating, so far as possible at this stage, the implications of further stages of development, covering the additional 2,500 acres, if they should eventually be needed. So far as practicable, we will aim to deal with the related highway proposals at the same inquiry. The rail link will, however, have to be the subject of a Private Bill.

5. Adequate relief for planning blight comes high on our list of priorities. For the first 1,500 acres of land there is no great problem as the statutory blight relief provisions will apply when the compulsory purchase orders are published in the



summer, and urgent individual problems can be dealt with sympathetically in the meantime. For the additional 2,500 acres, however, the statutory provisions will not apply and a discretionary blight relief scheme is necessary. We understand that the BAA's current powers are inadequate for this purpose, and John Nott therefore intends to table an amendment to the Civil Aviation Bill at present in Committee, to enable the BAA to purchase by agreement land which they may need for future expansion. We do not intend, however, to go beyond the normal rules and practices for compensation and blight relief by Government Departments.

6. Subject to your views and those of colleagues, we propose to seek the agreement of the BAA and local authorities concerned to the procedural arrangements outlined above. I will assume there is no objection from colleagues if I do not hear to the contrary within one week from the date of this minute.

7. I am sending copies of this minute to Cabinet colleagues and to Sir Robert Armstrong.

[Handwritten signature]

MH

19 March 1980

20 MAR 1951





10 DOWNING STREET

cc: D/Trade
Mr. Lukies,

Correspondence in GR
Aerospace

CF to note

THE PRIME MINISTER

5 February 1980

Dear Sir,

Thank you for your letter of 22 January enclosing the attached copy of a letter dated 14 January addressed to me by the Chairman of the North West Essex and East Herts Preservation Association, John Lukies.

I do understand the feelings of many people in the Stansted area. However, I must be plain and say that on the evidence that has been presented to the Government so far, it seems to us that expansion at Stansted airport offers the most flexible solution to the problem of meeting demand for air transport in the South East in the future. If the continued growth in demand does not materialise then we will not have wasted large sums of taxpayers' money on a new airport elsewhere. Instead, Stansted airport will simply have acquired a new terminal.

I say that "it seems" that Stansted offers the best solution because until the Public Inquiry has sat we will not have a full assessment of the proposal. Committees such as the Study Group on South East airports cannot do more than collect the facts about such matters as surface access routes, effects on defence installations, costs of building a terminal and so forth. The assessment they have made is based on the contributions of a wide range of organisations,
/including

including the local authorities, all of which provided advice on matters within their sphere of responsibility, but a full examination of the suitability of Stansted for expansion will come at the Public Inquiry.

I know, of course, of the two previous inquiries, but circumstances change and our proposals bear little resemblance to those examined on these earlier occasions. We are not looking for a vast four-runway airport of Roskill proportions, or even for a two-runway airport of the size that the Study Group was looking at.

The Inquiry is to look into whether Stansted airport would be a suitable place for the construction in the late 1980s of a single terminal building based on the existing runway, and also whether we should provide room for possible future expansion if this proves to be necessary in the 1990s. I should make it clear, however, that the precise terms of reference have not yet been decided.

The Inspector's report will be vital to the Government in reaching its final decisions and although I can give no undertaking as to what those decisions will be, Mr. Lukies may be sure that the Government will pay the closest possible attention to any recommendations which the Inspector makes in his report.

Alan Haselhurst, Esq., M.P.

Lawson

Raymond

Aerospace

17 December 1979

~~MAPCOR~~



STATEMENT ON AIRPORTS POLICY

John Nott

With permission Mr Speaker I will now make a statement about airports policy.

2 I am publishing today the reports of the Study Group on South East Airports and the Advisory Committee on Airports Policy. I recommend these reports to the House, and I should like to thank the members of these two bodies, which include representatives of local authorities, for their conscientious and painstaking work in preparing them.

3 Mr Speaker - the Government has decided not to build a major new international airport of the kind considered by the Roskill Commission Report in 1971; nor does it intend to resurrect the Maplin project, even in a revised form. Instead the Government's policy is first, to encourage the fullest use of regional airports and, secondly, to provide additional airport capacity, as the traffic develops, based on the existing airports in the South East, particularly Heathrow, Gatwick and Stansted. The Government's more detailed proposals are as follows.




4 In the future we will adopt policies designed to maximise the potential of the English regional airports and those in Scotland and Wales and thus to shift the burden away from the London area airports.

5 My Department will look with particular favour upon proposals for the expansion of capacity to meet demand at airports such as the East Midlands, Birmingham and Manchester.

6 We propose, as opportunity arises, to negotiate new rights permitting services between overseas cities and British provincial towns. This is in accordance with the new policies contained in the Civil Aviation Bill which is now before Parliament. On the initiative of my Department the EEC Council of Ministers has recently invited the Commission, after consultation with member states, to present specific proposals early next year for developing routes within the Community to serve the regions.

7 However, even with a more effective use of regional airports the Advisory Committee makes clear that there is an urgent need for additional airport capacity in South East England. On current forecasts, taking account of the uncertainty about future oil prices and world economic growth, it is estimated that there will be a demand of between 69 and 81 million passengers a year in London and the South East by the late 1980s, against existing airport capacity of 50 million passengers. This leaves a large gap.



8 We have considered whether it would be right to ignore the likely demand so that traffic became increasingly stifled or diverted to the Continent. Such a decision, or lack of a decision, would lead to developing chaos at our existing airports. A modern western society heavily engaged in international trade and with a major stake in the airline business can hardly fail to provide for consumer demand, both for leisure and business. But given the inherent uncertainty of any forecast the solution we need is one which meets the demand in London and the South East only as it develops and which avoids the massive expenditure implications of developing a green field or coastal sites.

9 At Heathrow capacity is virtually exhausted, and that is why we must continue to divert traffic to Gatwick as already announced in my statement on 9 October. In order to provide additional capacity, the Government has decided to accept the Inspector's recommendation for a fourth terminal at Heathrow; the details of this decision are being announced separately today, and will include certain restrictions designed to mitigate the noise nuisance to local residents. We have also given careful consideration to the possibility of constructing a fifth terminal at Heathrow on the Perry Oaks site in order to increase yet further the capacity of that airport. However we estimate that it would take at least 12 years to complete such a project and it would impose added burdens on the surrounding area; these considerations have led us to the view that a fifth terminal should not be provided.



10 At Gatwick a public inquiry is to be held next year into a proposal for second terminal at the airport. The Government will reach its conclusions on this matter in the light of the Inspector's report. We have also considered whether further capacity should be created by constructing a second runway at Gatwick but have decided not to pursue this possibility.

11 At Stansted the previous Government anticipated development of the existing airport to 4 million passengers a year by the late 1980s. Stansted airport already has a suitable runway which could carry, if necessary, many more passengers than this. There is good road access and we believe that the addition of a new terminal building at Stansted, which could eventually handle up to 15 million passengers a year, together with appropriate access improvements, can be carried out by the purchase of under 1,500 acres of additional land and with the minimum commitment to public expenditure. The Government therefore believes that this expansion is the best way of providing extra capacity before the end of the next decade.

12 However, we believe that the time is long overdue for a settlement of the airports question for a much longer period ahead so that the demand can be met if it develops into the next century. Years of indecision, decision and counter-decision reflect no credit on this country's capacity to make difficult but necessary choices. If air traffic continues to grow at anything like the rate forecast by the Advisory Committee,



additional capacity could be needed in the 1990s. For this reason, we have given careful consideration to each of the sites examined by the Study Group. Airports, road and rail access, the re-location of defence establishments all use up agricultural land, affect property and cause changes to the environment. The best solution must be one that avoids any premature expenditure and leaves future governments with the maximum degree of flexibility - dependent on the growth of demand.

13 Our view on the evidence so far available is that none of the green field sites meets these requirements. We recognise that Maplin has certain advantages but the provision of additional road and rail links, the preparation of the site and the re-location of defence establishments, all of which would require a commitment of over £1 billion, involve very serious risks which are unjustified when we cannot be certain that an airport of such a size might be needed. Moreover an airport at Maplin could not be ready to meet the expected shortfall in capacity in the late 1980s.

14 The British Airports Authority will therefore be invited to bring forward proposals for the construction of a single terminal building at Stansted based on the existing runway facilities, capable of handling about 15 million passengers a year. But it will also be invited to define and apply for the safeguarding



of an additional area of up to 2,500 acres, sufficient to provide for a possible second runway and further terminal capacity should this be needed in the 1990s or beyond. Our aim would be that the owners of residential and agricultural property in this wider area should have the opportunity of either continuing to live or farm there, pending any possible requirement for this additional land; or of selling their property at an unblighted value to the BAA.

15 These proposals will be examined under appropriate planning procedures which will include a wide-ranging public inquiry and a final decision on them will then be taken. This will provide a full opportunity for all those concerned to express their views on these proposals, and for the wider social and environmental implications to be explored or assessed.

16 I am making arrangements for the Vote Office to make available now to Hon Members full background information.

17 I am sure that the House will wish to debate these issues as soon as Hon Members have had a reasonable time to consider the reports and the Government's conclusions. I have therefore asked my Rt Hon Friend the Leader of the House to make provision for a debate after the Christmas recess.

Original in G/R
C.F. to see



Aerospace

cc D/T

10 DOWNING STREET

THE PRIME MINISTER

17 December 1979

Dear Bill,

Thank you for your letter of 4 December concerning the costs of developing a new airport at Stansted or Maplin.

I have seen a copy of Norman Tebbit's reply to you. As he points out the figures provided in the balance sheet attached to your letter differ significantly from the latest estimates produced by the Study Group on South East Airports which included representatives of the bodies directly concerned. I note that the imbalance in costs in your estimates arises from your calculation of the costs of urbanization. While I appreciate that there can be no exactitude about such estimates, the fact is that even the local authorities calculate that at no stage of development will Stansted require more than twice as many new dwellings as Maplin. There must, therefore, be significant doubts about the much greater difference in costs which TEDCO has calculated. If urbanization costs are excluded for the reasons given by Norman Tebbit I am sure you will agree that Maplin is a much more expensive site than Stansted and several of the other possible inland sites. There are also considerable problems and costs involved with the relocation of defence facilities, and all this has to be taken into account.

There are, of course, some environmental advantages as well as disadvantages in developing Maplin. I can assure you that

/the Government

the Government has considered all the relevant factors in reaching its conclusions, which will be announced shortly.

Y
Lonsdale

Raymond

William Clark, Esq., MP.

AIRPORTS POLICY

The Secretary of State for Trade (Mr. John Nott): With permission, Mr. Speaker I will now make a statement about airports policy.

I am publishing today the reports of the Study Group on South-East Airports and the Advisory Committee on Airports Policy. I recommend these reports to the House, and I should like to thank the members of these two bodies, which include representatives of the local authorities, for their conscientious and painstaking work in preparing them.

The Government has decided not to build a major new international airport of the kind considered by the Roskill Commission report in 1971; nor do they intend to resurrect the Maplin project, even in a revised form. Instead, the Government's policy is, first, to encourage the fullest use of regional airports and, secondly, to provide additional airport capacity, as the traffic develops, based on the existing airports in the South-East, particularly Heathrow, Gatwick and Stanstead. The Government's more detailed proposals are as follows.

In the future we will adopt policies designed to maximise the potential of the English regional airports and those in Scotland and Wales, and thus shift the burden away from the London area airports.

My Department will look with particular favour upon proposals for the expansion of capacity to meet demand at airports such as the East Midlands, Birmingham and Manchester.

We propose, as opportunity arises, to negotiate new rights permitting services between overseas cities and British provincial towns. This is in accordance with the new policies contained in the Civil Aviation Bill, which is now before Parliament. On the initiative of my Department, the EEC Council of Ministers has recently invited the Commission, after consultation with member States, to present specific proposals early next year for developing routes within the Community to serve the regions.

However, even with a more effective use of regional airports the advisory committee makes clear that there is an urgent need for additional airport capacity in

South-East England. On current forecasts, taking account of the uncertainty about future oil prices and world economic growth, it is estimated that there will be a demand of between 69 million and 81 million passengers a year in London and the South-East by the late 1980s, against existing airport capacity of 50 million passengers. This leaves a large gap.

We have considered whether it would be right to ignore the likely demand so that traffic became increasingly stifled or diverted to the Continent. Such a decision, or lack of a decision, would lead to developing chaos at our existing airports. A modern Western society, heavily engaged in international trade and with a major stake in the airline business, can hardly fail to provide for consumer demand, both for leisure and business. But given the inherent uncertainty of any forecast, the solution that we need is one that meets the demand in London and the South-East only as it develops and that avoids the massive expenditure implications of developing a green field or coastal site.

At Heathrow capacity is virtually exhausted, and that is why we must continue to divert traffic to Gatwick, as already announced in my statement on 9 October. In order to provide additional capacity the Government have decided to accept the inspector's recommendation for a fourth terminal at Heathrow. The details of this decision are being announced separately today and will include certain restrictions designed to mitigate the noise nuisance to local residents. We have also given careful consideration to the possibility of constructing a fifth terminal at Heathrow, on the Perry Oaks site, in order to increase still further the capacity of that airport. However, we estimate that it would take at least 12 years to complete such a project, and it would impose added burdens on the surrounding area; these considerations have led us to the view that a fifth terminal should not be provided.

At Gatwick a public inquiry will be held next year into a proposal for a second terminal at the airport. The Government will reach their conclusions on this matter in the light of the inspector's report. We have also considered whether further capacity should be created by constructing a second runway at Gatwick but

this, I have had some experience, having been associated with these people in the past eight months, and I believe that compulsion would not be effective. We must resort to continuing persuasion and education. I hope that that does not sound too paternalistic, because we are dealing with a bunch of individualistic and brave men.

Mr. Spriggs : Is the Minister aware that those who have worked in association with the fishing industry know that all fishing ports around our coast have had their share of tragedy, with men being lost as a result of power being in the hands only of the skipper to decide whether he will continue fishing or run for shelter while there is still a chance before disaster overtakes his ship?

Mr. Tebbit : I am an enthusiast for democracy, but I do not think that doing anything to change the present circumstances, in which the skipper and no one else is the master, would lead to an improvement in safety. Indeed, I believe that it would lead to a very great loss of safety.

Several Hon. Members rose—

Mr. Speaker : I propose to call the hon. Member for Moray and Nairn (Mr. Pollock).

Mr. Pollock : I wish to associate myself with the expressions of sympathy already voiced by hon. Members on both sides of the House. The disaster occurred in a constituency neighbouring mine, and we regard ourselves as part of the same fishing community. I note the Minister's statement with interest, and ask him to convey to the Under-Secretary of State for Defence for the Royal Air Force our gratitude for the way in which RAF personnel contributed with great bravery to the search and rescue operations. Without their efforts the lives of our fishermen would be more perilous than they already are.

Mr. Tebbit : I pay tribute not only to the bravery and devotion to duty of members of the RAF in these matters, but to those in the Royal Navy, the Royal National Lifeboat Institution, other civil ships and their masters, and the coast-guards of my Department who have contributed on countless occasions. None of these services has ever failed to do its utmost to save lives in the most difficult circumstances.

have decided not to pursue this possibility.

At Stansted the previous Government anticipated development of the existing airport to 4 million passengers a year by the late 1980s. Stansted airport already has a suitable runway, which could carry, if necessary, many more passengers than this. There is good road access, and we believe that the addition of a new terminal building at Stansted, which could eventually handle up to 15 million passengers a year, together with the appropriate access improvements, could be carried out by the purchase of fewer than 1,500 acres of additional land and with the minimum commitment to public expenditure. The Government therefore believe that this expansion is the best way of providing extra capacity before the end of the next decade.

However, we believe that the time is long overdue for a settlement of the airports question for a much longer period, so that the demand can be met if it develops into the next century. Years of indecision, decision and counter-decision reflect no credit on this country's capacity to make difficult but necessary choices. If air traffic continues to grow at anything like the rate forecast by the advisory committee, additional capacity could be needed in the 1990s. For this reason we have given careful consideration to each of the sites examined by the study group. Airports, road and rail access, the relocation of defence establishments all use up agricultural land, affect property and cause changes to the environment. The best solution must be one that avoids any premature expenditure and leaves future Governments with the maximum degree of flexibility—dependent on the growth of demand.

Our view on the evidence so far available is that none of the green field sites meets these requirements. We recognise that Maplin has certain advantages, but the provision of additional road and rail links, the preparation of the site and the relocation of defence establishments, all of which would require a commitment of over £1 billion, involve very serious risks, which are unjustified when we cannot be certain that an airport of such a size might be needed. Moreover, an airport at Maplin could not be ready to

meet the expected shortfall in capacity in the late 1980s.

The British Airports Authority will therefore be invited to bring forward proposals for the construction of a single terminal building at Stansted based on the existing runway facilities, capable of handling about 15 million passengers a year. But it will also be invited to define and apply for the safeguarding of an additional area of up to 2,500 acres, sufficient to provide for a possible second runway and further terminal capacity should this be needed in the 1990s or beyond. Our aim would be that the owners of residential and agricultural property in this wider area should have the opportunity either of continuing to live or farm there, pending any possible requirement for this additional land, or of selling their property at an unblighted value to the BAA.

These proposals will be examined under appropriate planning procedures, which will include a wide-ranging public inquiry, and a final decision on them will then be taken. This will provide a full opportunity for all those concerned to express their views on these proposals, and for the wider social and environmental implications to be explored and assessed.

I am making arrangements for the Vote Office to make available now to hon. Members full background information.

I am sure that the House will wish to debate these issues as soon as hon. Members have had a reasonable time to consider the reports and the Government's conclusions. I have, therefore, asked my right hon. Friend the Leader of the House to make provision for a debate after the Christmas Recess.

Mr. John Smith: Is the Secretary of State aware that for some days now reports about his proposals have appeared in the newspapers? Indeed, as it turns out, prior to last weekend reliable forecasts have appeared in the newspapers. Does the right hon. Gentleman think that that is a desirable way in which Government policy should be announced to Parliament? Has his Department given any briefing to the press prior to the announcement being made to the House?

As, at least to some extent, the Government appear to be basing their

[Mr. Smith.]
 decision on the reports to which the right hon. Gentleman referred, which, as I understand it, are now being made available in the Vote Office, the House will no doubt wish to study those reports before reaching any final decisions on these matters. In that context, I welcome the debate that has been promised will take place after the Christmas Recess.

The Secretary of State referred to the development of regional airports. I am sure that hon. Members in all parts of the House would wish to see greater use made of some of the excellent airports that have been developed outwith the South-East corner of the United Kingdom. Can the right hon. Gentleman tell us precisely what he proposes in that regard? In particular, are there any proposals to develop regional airports, and airports in Scotland and Wales, beyond those that were announced by the previous Government in the White Paper of February 1978? The right hon. Gentleman also referred to licensing policy. Is it not the case that there is not very much in the Civil Aviation Bill to encourage the development of regional airports, in that it depends entirely upon the CAA for the civil aviation policy that will be adopted, and it looks as though the Government have retreated from formulating policy in that area?

The statement contains only a fleeting reference to Scottish airports. In view of the concern expressed in many quarters about the future of Prestwick international airport, I should like the right hon. Gentleman to say something about the factors that have given rise to that concern. What is the Government's intention with regard to the long-term future of Prestwick?

With regard to Stansted, does the Secretary of State's decision mean that all future development, beyond the first terminal to be built at Stansted, will be located in the Stansted area? Does it mean that in addition to development at Stansted increasing capacity to 15 million passengers a year, it is likely to reach a much higher figure, in the light of future developments? As there are various forms of planning inquiries, what kind of planning inquiry will be used? Will that inquiry be asked to make recommendations about the two phases of the proposal—that is, the proposal for up to 15

million passengers a year and at the same time a decision on the wider and more ambitious plans for Stansted?

Mr. Nott: I shall try to answer each of those points in turn, but it may take me a few moments to do so. It goes without saying that I am not in favour of leaks. However, the two study groups included representatives of eight or nine outside bodies who, of course, would have consulted their constituent bodies, so that several hundred people would have seen the draft of the reports in the past few weeks. Therefore, it is hardly surprising that some of the contents have found their way into the press. My Department released these two reports to the press this morning. We have given no briefing to the press prior to this morning, when these reports went out for the first time.

A number of new aspects to the question of regional airports have arisen since the previous Government were in office. First, I think that we have seen most favourable developments within the community following the council meeting attended by my hon. Friend, to which I referred in my statement. I think that there is a genuine desire to increase services between provincial cities in this country and cities and towns within Europe. We are pursuing that vigorously.

Secondly, it is proposed in the Civil Aviation Bill that there should be a specific clause requiring the CAA to give account to the needs of regional airports. I think that I am right in saying that previously this was left to ministerial guidance. We intend to put that into an Act. A number of public inquiries are going on, and some are mooted, into the questions of additional terminal capacity and greater runway capacity at regional airports. At present, rights for about 1,500 routes have already been negotiated for services between the regions and overseas cities. We want the demand to build up so that the airlines will make full use of those rights that we have already negotiated.

I turn finally to the question of Stansted.

Mr. John Smith: What about Prestwick?

Mr. Nott: I am aware that there is concern in Scotland about the proposals of British Airways to transfer its long

haul services from Prestwick to Glasgow. If other transatlantic operators followed suit it would lead to the closure of Prestwick, and demand for the expansion of facilities at Glasgow and Edinburgh would certainly build up. My hon. Friends the Under-Secretary of State for Trade and the Under-Secretary of State for Scotland are due to meet the chairmen of British Airways and the British Airports Authority this week to discuss the implications of such a step, and the Government have reached no decision on the issues involved.

As to Stansted and the public inquiry, it will, of course, be up to the inspector to decide precisely how the inquiry takes place. Our view is that the British Airports Authority might be invited to apply for detailed planning permission for the building of the additional terminal based upon the existing runway and for the purchase of an additional 1,500 acres of agricultural land. In addition, it will be invited to apply for outline planning permission to safeguard the wider area of about 2,500 acres in case that additional second runway should be needed in the 1990s or in the years approaching 2000. That is something that we cannot possibly predict now. There would be detailed permission for the new terminal, and outline planning would be applied for for the wider area.

Several Hon. Members *rose*—

Mr. Speaker: Order. Instead of saying "Order", I nearly said "Help". I propose to call first those hon. Members who had a question on the Order Paper but were asked by the Minister and by myself to wait.

Mr. McCrindle: Is not today's announcement tantamount to saying that the case for a third London airport is not proven, because of the uncertainty of future passenger demand? Is the seemingly high figure of 15 million passengers, as a first stage at Stansted negotiable? Will my right hon. Friend confirm that as a result of his statement he expects that the planning blight on the five sites—apart from Stansted—outlined by the advisory group in May, will now cease to afflict those sites?

Mr. Nott: I was anxious to give early expression to the Government's views because of the blight that exists on so

many sites resulting from a perfectly proper set of procedures that were proposed by the previous Government. My hon. Friend the Member for Brentwood and Ongar (Mr. McCrindle) is right. We do not consider that the case has been proved for a major new international airport. The Government are therefore looking towards the expansion of existing facilities, rather than towards building a major new international airport. That is why we are adopting this flexible approach.

Mr. Madel: I welcome that part of my right hon. Friend's statement that states that for the second time in eight years Cublington has been saved from the threat of becoming the third London airport. When considering the proposed alterations to Stansted, will he bear in mind that any alteration must be limited by the proximity of Luton airport, because there is not enough air space to go round?

Mr. Nott: Luton will continue as at present, because it is an important airport, providing useful services. The traffic at Stansted would have to grow to a considerable level before any problems of air traffic control arose for Luton. I assure my hon. Friend that Luton will continue as it is. I cannot foresee what air traffic problems may arise if traffic at Stansted builds up to a considerable amount in future. However, that is a long way ahead.

Mr. Speaker: In order to solve any problem, I shall allow questions to be asked until 4.30 p.m. The number of hon. Members called will depend on how short the questions are.

Mr. Jay: Is the Secretary of State aware that the right solution to the main problem is, as it always has been, a gradual expansion of Gatwick and Stansted? Will the Government, having made a decision, have the courage—unlike some other Governments—to stick to it?

Mr. Nott: I agree that the answer is a gradual expansion in order to provide facilities to meet demand as it develops. That is why we intend, in the foreseeable future, to use the existing runway at Stansted. Gatwick now handles approximately 8 million passengers. Inevitably, that number will build up to 16 million passengers. I do not wish to go into further

[Mr. Nott.] details as a public inquiry is due to consider the wider question of a second terminal at Gatwick next year. I do not want to prejudge the inspector's recommendation.

Mr. Johnson Smith: I am glad to hear my right hon. Friend's words and I am particularly pleased to hear his reassurance about the second runway. Bearing in mind that he proposes to allow a substantial expansion at Heathrow and Stansted, and to encourage the expansion of regional airports, why do we need a public inquiry to decide whether Gatwick should go beyond 16 million? That figure virtually doubles Gatwick's present passenger handling capacity and the BAA's proposals will treble Gatwick to the size of Heathrow airport. Should my right hon. Friend not tell us, either today or within the next few weeks, that that is not on from an environmental point of view, or from the point of view of the airlines?

Mr. Nott: I know my hon. Friend's views and I understand his point about Gatwick. A public inquiry is being held, because that is the most democratic way of hearing objections that will undoubtedly arise about the building of a second terminal at Gatwick. I am sure that my hon. Friend will be able to represent the views of his constituents, and all those living in the Gatwick area, when that public inquiry takes place.

I fear that there will be considerable problems from 1981-82 until the fourth terminal at Heathrow comes into operation in 1985. There is no way in which that demand can be met unless Gatwick is allowed to take the additional traffic. Whether it should go beyond 16 million passengers is a matter for the public inquiry, and all views will be heard.

Mr. Stephen Ross: Is the Secretary of State aware that the Liberal Party supports the accent that he has put on the need to make greater use of our regional airports? There are other airports that are not mentioned in his statement that could be looked at. We also support the Government's decision that there must be extra capacity in the South-East and that Stansted appears to be the most logical choice. Will he assure us that if Stansted—expands, public transport to Stansted—particularly, perhaps, a rail link from Bishop's Stortford—will be given the

utmost priority at an early stage of development?

Mr. Nott: Yes. Some work will need to be done on the road and rail links to Stansted. We estimate that about £12 million will provide a sufficient amount to link the M11 with Stansted. We foresee that the existing Liverpool Street to Bishop's Stortford line will provide the rail link, although subsequently a rail line going right into the airport may be needed. That line would come off the existing main railway line just north of Bishop's Stortford. In due course consideration will have to be given to extending a link from the main railway line into the airport, and we estimate that that would cost about £85 million.

Mr. Haselhurst: Is my right hon. Friend aware that many people will regard the package announced today as having expediency written all over it? Is it not transparently obvious that the Government's decision means that if demand increases Stansted will, in the end, become the third London airport? Does my right hon. Friend acknowledge that the cost estimated in the reports published today is upwards of £1 billion, especially if the infrastructure of two new towns is taken into account?

Mr. Nott: My hon. Friend must feel very strongly about our choice of developing Stansted. I appreciate that he must be disappointed with the Government's views. However, it is a question not of expediency but of providing capacity to meet the demand as it develops. There is an existing runway at Stansted, which should be used to the full. There is no question of considering a second runway at Stansted, unless traffic in the 1990s makes it desirable. The new terminal and the total cost of that phase of Stansted's development can be met out of the existing self-financing revenues of the British Airports Authority. We do not anticipate that any taxpayers' funds will be required in addition to the money that the BAA will generate from additional revenue arising from that terminal. Therefore the project is not expensive.

Mr. Spriggs: Is the Secretary of State aware that serious environmental problems exist? By increasing the load on the London airports he is making life almost impossible for those who live beneath the flight paths. Is the Secretary

of State aware that the Merseyside metropolitan county council has proposed to his Department the upgrading of Liverpool airport? Why not use some of the provincial airports and thereby share the ensuing environmental problems over the whole country?

Mr. Nott: First, I am aware of the dissatisfaction that has been expressed in some quarters about Liverpool's categorisation as a local airport. We have made it clear that we shall interpret flexibly the categorisation of airports that we inherited from the previous Government—a policy with which we do not disagree. I have no doubt that it must be our first priority to develop a full range of air services from Manchester, but we have a perfectly flexible attitude to the development of Liverpool, and as demand builds up there it can play a greater role.

I agree with the hon. Gentleman about environmental problems. If one must make a choice on this very difficult series of issues, one cannot but be aware of the environmental problems, which arise wherever one seeks to meet the extra demand. However, when this country has airline revenues of £2,000 million a year, when 70,000 or so people work in the airline business, when 18 per cent. of the country's trade, by value, goes through our airports, and when we are a major trading nation, I just do not believe that we can say that we shall not meet the demand. This is a growth industry. We have to meet the demand. I accept that it has environmental consequences, which make me no happier than they make the hon. Gentleman.

Sir Bernard Braine: Is my right hon. Friend aware that I, for one, am delighted with this sensible and realistic decision, and that since our constituents have lain far too long under the shadow of the Maplin proposal I am sure that it will also be warmly welcomed by my hon. Friends the Members for Maldon (Mr. Wakeham) and for Southend, East (Sir S. McAdden)?

Will my right hon. Friend carry his realism a little further? As a very high proportion of the air traffic from south-eastern airports is short-haul to the Continent, will he give an indication that he is ready to give encouragement to the early provision by private enterprise, in

this country and in France, of a Channel tunnel?

Mr. Nott: I have always been interested in and attracted to the idea of a Channel tunnel. The traffic forecasts that we have taken into account in coming to these views assumed the building of a single-track rail-only link, now under consideration. This was assumed—it is embodied in the forecasts of traffic—to take 6 million passengers in its first year of operation—that is 1988—and 8 million by the end of the century. Diversion was considered to be mainly from shipping services, and the forecasters say that the loss to air services would be well below one year's growth, so that even with the Channel tunnel it really would not affect the need for some expansion of capacity in the London and South-East airports. But certainly I am an enthusiast, too, although the Government have not yet, I think, pronounced a policy on this subject.

Mr. Palmer: In his reference to the development of regional airports, the right hon. Gentleman referred to Birmingham but omitted Bristol, Lulsgate, which is within easy reach of London by road and by rail, and where the Bristol corporation is now actively considering an extension of the runway.

Mr. Nott: I take the hon. Gentleman's point. If I had mentioned every regional airport by name my statement would still be continuing. I am a West Country Member of Parliament, and I am interested in the scope for the development of Bristol. The present capacity of Bristol is 350,000, and in 1978 terminal passengers amounted to 230,000, so there is scope for development at Bristol. It would require considerable expenditure on new terminal facilities and some extension of the runway. Given the modern facilities available at Cardiff and the ease of access to the London area, I do not foresee major developments at the hon. Gentleman's airport, but if he wishes to persuade his local authority to make approaches to us about additional runway capacity and additional terminals, I am sure that we should be prepared to look at them sympathetically.

Mr. Adley: Does my right hon. Friend agree that successive Governments have merely responded to, rather than sought

[Mr. Adley.]
to act to influence, the patterns set by the travel industry, and that, particularly, the creation of part charters has put enormous pressure on south-eastern airports? It is cheaper to bring people down by coach from Newcastle, Manchester and Birmingham. Is it not rather silly in the national interest to consider spending further huge sums of money in South-East England in order to make it cheaper to sell package tours from Newcastle or Birmingham to Ibiza, via London, when they should be flying from the regional airports? Will my right hon. Friend consider again banning charter and part-charter flights from Heathrow and Gatwick?

Mr. Nott: We are doing our very best to encourage charter flights direct from the regions to overseas cities. The more we can persuade airlines and the travel industry to operate direct flights from the regions to overseas holiday areas the happier we shall be. But the Government cannot force the travel industry to fly from airports that it does not wish to fly from.

Mr. Adley: They could be banned.

Mr. Nott: I do not think that my hon. Friends are really asking the Government to impose mandatory sanctions against the travel industry. But when there is so much uncertainty about the growth in tourism, about world growth, about international travel and about oil prices, it must be right not to build an enormous expensive airport at a coastal site. It must be right to respond to demand as it is created. I think that this is the correct policy and not the wrong one.

Mr. Sandelson: Is the Minister aware that his statement and his decision to abandon thoughts of a fifth terminal at Heathrow will be warmly welcomed by my constituents and by all the residents in the borough of Hillingdon? Does he take account of the need for developing the road infrastructure throughout the area, even with the construction of a fourth terminal? Will he bear in mind the need for Government finance and funding for the Hayes bypass scheme?

Mr. Nott: I seem to be getting a warmer welcome from Opposition Members than I am getting from many of my hon. Friends, but that is not entirely un-

expected. My right hon. Friend the Minister of Transport will be asking an announcement today about the M25. I cannot comment on the particular road that the hon. Gentleman mentioned. I am not personally very knowledgeable about the road network at Hayes. However, if the hon. Gentleman cares to address these questions to my right hon. Friend the Minister of Transport I am sure that my right hon. Friend will be happy to respond to him. I am grateful to the hon. Gentleman for his welcome for the fact that we shall not be building a fifth terminal at Heathrow.

Mr. Jessel: Is my right hon. Friend aware that the Labour Party and the Liberal Party showed a reckless disregard for the quality of life and for the environment of people living around Heathrow when in 1974 they combined to drop the proposal for a coastal airport at Maplin, which could have been in operation by 1981 or 1982, so that we would not now have needed a fourth terminal at Heathrow? What hope can my right hon. Friend offer for people suffering from aircraft noise in the Heathrow area?

Mr. Nott: In the Heathrow area, noise affects about 1½ million people. We estimate that the increased use of the single runway at Stansted will affect only about 17,000 people. That is much too high a figure, but I am afraid that these are the facts of life. In the Heathrow area about 1½ million are affected by the noise.

Therefore, there are a number of things that I can say to my hon. Friend. First, we are moving speedily to the phasing out of noisy aircraft. We are going rather faster than the rest of the Community, but the Community now has at least agreed a date.

Secondly, I hope to bring forward—I am not sure whether I shall bring them forward, or whether my right hon. Friend the Secretary of State for the Environment will do so—orders to improve our noise insulation arrangements. They will be coming forward.

There are a number of other matters that we can consider at Heathrow. We have put some restrictions on noise with regard to the use of the fourth terminal. My hon. Friend will learn more about them later today.

Mr. Newens: Does the right hon. Gentleman recognise that the manner in which

he has ridden rough-shod over the recommendations of the Roskill Commission on Stansted will be seen as a complete travesty of democracy by everyone who lives in the area? According to the Energy Conservation Council, the amount of fuel to be used for aviation purposes by the year 2000 will be two and a half times the present level and 90 per cent. of journeys will be for leisure purposes. Therefore, does the right hon. Gentleman agree that a ceiling should be set for the maximum use of Stansted? Other parts of the country have already been destroyed through lack of planning and it would be wrong to destroy this area as well.

Mr. Nott: The proposal for greater use of the existing runway at Stansted bears no relation to what the Roskill Commission considered, which was a four-runway airport, on the basis of much noisier aircraft. I have placed some background briefing in the Vote Office, which the hon. Gentleman can see and which sets out the noise contours as we think they would have been on the basis of the Roskill report and on the basis of the present arrangements. We are considering use of an existing runway, and that proposal bears no resemblance to Roskill. I hope also that there will be jobs available for the hon. Gentleman's constituents. We have the demand, and we have to meet it. The Government believe that it is best to meet it while we can on existing runways, and that is what we are doing at Stansted.

Sir Derek Walker-Smith: I welcome decentralisation, but does my right hon. Friend appreciate the fact that my welcome does not extend to his U-turn on the main issue? Would it not have been preferable to follow his predecessor in the Heath Administration and conclude that if, in principle, a substantial increase of airport facilities is required in the South-East, having regard to such things as world recession and escalating oil prices, the airport should be placed on the coast, where economic advantages could be combined with imaginative development? That would also overcome the environmental disadvantages so powerfully and authoritatively expressed by Professor Sir Colin Buchanan, who is one of the most eminent town planners of the day. Will my right hon. Friend think again before embarking on a course of

action in regard to Stansted that is wholly inconsistent with good planning principles and would cause what the professor called a gross intrusion into a desirable inland tract?

Mr. Nott: I followed the views of Professor Buchanan closely, and particularly so in the past few months. I believe that I correctly quote him when I say that he thinks that the best way of dealing with this problem is to meet the demand as it develops. I am not for one moment saying that Professor Buchanan would choose a build-up of traffic on the existing runway at Stansted—I do not want to put those words in his mouth—but his general view is that we should meet the demand as it develops, which is what I am attempting to do.

Our estimate—I do not think that it is far wrong—is that it would take 17 years to build a major new international airport at Maplin. I went into the matter with great care. The present problem is that we still do not have the remotest idea where we can put the Ministry of Defence establishment at Shoeburyness. We originally tried to get it into Wales, but that proposal was rejected by the planning inspector. We just do not know where the defence establishment will go, but wherever it goes it will cause major concern for the environment.

Secondly, such a proposal would require about 40 miles of new road and rail links through Essex, which would cause great environmental distress. The lead time makes it now impossible and the costs are simply huge. One could not contemplate putting a single runway at Maplin. It would have to be a two-runway airport, and we simply do not know that the demand is there for a two-runway airport.

I, too, am unhappy about taking up 1,500 acres of agricultural land at Stansted, but there is also grade 1 land at Maplin, which would have to go. Comparing the environmental problems in both places, I believe that the problems of Maplin are much greater than the proposal to use the existing single runway at Stansted.

Mr. Alfred Morris: The Minister's proposals to encourage more international flights from Manchester will be greatly welcomed by the airport authority, but what level of expansion is he looking for

[Mr. Morris.]
there? It will be our foremost airport outside London over the next 10 years. What action will he take to help bring about such expansion?

Mr. Nott: Manchester at present has a capacity for 6 million passengers, and in 1978 only 3,400,000 passengers used the airport. It was designated by the previous Government as a category A airport, and it is the policy of this Government to encourage more international flights from Manchester to serve the whole area. We do not see any obstacles to its speedier growth, but we need more demand for Manchester airport, which means negotiating more services. We should like to see Manchester grow, as I believe the right hon. Gentleman would.

Mr. Steen: Is the Minister aware that the people of Liverpool will be disappointed that he has not announced a new terminal for Speke airport? We have two of the safest and best runways in the country and there are no environmental problems, because take-off and landing are over the Mersey. There is enough land for a free port and a third or fourth terminal without taking agricultural land.

Mr. Nott: At present, about half the capacity of Liverpool airport is being used. It has a capacity for 700,000 passengers and in 1978 only 300,000 passed through there. If my hon. Friend the Member for Liverpool, Wavertree (Mr. Steen) and other of my hon. Friends can encourage more traffic out of Liverpool, I shall be happy sympathetically to consider expansion. However, while its existing facilities are not fully used, it is hardly the occasion to agree more expenditure. We shall do so as soon as there is a justification.

Mr. Dalyell: If Prestwick closes, to which airports will aircraft be diverted if fog suddenly blankets the North of England and Scotland?

Mr. Nott: It is much too soon to make such hypothetical assumptions. I know that the hon. Gentleman was here during questions, but before he came back into the Chamber—

Mr. Dalyell: I heard the answer, but ministerial meetings do not disperse fog.

Mr. Nott: Glimpses of the truth are seldom thrown across the Floor of the

House in such an accurate way. I am conscious of the problems at Prestwick. We are aware of British Airways proposals and will look into them as soon as we can.

Mr. Bright: Luton corporation has just announced a new £6 million terminal, which will provide 6,500 jobs and make a profit of £1½ million. Is it therefore possible to give Luton some assurance that it will be able to keep its existing capacity and that the lucrative charter trade that it has built up will not be creamed off by Stansted?

Mr. Nott: At present Luton has a capacity for 3 million passengers, and in 1978 2,100,000 passed through, so there is scope for additional traffic. We do not intend to see the services at Luton diminished, but it is only right to tell my hon. Friend that if Stansted built up to many millions of passengers air traffic control problems might arise. In the foreseeable future such problems will not arise. We are happy for Luton to go on expanding its facilities.

Mr. Urwin: Will the Minister accept my firm assurance of support for much of what has been said about placing greater accent on regional airports—if only in order to remove some of the great congestion and noise nuisance in Heathrow and Gatwick? However, will the Minister pay much more attention to the problems of Newcastle and Teeside airports? In response to a question from one of his hon. Friends, let me tell the Minister that we in the North of England would welcome greater investment in Tyneside and Teeside, and the jobs that would go with that.

Mr. Nott: Newcastle airport has a present capacity of 1½ million passengers. Over 700,000 passengers used the airport in 1978. I confirm Newcastle's position as the regional airport for the North-East. The airport authority has come forward with plans to expand the terminal's facilities and we are giving sympathetic consideration to the proposal. I am aware of the dissatisfaction that is felt on Teeside about its categorisation as a local airport. While Newcastle develops as the major airport of the North-East we shall not interfere with that development. At the same time we shall not stifle any demand on Teeside.

Mr. Speaker: Order. In view of the fact that, inevitably, the answers have been longer than I expected, I will call four more Conservative Members to try to retain the balance—as I often do, in the same way, for Opposition Members.

Mr. Emery: Does my right hon. Friend realise that his statement is one of those in which a Minister can never win? Whatever the decision, there is bound to be criticism. He deserves congratulations for being willing to grasp the nettle and come to a decision rather than pussy-foot about. Will he confirm that when his Department receives applications for expansion or improvement of regional airports that have been held up waiting for his statement the authorities can expect to have a rapid answer in order to proceed to meet the requirements that he is setting on regional airports?

Mr. Nott: I thank my hon. Friend for his comments. A friend is always welcome in these circumstances. My Department hopes to discuss the matter with representatives of the local airport authorities in the new year, with a view to agreeing new arrangements that will come into effect in April 1981. There is a need to discuss the arrangements of regional airports in the future with regard to their financial structure, and we shall be doing so shortly.

Mr. Anthony Grant: Is my right hon. Friend aware that he has another friend? I congratulate him for taking a firm decision on a matter about which there has been dithering for far too long. Did I understand him to say, in answer to an earlier question, that there is to be more than one inquiry at Stansted? In any event, will he ensure, in conjunction with his right hon. Friend the Secretary of State for the Environment, that the planning procedures and the public inquiries are not abused as excuses for delay? That will only increase uncertainty and anxiety among those who live close by.

Mr. Nott: We will ensure that those living in the area will have sufficient time to prepare their case. Subject to that, my right hon. Friend and I would like the inquiry to take place as soon as possible. There will be only one wide-ranging inquiry, in which all views can be heard.

Mr. W. Benyon: I warmly welcome my right hon. Friend's desire to settle the

matter once and for all. Will he reconsider the reply that he gave to my hon. Friend the Member for Christchurch and Lymington (Mr. Adley)? Without a certain amount of direction, the operators will always continue to use London. London will continue to be swamped, and it will become worse than it is now.

Mr. Nott: I have taken note of that point and, of course, I will look into it. About 78 per cent. of all people going in and out of the country have their destination or source in South-East England. An overwhelming proportion of those travelling in and out of the country derive from the South-East. However, I take my hon. Friend's point. I want to see more use made of the regional airports by the charter operators.

Mr. Eldon Griffiths: As one who announced on behalf of the Government of which my right hon. Friend was a member—certainly a supporter of the decision—that Stansted was the wrong answer and Maplin was the right answer, may I, with great respect and affection, counsel my right hon. Friend not to assume too lightly that the Government will necessarily get their way in this matter? Why is it better, in an island, to put aeroplanes down over the homes and the land of the people, instead of over the sea?

Mr. Nott: I answered that point earlier. I do not know whether the Government will get their way, but that is not the spirit in which I have entered into the matter. I have offered a wide-ranging public inquiry, and we will see what the inspector recommends. When my hon. Friend was in the Department of the Environment he did not propose or even consider the policy that I am now proposing.

Mr. Eldon Griffiths: Yes, I did.

Mr. Nott: If he did, the proposal of the previous Government—of which we were both members—was for a major international airport at Maplin. That is not what I am proposing for Stanstead. I propose the building of a new terminal to make full use of the existing runway. That is quite a different policy from the one that was considered in the early 1970s.

[Mr. Nott.]

Having looked into the matter as objectively as I can, I believe that the environmental consequences of finding somewhere else for the Ministry of Defence installations would be too great. The previous Conservative Government did not succeed in that matter because the public inquiry in Wales turned down the proposal that the defence installations should be sited in Wales. When I consider the 65 kilometres or 40 miles—as I prefer to describe it—of road and railway that would be required, and all the other environmental problems that would arise at Maplin, given that we do not know whether we want a two-runway airport and the fact that it would cost £1,000 million of public expenditure—whereas my proposals can be financed from the resources of the British Airports Authority without any access to the taxpayer—I ask my hon. Friend to reconsider his view. Also, I will look again at mine.

NORTHERN IRELAND (TERRORIST ACTIVITIES)

Rev. Ian Paisley: I beg to ask leave to move the Adjournment of the House, under Standing Order No. 9, for the purpose of discussing a specific and important matter that should have urgent consideration: namely,

“the murder by the Irish Republican Army of five soldiers and one ex-member of the Ulster Defence Regiment in Ulster yesterday.”

The peace and calm of the Ulster Sabbath day was rudely shattered yesterday by three blood-curdling attacks by the IRA upon the security forces. Along the main road leading from Dungannon via Ballygawley towards Omagh and Inniskillen the IRA set up a bomb under a culvert. By remote control, they detonated that explosive of about 600 to 1,000 lbs and four gallant soldiers were done brutally to death.

I should like to put those soldiers' names on the record today, as I feel that the people of Northern Ireland would like on the record their acknowledgment of the gallantry of those four men. Gunner William John Beck was 23 and came from Belfast. The three others were from England: Lance Bombadier Keith Charles Richards, aged 22, Gunner Simon Peter Evans, aged 19, and Gunner Allan

David Ayrton, aged 21. The tragedy of the killing is that the IRA is now able to set up on a main public highway an explosive device, survey that road from afar, and then carry out such a killing.

I said in the House on Tuesday that I believed that the security policy of the Secretary of State for Northern Ireland was in shreds. I regret that the House has had a demonstration of that through these killings. I understand that the right hon. Gentleman is not able to be here, because he is visiting the site. I appreciate that. I put that firmly on the record.

There was another killing yesterday, on the Newtownhamilton-Dundalk road, where a young soldier, whose name has not yet been released, a member of the 2nd Parachute Regiment, was killed by a booby trap. Then in the town of Omagh in the county of Tyrone, an ex-member of the Ulster Defence Regiment, James Fowler, was brutally gunned down in the presence of his young son, aged 13.

The House should remember that there have been 120 killings so far this year in Northern Ireland. Of those victims, 71 have been members of the security forces.

When I came into the Chamber today, I was called out to take a telephone call from home and was told the tragic news of another killing of a prison officer—a carbon copy of a killing that took place a few weeks ago in the same circumstances on the steps of the same club.

Surely the time has come when the House and the Government must do something about the security situation. Instead of having reaction to such terrible incidents, the House should see that the security forces come off the defensive and go on the offensive, as they did in London in the recent rounding up of well-known terrorists. I trust that the action taken in this city will be taken across the whole Province, especially in the Republican ghettos.

Mr. Speaker: The hon. Gentleman gave me notice before 12 o'clock noon today that he would seek leave to move the Adjournment of the House for the purpose of discussing a specific and important matter that he believes should have urgent consideration, namely:

“the murder by the IRA of five soldiers and one ex-member of the UDR in Ulster yesterday.”

STATEMENTS IN THE HOUSE

Ms

There have been four Statements in the last three days - on the Third London Airport, Nuclear Power, Rhodesia and Bingham. The first three went exceptionally well, and gave the Government an air of enhanced authority and confidence. Today's Statement by the Attorney General did not go nearly as well.

Third London Airport

The Statement is at Flag A. Mr. Nott spent the best part of an hour dealing with supplementaries, most of which had a constituency flavour. He was warmly supported from most sides of the House, but ran into the expected sharp criticisms from Alan Haselhurst and Eldon Griffiths. Alan Haselhurst said that many people would regard the package he had announced as having expediency written all over it, and that it would cost £1 billion. Eldon Griffiths said that Mr. Nott should not assume too lightly that the Government would necessarily get their way.

Mr. Nott said that he understood that some people would be disappointed with the choice of Stansted for development, but that the total cost could be met out of the self-financing revenue of the BAA. He reminded Mr. Griffiths that when he was the Minister responsible, the Government went for Maplin.

Mr. Nott emphasised repeatedly that he was not proposing a wholly new third airport for London, but only the development of Stansted to meet the demand, together with the fourth terminal at Heathrow and the possible second terminal at Gatwick.

Nuclear Power

A copy of the Statement is at Flag B. Mr. Howell emphasised in dealing with supplementaries that safety would be the paramount consideration in reaching decisions, and that there would be a wide-ranging inquiry before any PWR was begun. He refused to give



STATEMENT ON AIRPORTS POLICY

With permission Mr Speaker I will now make a statement about airports policy.

2 I am publishing today the reports of the Study Group on South East Airports and the Advisory Committee on Airports Policy. I recommend these reports to the House, and I should like to thank the members of these two bodies, which include representatives of local authorities, for their conscientious and painstaking work in preparing them.

3 Mr Speaker - the Government has decided not to build a major new international airport of the kind considered by the Roskill Commission Report in 1971; nor does it intend to resurrect the Maplin project, even in a revised form. Instead the Government's policy is first, to encourage the fullest use of regional airports and, secondly, to provide additional airport capacity, as the traffic develops, based on the existing airports in the South East, particularly Heathrow, Gatwick and Stansted. The Government's more detailed proposals are as follows.



4 In the future we will adopt policies designed to maximise the potential of the English regional airports and those in Scotland and Wales and thus to shift the burden away from the London area airports.

5 My Department will look with particular favour upon proposals for the expansion of capacity to meet demand at airports such as the East Midlands, Birmingham and Manchester.

6 We propose, as opportunity arises, to negotiate new rights permitting services between overseas cities and British provincial towns. This is in accordance with the new policies contained in the Civil Aviation Bill which is now before Parliament. On the initiative of my Department the EEC Council of Ministers has recently invited the Commission, after consultation with member states, to present specific proposals early next year for developing routes within the Community to serve the regions.

7 However, even with a more effective use of regional airports the Advisory Committee makes clear that there is an urgent need for additional airport capacity in South East England. On current forecasts, taking account of the uncertainty about future oil prices and world economic growth, it is estimated that there will be a demand of between 69 and 81 million passengers a year in London and the South East by the late 1980s, against existing airport capacity of 50 million passengers. This leaves a large gap.



8 We have considered whether it would be right to ignore the likely demand so that traffic became increasingly stifled or diverted to the Continent. Such a decision, or lack of a decision, would lead to developing chaos at our existing airports. A modern western society heavily engaged in international trade and with a major stake in the airline business can hardly fail to provide for consumer demand, both for leisure and business. But given the inherent uncertainty of any forecast the solution we need is one which meets the demand in London and the South East only as it develops and which avoids the massive expenditure implications of developing a green field or coastal sites.

9 At Heathrow capacity is virtually exhausted, and that is why we must continue to divert traffic to Gatwick as already announced in my statement on 9 October. In order to provide additional capacity, the Government has decided to accept the Inspector's recommendation for a fourth terminal at Heathrow; the details of this decision are being announced separately today, and will include certain restrictions designed to mitigate the noise nuisance to local residents. We have also given careful consideration to the possibility of constructing a fifth terminal at Heathrow on the Perry Oaks site in order to increase yet further the capacity of that airport. However we estimate that it would take at least 12 years to complete such a project and it would impose added burdens on the surrounding area; these considerations have led us to the view that a fifth terminal should not be provided.



10 At Gatwick a public inquiry is to be held next year into a proposal for second terminal at the airport. The Government will reach its conclusions on this matter in the light of the Inspector's report. We have also considered whether further capacity should be created by constructing a second runway at Gatwick but have decided not to pursue this possibility.

11 At Stansted the previous Government anticipated development of the existing airport to 4 million passengers a year by the late 1980s. Stansted airport already has a suitable runway which could carry, if necessary, many more passengers than this. There is good road access and we believe that the addition of a new terminal building at Stansted, which could eventually handle up to 15 million passengers a year, together with appropriate access improvements, can be carried out by the purchase of under 1,500 acres of additional land and with the minimum commitment to public expenditure. The Government therefore believes that this expansion is the best way of providing extra capacity before the end of the next decade.

12 However, we believe that the time is long overdue for a settlement of the airports question for a much longer period ahead so that the demand can be met if it develops into the next century. Years of indecision, decision and counter-decision reflect no credit on this country's capacity to make difficult but necessary choices. If air traffic continues to grow at anything like the rate forecast by the Advisory Committee,



additional capacity could be needed in the 1990s. For this reason, we have given careful consideration to each of the sites examined by the Study Group. Airports, road and rail access, the re-location of defence establishments all use up agricultural land, affect property and cause changes to the environment. The best solution must be one that avoids any premature expenditure and leaves future governments with the maximum degree of flexibility - dependent on the growth of demand.

13 Our view on the evidence so far available is that none of the green field sites meets these requirements. We recognise that Maplin has certain advantages but the provision of additional road and rail links, the preparation of the site and the re-location of defence establishments, all of which would require a commitment of over £1 billion, involve very serious risks which are unjustified when we cannot be certain that an airport of such a size might be needed. Moreover an airport at Maplin could not be ready to meet the expected shortfall in demand in the late 1980s.

14 The British Airports Authority will therefore be invited to bring forward proposals for the construction of a single terminal building at Stansted based on the existing runway facilities, capable of handling about 15 million passengers a year. But it will also be invited to define and apply for the safeguarding



of an additional area of up to 2,500 acres, sufficient to provide for a possible second runway and further terminal capacity should this be needed in the 1990s or beyond. Our aim would be that the owners of residential and agricultural property in this wider area should have the opportunity of either continuing to live or farm there, pending any possible requirement for this additional land; or of selling their property at an unblighted value to the BAA.

15 These proposals will be examined under appropriate planning procedures which will include a wide-ranging public inquiry and a final decision on them will then be taken. This will provide a full opportunity for all those concerned to express their views on these proposals, and for the wider social and environmental implications to be explored ~~or~~ assessed.

16 I am making arrangements for the Vote Office to make available now to Hon Members full background information.

17 I am sure that the House will wish to debate these issues as soon as Hon Members have had a reasonable time to consider the reports and the Government's conclusions. I have therefore asked my Rt Hon Friend the Leader of the House to make provision for a debate after the Christmas recess.



devo

From the Secretary of State

Mike Pattison Esq
Private Secretary
10 Downing Street
London, SW1

17 December 1979

Dear Mike MS

AIRPORTS POLICY

... I attach a final version of the statement on airports policy which my Secretary of State intends to make this afternoon.

I am copying this letter to the Private Secretaries to all members of the Cabinet, to Martin Vile (Cabinet Office) and to Murdo Maclean (Chief Whip's Office).

