

GATCOM STEERING GROUP

Minutes of the Steering Group meeting held on 18th September, 2008.

Present: Dr. J. Godfrey (Chairman)

Mr. Acraman (substitute), Mr. Barclay, Mr. Brockwell (substitute), Mr. Hobbs, Mrs. Kitchen, Ms. Knox, Mr. Maltby, Mrs. Myland and Mr. Taylor.

Also present:

Mr. Lockwood – Spatial Planning Manager, BAA Gatwick
Mrs. Almond – Public Affairs Manager, BAA Gatwick
Mr. