

Speech: Sustainable growth at heart of future strategy for UK aviation

Good morning everyone.

It's a real pleasure to join you again for your annual conference.

And to kick off what promises to be a very interesting day and a half of debate.

The theme today (30 October 2017) – how we plan for sustainable growth – is a familiar one in transport.

'Sustainable' has become one of those words that means different things to different people.

Often it's used to describe the environmental viability of transport.

Whether we can meet rising demand for mobility while reducing pollution, carbon and noise.

Others use it in an economic sense.

For them, a sustainable business is one that is profitable and growing.

But the true meaning of the word is less specific.

The Oxford Dictionary defines 'sustainable' merely as something that can be maintained at a certain rate.

Or kept going at a constant level.

Which strikes me as an unsuitable description for the challenges facing aviation.

What we've done for far too long in this country is 'sustain' transport.

Or done just enough to keep things running.

Decade after decade.

While failing to consider the long-term implications of inaction.

What we are doing today is embracing a different model of sustainability.

Rolling out a huge infrastructure programme.

Making the investments.

Taking the difficult decisions.

To build capacity and resilience for the future.

So when I talk about a sustainable aviation strategy for the UK, I mean one that will help this industry compete and grow in an environmentally friendly way.

I remember last year's AOA Conference well.

It was the [first speech I'd given to an aviation audience as Transport Secretary](#).

I talked about the unprecedented growth that UK airports had experienced in 2015.

The highest passenger numbers since records began.

Airports around the country expanding.

Adding new routes to emerging markets around the world.

Investing in new passenger and freight facilities.

From Edinburgh to Bristol, Manchester to London City Airport – which is also celebrating its 30th birthday this year.

Well – in 2016, you raised the bar again.

268 million terminal passengers.

7% up on the previous year.

A new record for the industry.

And that meant – over a 5 year period – aircraft movements increased by 10%.

Even though aircraft are getting bigger.

And average loads are rising too.

This industry is incredibly successful.

And when you consider that you and your employees have absorbed this growth at a time of heightened security.

Which has put considerable extra responsibility on your shoulders.

I think you've done an outstanding job.

And it's not just your customers who benefit.

We all do.

In fact, never has aviation had more of a positive impact on our economy than it does today.

You've been instrumental in the UK's economic recovery since 2010.

And that vital contribution continues.

Creating thousands of new jobs – at a time when more Britons are in work than ever before.

Attracting new foreign businesses to this country – at a time of record UK inward investment.

And helping us forge new trade links with fast growing cities – when we already have the third largest network of air routes in the world.

When you thrive, Britain thrives.

And that's why, when I think about a sustainable aviation strategy, it's with a clear objective to meet rising passenger and freight demand.

To achieve and increase profitability.

To support your growth ambitions for the future.

While meeting our environmental commitments, and reducing the impact of flights on local communities.

A key theme for the next day and a half.

That's why – just before my speech here last year – we announced that [Heathrow Northwest Runway would be the government's preferred scheme for delivering new airport capacity in the south-east](#).

Not just with Heathrow, but across the whole sector, we have made good progress since.

We have published a [draft Airports National Policy Statement](#), and received over 70,000 responses to the consultation exercise.

In parallel, Heathrow has been working with airlines to bring the cost of the scheme down – in line with the ambition I set out to keep landing charges as close as possible to current levels.

This is vital to its success of the scheme.

We are now [consulting on a revised draft Airports NPS](#) for a further period of 8 weeks.

Don't think this will derail progress – we are on track.

The draft has been revised in light of the consultation responses we've considered so far.

For example, it reflects changes to government policy, and fresh evidence – from the [air quality plan](#) and new passenger demand forecasts.

Of course it's perfectly normal for National Policy Statements to require more than one round of consultation.

Do not think this delays our plans.

Indeed the Planning Act 2008 requires the government to consult on material changes.

So that is what we are doing.

And we remain on track to lay a final airports NPS in Parliament during the first half of next year.

The updated passenger demand forecasts published last week show that the need for extra capacity in the south-east is even greater than previously thought.

They show that all 5 of London's main airports will be completely full by the mid-2030s.

The updated analysis also shows that the north-west runway scheme at Heathrow would deliver the greatest benefits soonest.

And that it continues to offer the greatest choice of destinations and frequency of vital long-haul routes.

The runway would deliver benefits of up to £74 billion to passengers and the wider economy over 60 years.

Of the 3 options shortlisted by the Airports Commission and assessed by the government, the north-west runway offers the greatest economic benefits for at least the next 50 years.

So let's be clear.

The case for expanding Heathrow is as strong as ever.

And the draft NPS makes clear that expansion would not be allowed to proceed without a world-class package of compensation and mitigation measures.

We will then go to Parliament for confirmation.

The airport will set out how it is being a good citizen both locally and for the country.

This includes setting legally binding noise targets, periods of predictable respite, and a ban of 6 and a half hours on scheduled night flights.

Now everyone has until 19 December (2017) to consider and respond to new evidence.

Once MPs approve a final document, it will set the policy framework for the developer to bring forward a planning application for a new north-west runway.

I describe this stage as outline planning permission – the detailed work begins afterwards.

Of course the views of airports around the country are crucial.

Because a third runway at Heathrow will provide opportunities for new and more frequent domestic connections to our largest hub.

And so help passengers to benefit from onward connections to long haul destinations.

But – although it dominates the headlines – Heathrow is just one airport.

And London is just one city.

We're lucky having a network of over 40 commercial airports across the country.

Directly serving over 150 short-haul and 35 long-haul destinations.

These connections provide huge benefits for cities and our regions.

So we welcome airports and airlines working together to develop new direct routes.

Creating a competitive market that gives the customer more choice, more frequent flights, and lower fares.

That's why our new [aviation strategy](#) will reflect the need for growth across the UK.

For example, Manchester which has fantastic plans.

Aberdeen and Bristol too. They are combining investment with visionary management.

Successive governments have published many strategic aviation documents over the years.

Some more influential than others.

Well our new strategy will set a course for the future that will affect every airport in the country.

This will be more than just a statement of intent.

It will be a long-term vision for the sector to 2050 and beyond.

In particular, how we can make best use of existing capacity.

And where we might need new capacity in the future.

As well as meeting all our environmental obligations.

It's an opportunity to look at what the government can do for you and your customers.

Putting the passenger at the heart of what we do.

But also providing the connections Britain will need in the future.

Brexit is important to the transport sector.

Negotiations and detailed work are underway already to secure a fair and liberal deal.

No other transport sector will have such a key role to play as aviation when we leave the European Union.

A clear priority for me through the negotiations is to achieve the best possible access to European markets for aviation.

We've not started those discussions yet, but we are well prepared for when they do.

I remain confident that we'll get a good deal, and that UK airlines and airports will continue to flourish.

Because our aviation market is the biggest in Europe.

And it's in the interests of all European countries, and everyone who travels between them, that we seek an open, liberal arrangement following Brexit.

But just as crucial is how we capitalise on our new position in the world.

At the moment, services to some third countries, like the US and Canada, are determined by EU-negotiated arrangements.

I am pleased to say that we are making rapid progress towards securing post-Brexit arrangements with those countries.

We already enjoy excellent international connectivity, but we should constantly ask ourselves how UK airports can open up more long haul routes to markets like China, South America and India than we do today.

Routes that have an enormous impact on inward investment.

So we will continue to work with you to ensure the aviation strategy represents the interests of every airport, in every region of the country.

Another priority is the modernisation of the industry.

In particular, the way that UK airspace is managed.

To tackle delays, cut emissions and reduce the need for stacking above our busiest airports.

Our aircraft are fitted with the latest satellite navigation technology, but

most of our airspace arrangements are 50 years out of date.

Without action, by 2030 total delays due to inefficient use of airspace capacity could be 70 times more than in 2015.

This wouldn't just be bad news for passengers.

It would also damage the economy and the environment, as planes are increasingly forced to circle above urban areas while waiting for a landing slot.

As you know, earlier this year we held a consultation on how we can make better use of this critical piece of national infrastructure.

Our response to that consultation confirms that we will establish a new independent commission on civil aviation noise.

This will ensure the noise impacts of airspace changes are properly considered.

Giving local communities more of a say in airspace changes.

They will help us make the most of quieter and more efficient aircraft and to provide more predictable periods of relief from noise.

We need to make the most of technology.

We are also making compensation for airspace changes fairer by bringing it into line with existing compensation policy for new airport development.

I've been pleased with the way the industry has engaged with the consultation process.

And the way in which aviation is working with communities and stakeholders.

To minimise the environmental impact of flights.

It's by being responsible and transparent that aviation will earn the right to grow.

So we can build a truly sustainable strategy for the future.

Sadly, Monarch will not be part of that future.

But I just wanted to thank everyone who helped us repatriate passengers following Monarch's recent failure.

It was a remarkable effort.

With government working alongside airlines and airports to deal with a complex and difficult logistical challenge.

A huge amount of work at short notice.

In fact the Prime Minister has personally thanked the industry for the way it responded.

And I absolutely endorse her thanks today.

Monarch reminds us that the market remains incredibly competitive.

I know it's challenging out there for airports and airlines.

And I recognise that until the Brexit negotiations are finished, there is inevitable uncertainty about what will happen.

I want you to be confident of the process and the future Brexit will provide.

But I can assure you that the interests of our aviation industry are at the forefront of our minds.

Not just because Britain needs the services and connections you provide.

But because we need the jobs and prosperity you bring to every part of this country. That's why we're expanding Heathrow.

It's why we're working on a new aviation strategy.

And it's why we believe the only sustainable model for UK airports is one that helps you flourish.

So let's continue to work together in partnership.

Let's grasp hold of the growth opportunities out there.

And let's look forward to the future with confidence.

Thank you.