Yours sincerely,

Strat Hampson

S HAMPSON
Private Secretary

CONFIDENTIAL



Aerospace
file 1/8
BIF 17-12-79

10 DOWNING STREET

From the Private Secretary

14 December 1979

Thank you for sending me a copy of the revised draft of your Secretary of State's statement on Airport Development Policy, which is to be made on Monday 17th.

The Prime Minister realises that there is a difficult judgement to be made about the balance of the statement, and she accepts that in the circumstances it may need to be an unusually long one. She is content with the approach adopted in the draft.

I understand there are some detailed comments from colleagues. I would be grateful if you could ensure that we receive a copy of the final text as early as possible on Monday.

I am sending copies of this letter to Martin Hall (H.M. Treasury), Paul Bristow (Department of the Environment), Genie Flanagan (Ministry of Transport), John Stevens (Office of the Chancellor of the Duchy of Lancaster) and to Martin Vile (Cabinet Office).

M. A. PATTISON

Stuart Hampson, Esq.,
Department of Trade.

TJR

CONFIDENTIAL



2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

14 December 1979

Dear Mike

AIRPORT DEVELOPMENT POLICY

/ I enclose a copy of the letter which my Secretary of State sent to the Secretary of State for Trade last night.

As the letter makes clear, the suggested amendments relate to a draft of Mr Nott's proposed statement which was attached to Stuart Hampson's letter to Tim Lankester on 12 December. This is substantially the same as the draft attached to his letter to you of yesterday, except that, in the later draft, paragraphs 6 onwards are numbered 1 higher than in the earlier. This should be borne in mind in considering the numbering of my Secretary of State's amendments.

I am copying this to Martin Hall (Treasury), Stuart Hampson (Trade), Genie Flanagan (Transport), John Stevens (Chancellor of the Duchy) and Martin Vile (Cabinet Office).

Yours sincerely
Paul Bristow

P N BRISTOW
Private Secretary

Mike Pattison Esq

CONFIDENTIAL



2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

13 December 1979

Dear Secretary of State

AIRPORTS DEVELOPMENT POLICY

Following our discussion in Cabinet this morning, I undertook to let you have my comments on the statement which you propose to make next week on airport development policy.

/ I now attach a list of amendments which I consider need to be made to the draft statement which your private secretary circulated on 12 December. One or two of these amendments are purely factual, or suggest drafting improvements. In the main, however, I wish to see these amendments made because I consider them essential to safeguard my quasi-judicial position, as Secretary of State, in relation to statutory procedures, and to avoid giving the impression that the Government has in effect made up its mind on development at Stansted and that the statutory procedures are no more than a matter of form.

Yours sincerely
Paul Bristol
(Private Secretary)

MICHAEL HESELTINE

(approved by the Secretary of State
and signed in his absence)

The Rt Hon John Nott, MP

PROPOSED AMENDMENTS TO STATEMENT

Para 3, line 3: replace "intend" by "propose"; line 4: rewrite sentence: "Instead, the Government's policy is, firstly, to encourage (etc)".

Para 6, line 4: omit "full" and leave "taking account of".

Para 7, rewrite the last sentence as follows: "But given the inherent uncertainty of any forecast, the answer we need is one which meets the demand in London and the South East only as it develops, and which avoids the massive expenditure implications of developing a green field or coastal site."

Para 8, rewrite last sentence as follows: "However, we estimate that it would take at least 12 years to complete such a project, and it would impose added burdens on the surrounding area; these considerations have led us to the view that a fifth terminal should not be provided."

Para 9, rewrite last sentence as follows: "We have also considered whether further capacity should be created by the construction of a second runway at Gatwick but have decided not to pursue this possibility."

Para 10, line 6, omit "we believe".
Rewrite the last sentence as follows: "These considerations indicate that the addition of a new terminal building at Stansted, which could eventually handle up to 15 million passengers a year, together with appropriate access improvements, is the best way of providing extra capacity before the end of the next decade."

Para 11, line 3, use wording: "so that the demand can be met if it develops (etc)".

Para 12, line 5, omit "up to 15 years" and replace second part of sentence by following: "all of which would require a commitment of over £1 billion, involves very serious risks when we cannot be certain (etc)".

Para 13, rewrite the beginning of second sentence as follows: "But it will also be invited to define and apply for the safeguarding (etc)".

In sentence 3, omit "to ensure" and also "which would be blighted".

Para 14, line 1, omit "the" before "appropriate planning procedures".
Rewrite sentence 2 as follows: "This will provide a full opportunity for all those concerned to express their views on these proposals, and for the wider social and environmental implications to be explained and assessed." Retain existing sentence 3.

14 DEC 1970

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1970

c. Mr. Ingham

PRIME MINISTER

Here is John Nott's proposed statement on airport development policy, to be given on Monday. There are some marginal changes from the earlier version. Its length remains about the same, and the Stansted decisions will come a long way down in the statement. These decisions do have to be set in the proper context, but I still wonder whether the House will really absorb that context in this form, or whether it will in practice ignore everything until Mr. Nott gets to what most people will see as the crux of the matter.

14/12

14 December 1979



DRAFT

STATEMENT ON AIRPORTS POLICY

With permission Mr Speaker I will now make a statement about airports policy.

2. I am publishing today the reports of the Study Group on South East Airports and the Advisory Committee on Airports Policy. I recommend these reports to the House, and I should like to thank the members of these two bodies, which include representatives of local authorities, for their conscientious and painstaking work in preparing them.

3. Mr Speaker - the Government has decided not to build a major new international airport of the kind considered by the Roskill Commission Report in 1971; nor does it intend to resurrect the Maplin project, even in a revised form. Instead it intends, first, to encourage the fullest use of regional airports and, secondly, it intends to provide additional airport capacity, as the traffic develops, based on the existing airports in the South East, particularly Heathrow, Gatwick and Stansted. The Government's more detailed proposals are as follows.



4. In the future my Department will adopt policies designed to maximise the potential of the English regional airports and those in Scotland and Wales and thus to shift the burden away from the London area airports.

5. We will look with particular favour upon proposals for the expansion of capacity to meet demand at airports such as the East Midlands, Birmingham and Manchester.

6. We propose, as opportunity arises, to negotiate new rights permitting services between overseas cities and British provincial towns. This is in accordance with the new policies contained in the Civil Aviation Bill which is now before Parliament.

On the initiative of my Department the EEC Council of Ministers has recently invited the Commission, after consultation with member states, to present specific proposals early next year for developing routes within the Community to serve the regions.



7) However, even with a more effective use of regional airports the Advisory Committee makes clear that there is an urgent need for additional airport capacity in South East England. On current forecasts, taking full account of the uncertainty about future oil prices and world economic growth, it is estimated that there will be a demand of between 69 and 81 million passengers a year in London and the South East by the late 1980s, against existing airport capacity of 50 million passengers. This leaves a large gap.

8) We^{have} considered whether it would be right to ignore the likely demand so that traffic became increasingly stifled or diverted to the Continent. Such a decision, or lack of a decision, would lead to developing chaos at our existing airports. A modern western society heavily engaged in international trade and with a major stake in the airline business can hardly fail to provide for consumer demand, both for leisure and business. But given the inherent uncertainty of any forecast we intend only to meet the demand in London and the South East as it ^{and} develops with the least possible disturbance to the environment.



9 At Heathrow capacity is virtually exhausted, and that is why we must continue to divert traffic to Gatwick as already announced in my statement on 9 October. In order to provide additional capacity, the Government has decided to accept the Inspector's recommendation for a fourth terminal at Heathrow; the details of this decision are being announced separately today, and will include certain restrictions designed to mitigate the noise nuisance to local residents. We have also given careful consideration to the possibility of constructing a fifth terminal at Heathrow on the Perry Oaks site in order to increase yet further the capacity of that airport. However we estimate that it would take at least 12 years to complete such a project and the added burdens it would impose on the surrounding area have led us to the view that a fifth terminal should not be provided.

10 At Gatwick a public inquiry is to be held next year into a proposal for a second terminal at the airport. The Government will reach its conclusions on this matter in the light of the Inspector's report. We have also considered whether to create further capacity by constructing a second runway at Gatwick but have concluded that no further consideration should be given to this possibility.



11 At Stansted the previous Government anticipated development of the existing airport to 4 million passengers a year by the late 1980s. Stansted airport already has a suitable runway which could carry, if necessary, many more passengers than this. There is good road access from Stansted to London, and we believe that the addition of a new terminal building at Stansted, which could eventually handle up to 15 million passengers a year, with the addition of some local infrastructure, can be carried out by the purchase of under 1,500 acres of additional land and with the minimum commitment to public expenditure. The Government therefore believes that this expansion is the best way of providing extra capacity before the end of the next decade.

12 However, we believe that the time is long overdue for a settlement of the airports question for a much longer period ahead so that future governments can meet demand if it develops into the next century. Years of indecision, decision and counter-decision reflect no credit on this country's capacity to make difficult but necessary choices. If air traffic continues to grow at anything like the rate forecast by the Advisory Committee, additional capacity could be needed in the 1990s. For this reason, we have given careful consideration to each of the sites examined by the Study Group. Airports,



road and rail access, the re-location of defence establishments all use up agricultural land, affect property and cause changes to the environment.

The best solution must be one that avoids any premature expenditure and leaves future governments with the maximum degree of flexibility - dependent on the growth of demand.

13. Our view on the evidence so far available is that none of the green field sites meets these requirements. We recognise that Maplin has certain advantages but the provision of additional road and rail links, the preparation of the site and the relocation of defence establishments, all of which would

require a commitment of over £1 billion, is a risk which is unjustified when we cannot be certain that an airport of such a size might be needed. Moreover an airport at Maplin could not be ready to meet the expected shortfall in demand in the late 1980s.

14. The British Airports Authority will therefore be invited to bring forward proposals for the construction of a single terminal building at Stansted based on the existing runway facilities, capable of handling about 15 million passengers a year. But it will also be invited to apply for the definition and safeguarding



of an additional area of up to 2500 acres, sufficient to provide for a possible second runway and further terminal capacity should this be needed in the 1990s or beyond. Our aim would be that the owners of residential and agricultural property in the wider area should have the opportunity of either continuing to live or farm there, pending any possible requirement for this additional land; or of selling their property at an unblighted value to the BAA.

15. These proposals will be examined under the appropriate planning procedures which will include a wide-ranging public enquiry. This will enable those concerned to express their views on these proposals.

16. I am making arrangements for the Vote Office to make available now to Hon Members full background information.

17. I am sure that the House will wish to debate these issues as soon as Hon Members have had a reasonable time to consider the reports and the Government's conclusions. I have therefore asked my Rt Hon Friend the Leader of the House to make provision for a debate after the Christmas recess.

CONFIDENTIAL

DEPARTMENT OF TRADE

1 VICTORIA STREET LONDON SW1H 0ET

Aerospace
Telephone 01-215 7877



From the Secretary of State

Mike Pattison Esq
Private Secretary
10 Downing Street
Whitehall
SW1

13 December 1979

Dear Mike,

AIRPORT DEVELOPMENT POLICY

Following the discussion in Cabinet this morning, my Secretary of State has revised the draft statement which I sent over to you last night. As I believe the Prime Minister recognises, it is not easy to shorten this statement but we have made some excisions.

