

GATCOM STEERING GROUP

Minutes of the Steering Group meeting held on 8th January, 2009.

Present: Dr. J. Godfrey (Chairman)

Mr. Acraman (substitute), Mr. Barclay, Mr. Hobbs, Mrs. Kitchen, Mr. Maltby, Mrs. Myland, Dr. Olliver and Mr. Taylor.

Also present:

Mr. McCallum – Communications Director, BAA Gatwick

Mr. Green – Head of Assurance, BAA Gatwick

Mr. Lockwood – Spatial Planning Manager, BAA Gatwick

Mr. Denton – Head of Corporate Responsibility and Environment Strategy, BAA Gatwick

Mrs. Almond – Public Affairs Manager, BAA Gatwick

Mr. Evans – Department for Transport

Mr. Smith – Deputy Honorary Secretary

Mrs. Street – Assistant Secretary

Apologies for absence were received from: Mrs. Howell and Mr. Whittington.

MINUTES OF THE MEETING HELD ON 18TH SEPTEMBER, 2008

31. Resolved – That the minutes of the Steering Group held on 18th September, 2008 be approved and that they be signed by the Chairman.

UNCONFIRMED MINUTES OF GATCOM – 16TH OCTOBER, 2008

32. The Steering Group noted the draft minutes of the meeting of GATCOM held on 16th October, 2008 (copy attached to the signed minutes).

SALE OF GATWICK

33. Mr. McCallum updated the Group on the progress made on the sale of Gatwick which was being led by BAA. An Information Memorandum had been sent in December to potential bidders on a strictly confidential basis. Further detailed information about Gatwick would also be made available to potential bidders via an electronic data room as the process progressed. Indicative bids were required to be submitted by the end of January. It was not yet known how many bids would be received during the first round but may be available by the date of the next meeting of GATCOM.

34. He also advised that Mr. Flower, Managing Director, and his management team had commenced work on identifying the separation issues and that consultants, KPMG, had been appointed to aid that very complex process.

35. The Chairman referred members to the helpful exchange of correspondence he had had with Colin Matthews, Chief Executive of BAA which confirmed that BAA and the Competition Commission wished to see a range of quality bidders competing in a transparent process (copy of correspondence attached to the signed minutes). Members noted that BAA hoped to attract a purchaser with the required financial resources to manage the business on a sound basis in the medium and long term and that the new owner would be both capable and credible. Members were pleased to note that Mr. Flower would maintain dialogue with the Chairman as the sale process continued.

36. Mr. McCallum also advised that BAA had, with the agreement of the Competition Commission, appointed a shadow monitoring trustee, to oversee the sale process and to ensure that it was being managed in accordance with good practice.

37. Members acknowledged that the information contained in the Information Memorandum was confidential but asked for an overview of the information included in respect of what would comprise the sale and also regarding the future operation and growth of Gatwick. Members were concerned that there had been much press coverage following the Competition Commission's announcement of its provisional decisions about 'secret plans' for the construction of a second runway at Gatwick and this had again created much uncertainty for local communities. Mr. McCallum confirmed that it was BAA's intention to sell Gatwick as a single enterprise and that the Information Memorandum included exactly the same information about the future operation and growth plans for Gatwick as that contained in the interim airport master plan which set out the two growth scenarios for Gatwick. Mr. McCallum confirmed that there were no secret plans to build a second runway at Gatwick. The Group expressed its disappointment about the poor quality of 'The Times' report in that there had been no apparent engagement by the journalist with any stakeholders before publication and that it did not portray the true facts. It was agreed that the Chairman would write to the Editor of the Times.

38. A further update on the sale would be given at the GATCOM meeting.

COMPETITION COMMISSION – BAA AIRPORTS MARKET INVESTIGATION PROVISIONAL DECISION ON REMEDIES

39. Mrs. Street reported that the Competition Commission published on 17th December its provisional decision on the sale of three BAA airports and other remedies to competition problems and that comments were required to be submitted by 9th January. Members noted the short timescale for responses and that as a result of the Secretariat's consultation with all members and nominated substitutes, no comments had been received. The Group considered the summary of the provisional decision set out in the Commission's press release together with GATCOM's previous response to the Commission (copies attached to the signed minutes).

40. Members were pleased to note that the Commission had taken into account a number of GATCOM's previous concerns, in particular the proposals put forward by the Commission for a purchaser criteria and a process for assessing the suitability of purchasers. The Group noted however that there was no specific reference ensuring that Gatwick was sold as a single business enterprise or anything to prevent the piecemeal sale of assets by a new owner. It was felt therefore that GATCOM's previous concerns should be reiterated to the Commission.