I will make a full circulation of the statement on Monday morning. I hope that the present version may be regarded as final since it has incorporated comments at official level from the Department of the Environment. However, any further changes can be incorporated in the course of tomorrow morning.

I am sending a copy of this letter and enclosure to Martin Hall (Treasury), Paul Bristow (Environment), Genie Flanagan (Transport), John Stevens (Chancellor of the Duchy's Office) and Martin Vile (Cabinet Office).

Yours sincerely,

Stuart Hampson

S HAMPSON
Private Office

CONFIDENTIAL

V.M.A.P.
Revised draft
coming from Trade

PRIME MINISTER

You have already agreed that, subject to the Cabinet decision, Mr. Nott's statement on airport development policy should be on Monday.

Below the papers, I attach Mr. Nott's draft for the statement. At this stage, it has been seen only by Mr. Heseltine and Mr. St. John Stevas, as Cabinet has not yet taken a formal decision.

It seems much too long. The key issue for the House will be the Stansted decisions. The increase of traffic on existing runway comes in at paragraph 10 and the contingency arrangements for a second runway at paragraph 13. I doubt very much whether this form of presentation will convincingly sell the idea of these choices as part of an airport development policy. If you agree, you might want to mention to Mr. Nott the need to keep his statement as brief as is consistent with the presentation agreed by Cabinet.

It is long - but that may
be the only way effectively to deal with the
subject
M.A.P.

12 December 1979



From the Secretary of State

PERSONAL AND CONFIDENTIAL

Tim Lankester Esq
Private Secretary
10 Downing Street
London, SW1

12 December 1979

ant

Dear Tim

AIRPORTS DEVELOPMENT POLICY

- .. I attach for the Prime Minister's information a draft statement which my Secretary of State would intend to make if Cabinet endorses his proposals on airports policy tomorrow.

Copies of this letter and enclosure for the personal information of their Ministers only are being sent to Paul Bristow (Environment) and John Stevens (Chancellor of the Duchy's Office) and to Martin Vile (Cabinet Office).

Yours sincerely,
Stuart Hampson

S HAMPSON
Private Secretary



Handwritten signature or initials in blue ink.

DRAFT

STATEMENT ON AIRPORTS POLICY

With permission Mr Speaker I will now make a statement about airports policy.

2. I am publishing today the reports of the Study Group on South East Airports and the Advisory Committee on Airports Policy. I recommend these reports to the House, and I should like to thank the members of these two bodies, which include representatives of local authorities, for their conscientious and painstaking work in preparing them.

3. Mr Speaker - the Government has decided not to build a major new international airport of the kind considered by the Roskill Commission Report in 1971; nor does it intend to resurrect the Maplin project, even in a revised form. Instead it intends, first, to encourage the fullest use of regional airports and, secondly, it intends to provide additional airport capacity, as the traffic develops, based on the existing airports in the South East, particularly Heathrow, Gatwick and Stansted. The Government's more detailed proposals are as follows.



4. In its future policy my Department will adopt policies designed to maximise the potential of the regional airports and thus to shift the burden away from the London area airports. We will look with particular favour upon proposals for the expansion of capacity to meet demand at suitable regional airports such as the East Midlands, Birmingham and Manchester.

5. We propose, as opportunity arises, to negotiate new rights permitting services between overseas cities and British provincial towns. This is in accordance with the new policies contained in the Civil Aviation Bill which is now before Parliament. On the initiative of my Department the EEC Council of Ministers has recently invited the Commission, after consultation with member states, to present specific proposals early next year for developing routes within the Community to serve the regions. We will be pressing for a very considerable degree of liberalisation of the market structure within the European community and the creation of opportunities ~~by~~ innovation, in particular with regard to route entry and new fares.



6 However, even with a more effective use of regional airports the Advisory Committee makes clear that there is an urgent need for additional airport capacity in South East England. On current forecasts, taking full account of the uncertainty about future oil prices and world economic growth, it is estimated that there will be a demand of between 69 and 81 million passengers a year in London and the South East by the late 1980s, against existing airport capacity of 50 million passengers. This leaves a large gap.

7 We considered whether it would be right to ignore the likely demand so that traffic became increasingly stifled or diverted to the Continent. Such a decision, or lack of a decision, would lead to developing chaos at our existing airports. A modern western society heavily engaged in international trade and with a major stake in the airline business can hardly fail to provide for consumer demand, both for leisure and business. But given the inherent uncertainty of any forecast we intend only to meet the demand in London and the South East as it develops with the least possible disturbance to the environment - and without the massive expenditure implications of developing a green field or a gray marsh site.



8 At Heathrow capacity is virtually exhausted, and that is why we must continue to divert traffic to Gatwick as already announced in my statement on 9 October. In order to provide additional capacity, the Government has decided to accept the Inspector's recommendation for a fourth terminal at Heathrow; the details of this decision are being announced separately today, and will include certain restrictions designed to mitigate the noise nuisance to local residents. We have also given careful consideration to the possibility of constructing a fifth terminal at Heathrow on the Perry Oaks site in order to increase yet further the capacity of that airport. However we estimate that it would take at least 12 years to complete such a project and the added burdens it would impose on the surrounding area have led us to the view that a fifth terminal should not be provided.

9 At Gatwick a public enquiry is to be held next year into a proposal for a second terminal at the airport. The Government will reach its conclusions on this matter in the light of the Inspector's report. We have also considered whether to create further capacity by constructing a second runway at Gatwick but have concluded that no further consideration should be given to this possibility.



10 At Stansted the previous Government anticipated development of the existing airport to 4 million passengers a year by the late 1980s. Stansted airport already has a suitable runway which could carry, if necessary, many more passengers than this. There is good road access from Stansted to London, and we believe a further expansion can be carried out by the purchase of under 1,500 acres of additional land and with the minimum commitment to public expenditure, thereby meeting the expected shortfall elsewhere in the South East region in the late 1980s. The Government therefore believes that the addition of a new terminal building at Stansted, which could eventually handle up to 15 million passengers a year, with the addition of some local infrastructure, is the best way of providing extra capacity before the end of the next decade.

11 However we believe that the time is long overdue for a settlement of the airports question for a much longer period ahead so that future governments can meet demand if it develops into the next century. Years of indecision, decision and counter-decision reflect no credit on this country's capacity to make difficult but necessary choices. If air traffic continues to grow at anything like the rate forecast by the Advisory Committee, additional capacity could be needed in the 1990s. For this reason, we have given careful consideration to each of the sites examined by the Study Group. Airports,



road and rail access, the relocation of defence establishments all use up agricultural land, affect property and cause changes to the environment. We should avoid any solution which commits us to any of these steps unless it is reasonably certain that the extra capacity will be needed. The best solution must be one that avoids any premature expenditure and leaves future governments with the maximum degree of flexibility - dependent on the growth of demand.

12. Our view on the evidence so far available is that none of the green field sites meets these requirements. We recognise that Maplin has certain advantages but the provision of additional road and rail links, the preparation of the site and the relocation of defence establishments, all of which would take up to 15 years and require a commitment of over £1 billion, is a risk which is unjustified when we cannot be certain that an airport of such a size might be needed. Moreover an airport at Maplin could not be ready to meet the expected shortfall in demand in the late 1980s.

13. The British Airports Authority will therefore be invited to bring forward proposals for the construction of a single terminal building at Stansted based on the existing runway facilities, capable of handling about 15 million passengers a year. But it will also be invited to apply for the definition and safeguarding



of an additional area of up to 2500 acres, sufficient to provide for a possible second runway and further terminal capacity should this be needed in the 1990s or beyond. Our aim would be to ensure that the owners of residential and agricultural property which would be blighted in the wider area should be given the opportunity of either continuing to live or farm there, pending any possible requirement for this additional land; or of selling their property at an unblighted value to the BAA.

14. These proposals will be examined under the appropriate planning procedures which will include a wide-ranging public enquiry. This will enable those concerned to express their views on these proposals. Final decisions can then be taken in the light of such an Inquiry.

15. I am making arrangements for the Vote Office to make available now to Hon Members full background information.

16. I am sure that the House will wish to debate these issues as soon as Hon Members have had a reasonable time to consider the reports and the Government's conclusions. I have therefore asked my Rt Hon Friend the Leader of the House to make provision for a debate after the Christmas recess.



CONFIDENTIAL

Ref. A0938

PRIME MINISTER

Airport Development Policy


(E(79) 69 and a letter dated 10th December from
PS/Secretary of State for Trade)

BACKGROUND

✓ You discussed in E Committee on 4th December (E(79) 17th Meeting) the proposals from the Secretary of State for Trade for a third London airport. Summing up, you said that the Committee were disposed to favour his proposals - for developing Stansted - which should be presented in the context of the general strategy for airport development, rather than as a decision to build a third London airport. An early and comprehensive announcement was needed, which would require careful drafting. Parliamentary handling would be important, and so Cabinet should consider urgently both the proposals themselves, and the questions of timing of announcement, and of publication of the background reports. ✓ The paper (E(79) 69) has since been circulated to those members of Cabinet who are not on E, under cover of a letter from Mr. Nott's Private Secretary.

2. Forecasting future demand for airport traffic is notoriously difficult. And it could well be that the experts have even now made some mistakes in their assumptions. But the conclusion that extra capacity will eventually be needed in the South-East is robust against a wide range of possible assumptions. A rail-only Channel tunnel, or the development of airports in other regions of the country, would only absorb one or two years' growth in expected traffic.

3. Thus, unless air traffic is to be artificially restricted, further capacity will have to be provided. But the existence of uncertainty in the rate of growth is one of the arguments in favour of a site which can be progressively developed, and therefore in favour of Stansted. It would also be much cheaper than the alternatives, and could be available earlier.



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4. The handling of the announcement, and Parliamentary handling, are tied up with the necessary statutory procedures for this development. The Government is not formally the promoter of the development, and the Secretary of State for the Environment will eventually have to take a quasi-judicial decision following an inquiry. So the Government cannot pre-empt that decision now. But on the other hand the Government have promoted the studies by the two advisory committees (ACAP and SGSEA) of which the reports are now available for publication. The reports make no recommendation, and it would be reasonable for the Government to say that they conclude from the evidence that Stansted is the option that should now be developed, so that it can be put through the statutory processes leading to a final decision.

5. The "planning procedure" problems of handling the airport proposal are that:-

(a) a local public inquiry is desirable to let the individuals affected have a say.

(b) Some Parliamentary involvement is desirable in so important a decision. These two are not easily compatible. A Private Bill would take care of the Parliamentary interest, but would not directly engage the public (though it was used for Maplin last time round, and is always used by British Rail). A public inquiry cannot be followed by a Parliamentary debate because the Secretary of State cannot listen to additional argument after the inquiry without running the risk of legal challenge. And a debate before the inquiry would not influence the recommendation of the Inspector. The Special Development Order mentioned in Mr. Nott's paper is a possible way of getting round the dilemma. It is a procedure that has only been used once (to allow Parliamentary debate following the Windscale inquiry). The idea would be to hold a non-statutory public inquiry first, to allow the public their say, and then for the Secretary of State to put an order, based on his conclusions on the outcome of that inquiry, before the House and subject to negative resolution procedure. Thus there could be a Vote and both the House and public would each have been involved. Whether or not to use this route need not be decided immediately, in time for an early announcement. Mr. Nott is envisaging the need for an early "take note" debate in January on the reports of the advisory committees and the Government statement. The handling of the planning issue could be clarified then, or even left a little longer.