41. The Group was concerned that the Commission was minded to include in its recommendations the need for new legislation to allow for terminals to be developed or redeveloped and operated separately from runway facilities. Members felt that such competition would be detrimental to the operation and management of the airport and would further complicate and already complex operation and regulatory regime. Members therefore agreed that GATCOM's previous view urging the Commission to resist introducing the separate development/operation of terminals by third parties be reiterated.

42. Mrs. Street also drew members attention to the Commission's proposed recommendations to the DfT in relation to the forthcoming National Policy Statement for aviation. She advised that the Commission had accepted that the Air Transport White Paper did not itself authorise or preclude any particular airport development but the Commission was instead recommending that the Government should, in the context of

the development of the National Policy Statement, consider the impact of the White Paper on the aviation market in the South East, in the light of the separate ownership of Gatwick and Stansted. There were mixed views amongst members about the need for the Government to take into account changes in ownership of London's airports in the development of the National Policy Statement and the next progress report on delivering the policies of the Air Transport White Paper. It was agreed however that the new ownerships should be acknowledged but that GATCOM's view that the outcome of the Commission's investigation should not disturb the policies contained in the White Paper, which were developed following extensive consultation, be reiterated.

43. Resolved – That after consultation with the Chairman, Vice-Chairman and the Chairman and Vice-Chairman of the Passenger Advisory Group, the Secretariat submits a response to the Commission reflecting the comments set out above.

GATWICK STATION AND SOUTH TERMINAL FORECOURT

44. Mr. McCallum reported that following the announcement of the Office of the Rail Regulator (ORR) in respect of the funding for Gatwick's track and remodelling scheme, BAA Gatwick had been in discussion with Network Rail to determine the way in which the Gatwick Station redevelopment scheme could be taken forward in the light of the reduced funding by the ORR. He advised that further meetings were to take place the following week with Network Rail and it was hoped that a joint announcement could be made once an affordable solution had been agreed. Members enquired whether it was still possible to progress a scheme integrating the coach and bus stations and whether an extra platform to accommodate the Gatwick Express would still be constructed. Mr. McCallum advised he believed it was still the intention to construct Platform 7 but the development of an interchange was a matter still under discussion.

45. Mrs. Street reported that Network Rail had previously indicated that no commitment would be given to specific schemes until it published its March 2009 Business Plan. She was already in contact with Network Rail as to how it now intended to take forward the Gatwick scheme and a response was awaited. As more information would be available after March, it was suggested and agreed that Network Rail be invited to attend the April meeting of GATCOM (after the publication of its Business Plan) to present its proposals for the station and track and remodelling scheme.

46. Mr. McCallum confirmed that in the meantime BAA Gatwick would progress with its associated project, the improvement to South Terminal's forecourts, during the Spring.

47. Reference was made to Southern's timetable changes implemented on 15th December and members asked how the new extended Gatwick Express service was operating. Mrs. Street advised that members of the Passenger Advisory Group (PAG) had been monitoring the operation of the extended service and initial feedback revealed that there were a number of problems in terms of the rolling stock being used and punctuality. The PAG would be considering the matter at its meeting the following week. She suggested that the shortlisted bidders for the new South Central Franchise be advised of GATCOM's concerns about the operation of the new service.

AIRPORT PERIMETER FENCE - SECURITY

48. Mr. Jonathan Green, Head of Assurance, BAA Gatwick informed the Group of the measures in place at Gatwick to protect the integrity of the airport's perimeter fence. He advised that Gatwick had the largest perimeter fence of all the BAA airports. The purpose of the fence was to delineate the restricted zone of the airfield. The fence was constructed to meet current DfT standards and a stringent patrolling regime by BAA Gatwick's security staff and Sussex Police was in place.

49. Members commented on the breach of the security fence at Stansted Airport and asked whether there were robust measures in place at Gatwick to prevent a similar breach. Mr. Green reassured members that BAA Gatwick had regular review meetings with Sussex Police to assess all risks and incidents. He advised that immediately following the incident at Stansted discussions took place regarding incident management at Gatwick.

FLOODING

50. Reference was made to the recent flooding in the Three Bridges/Furnace Green areas of Crawley. Mr. Lockwood advised that there was no flooding on airport and the cause of the recent flooding appeared to be related to the flows from Tilgate Forest. The Environment Agency had been looking at ways to slow flows from the Forest. Although the problem was upstream from the airport, BAA Gatwick had been involved in discussions with the Environment Agency as there was a need for a holistic approach in finding a solution to the problem.

DATE OF THE NEXT MEETING

51. The Steering Group noted that the next meeting would take place on Thursday, 2nd April, 2009 at 10.00 a.m.

Chairman