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6. It is desirable that, as well as deciding to pursue Stansted, you should rule out the possible options of a fifth terminal at Heathrow, or a second runway at Gatwick. In the Heathrow case in particular, major capital expenditures hang on this decision. E Committee has agreed on the case for a fourth terminal at Heathrow. But the rail access to the fourth terminal cannot be designed until it is known whether a fifth terminal might be needed. Objectors to the motorway schemes in that area would also claim that inquiries should be reopened if there remained doubt about the future volume of airport traffic.

HANDLING

7. You will wish first to establish that the full Cabinet are persuaded of the case for further airport development in the South-East. Do they accept that growth in air traffic should not be artificially restrained? Do they agree that extra capacity will eventually be needed?

8. Then, setting aside the questions of handling and tactics, you might consider the relative merits of the possible contenders, presumably following E and settling on Stansted and agreeing to rule out a fifth terminal at Heathrow, and a second runway at Gatwick.

9. You might then turn to the question of handling, and ask Mr. Nott to say what he now proposes in the light of the earlier discussion at E. He will have shown a draft for his statement to a number of key colleagues, but not to the whole Cabinet. You will want to consider both the immediate presentation, and how a decision on the best method of handling the planning aspects is to be taken. If that is to be announced during a debate in January, are consultations needed with the BAA and local authorities meanwhile? Or can the Government say that at present it has an open mind, and will await the outcome of the Parliamentary debate, and proposals from the sponsors of the airport, BAA, before deciding on the appropriate planning procedure. The latter would be a defensible stance.

CONCLUSION

10. As noted above, it is desirable that you should record definite conclusions on the items 16 a)-f) in Mr. Nott's paper (E(79) 69), probably accepting all his recommendations except 16 e), on which the position would be left open for the time being.



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11. You will also wish to agree timing for the announcement [next week?], and publication of the reports.

12. Finally you will wish to record your conclusions on the Parliamentary tactics for the debate in January, and for the planning aspects.

RA

(Robert Armstrong)

12th December, 1979



No action Aerospace
MAP 10/12/79

From the Secretary of State

CONFIDENTIAL

Tim Lankester Esq
Private Secretary
10 Downing Street
London, SW1

10 December 1979

Dear Tim,

THE THIRD LONDON AIRPORT

My Secretary of State's paper E(79)69 on the Third London Airport was discussed at the meeting on 4 December. The Committee considered that a final decision should be reserved for Cabinet, and I understand that the item will appear on the Agenda for this week.

Ministers who were not present at the meeting on 4 December will need copies of the E Committee paper, and Cabinet Office will send copies to their Private Secretaries. In view of the extreme sensitivity of the proposals, access to these papers should be restricted to the Minister and to those who have an essential need to see them for briefing.

Copies of the reports by the Study Group on South East Airports (SGSEA) and the Advisory Committee on Airport Policy (ACAP) are available on request from this office, but in view of their bulk I am not circulating them at this stage.

I am sending copies of this letter to the Private Secretaries to all members of the Cabinet, to Murdo Maclean (Chief Whip's Office) and to Martin Vile (Cabinet Office).

Yours sincerely,

Stuart Hampson

S HAMPSON
Private Secretary

CONFIDENTIAL



Technical Division of State

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Aerospace



10 DOWNING STREET

Paris Airline

Mr. Forde, Mr. Pym.

La Chancelier has

been invited.

Mr. St John Stevens

also has been invited.

But since his is

mainly a constituent

interest, you might

prefer not to have

him. I can cancel

the invitation if you like.

R.



Ref: A0833

PRIME MINISTER

Third London Airport

(E(79) 69)

BACKGROUND

There are two related items on the Agenda for this meeting: the Third London Airport, and the Fourth Terminal at Heathrow. It is logical to take the third London airport one first.

2. The proposal is to develop Stansted, initially by building a new terminal, and eventually by constructing a second terminal and a second runway alongside the present one. This course is preferred to all the other options explored in considerable detail - in the reports by the Study Group and Advisory Committee, which have been separately circulated. They are now being printed and will be ready for publication from Friday 7 December onwards.

3. A decision is now urgent. The delivery of the reports is public knowledge. The Secretary of State for Trade wants to make an announcement before Christmas, accompanied by publication of the Reports, although the timing of this is now being reconsidered. It will probably be delayed until at least after the South West Herts By-Election. Whatever the decision, it will be highly controversial. This is why we have brought it to a Committee under your Chairmanship. If the Committee does not feel able to take a final decision at this meeting, it could be remitted for further study by a small group of interested Ministers, for the final result to come back to Cabinet or to E early in the New Year. In that event, the two Reports could be published this Friday with a 'holding' announcement.



HANDLING

4. I suggest you call for a general introduction from the Secretary of State for Trade, as the sponsor Minister, and from the Secretary of State for the Environment, who is directly concerned in the planning issues. Other Departmental Ministers can be called as points arise during the discussion.

5. The discussion might fall into three parts: establishing the need; choosing the site; and procedure thereafter.

The Need

6. The Secretary of State summarises the arguments, a bit impressionistically, in paras 3-4. They are set out in slightly more detail in Appendix 1, paras 4-7. To supplement this, you may like to glance at the report of the Advisory Committee, and especially its conclusions in Chapter 7.

7. Points which may come up in this part of the discussion are:

(a) Oil Prices and Supplies: Despite the recovery of the air traffic since the 1974 oil price increases, this must obviously remain a worry.

(b) Tourism: The tourist forecasts are fairly robust, both inwards and outwards. In particular, they assume a strong pound, which tends to damp down inward tourism.

(c) Tunnel: The present Channel tunnel plan would have little impact on the need for a new airport: at most, it would subtract one year's growth from future traffic.

(d) Regional Policy: The Advisory Committee looked hard at this, but concluded that the real need remains for an airport with access to London.



(e) Public Expenditure: A high proportion of the total cost will be self-financed by the British Airports Authority. A small part will remain as a final charge to the Government (through the roads programme) or by way of subsidy to British Rail (if not recovered from BAA). None of this is provided for in the present Public Expenditure Survey, though much would fall outside the survey period.

(f) One run-way or two: The need for a second runway is by no means established yet. A two-runway airfield (though much smaller than the original grandiose four-runway Maplin plan) still sterilizes an enormous area. But the prudent course does seem to be to choose a site which can be expanded to two runways if it proves necessary.

The Choice of Site

8. This has been examined exhaustively by the Study Group. Ministers should look carefully at figure 2 in their report. This demonstrates how the various constraints on airport development (shown separately in figure 1) combine to eliminate a very large area in the circle round London. Nevertheless a number of potential sites were identified: the Study Group then narrowed this to a short list of six: four of these are 'green fields' and the other two are Stansted and Maplin. The Secretary of State (para 5) identifies four possible solutions. You might take these one by one.

(a) Heathrow/Gatwick: The case against a fifth terminal at Heathrow is very strong. Discussion of the next item on this Agenda will show how hard it will be even to get a fourth terminal. Expansion of Gatwick to a two-runway airfield is enormously expensive and politically very unattractive. Ministers will probably agree with Mr Nott that both courses must be ruled out.



(b) The Green field Sites: There are four of these: Hoggston (Berks); Yardley Chase (Bucks/Northants); Langley (Herts/Essex/Cambridgeshire) and Willingdale (Essex). All would be expensive to construct, and even more expensive to link by road and rail. None has any advantage over the existing site at Stansted.

(c) Stansted: The tribal memories here will die hard. But the airfield exists: it needs only a new terminal and improved access to cope with expected traffic for some years ahead; land could be reserved for the second runway and terminal without undue disruption; this is the course which Mr Nott prefers. Mr Stevas has a constituency interest in all the Essex sites, as well as his broader Parliamentary role, and will want to speak.

(d) Maplin: The original attractions of Maplin (formerly Foulness) arose from its combination with a deep-sea port. There is now no case for new port construction. Maplin would be extremely expensive, both in construction and in access; would require the removal of the MOD ranges at Shoeburyness; is not much better on environmental grounds than the inland sites; and is unattractive to the airlines. It has the advantage of involving the least noise disturbance. Ministers who were involved, in the last Conservative Government, in the original choice of Maplin may still have lingering regrets: but this option seems to rule itself out.

The Next Steps

9. The paper recommends a procedure which will combine a Special Development Order (SDO) with a degree of Parliamentary involvement. Any inquiry will have to range very wide - over the whole field covered by this paper. The problem is unique: it seems very unlikely that we shall ever want a fourth London airport. This distinguishes it from the Fast Breeder Reactor case, which will look at the genetic case for Fast Breeder Reactors as well as the site of the first Reactor,



and set a pattern which will be followed at several other sites. The Lord Chancellor may want to speak on the Tribunal/Inquiry points which arise. It will be important to be clear about these procedural points before any announcement is made in Parliament, partly so as to reassure critics that they will have a chance to make their case publicly. If necessary, the details could be remitted to the Ministers most directly concerned to agree before the announcement is made. You will also want the views of colleagues on the timing of the announcement: before or after Christmas? If an announcement is postponed should the Reports be published separately? If so when?

CONCLUSIONS

10. The main choice is between taking a decision now, and remitting part or all of the problem to another Ministerial Group. I think you might aim to reach at least one firm conclusion:

(i) that the Committee accepts the case for establishing a third London airport which can eventually be developed to a two-runway standard.

11. Thereafter, you may be able to get the Committee to agree:

(ii) that the best site for such an airport is at [Stansted], [Maplin], [some other site];

but if you cannot get agreement immediately on this point, the issue should be remitted to a smaller group: the Ministers directly involved are the Secretaries of State for Trade, the Environment, Defence, and (possibly) Employment; the Minister of Transport; the Chief Secretary, Treasury; and perhaps one neutral, who might be the Home Secretary (with the political aspect very much in mind). The Home Secretary would chair the group.



12. In parallel, you might try to seek agreement that:

(iii) the procedure should be as recommended by the Secretary of State for Trade, viz: that BAA should proceed by way of a Special Development Order following a wide-ranging local public enquiry, but should bring forward proposals for compulsory purchase only for the minimum land needed at the first stage (paras 16(e) and (f)).

Mr.

R

ROBERT ARMSTRONG

3 December 1979



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From the Secretary of State

CONFIDENTIAL

T Lankester Esq
Private Secretary to the Prime Minister
10 Downing Street
London, SW1

27 November 1979

Dear Tim

THIRD LONDON AIRPORT

.... I enclose copies of the reports of the Advisory Committee on Airports Policy and the Study Group on South East Airports on the Third London Airport for information as background to our E79/69 paper on this issue.

I am copying this letter and copies of the reports to the Private Secretaries to all members of 'E' Committee, the Lord Chancellor's Office, the Private Secretaries to the Secretary of State for Defence, to the Minister of Transport and to Sir Robert Armstrong.

Yours sincerely

Hugh Bartlett

H W BARTLETT
Private Secretary



International

London, E.C. 1

COMMERCIAL

27 NOV 1979

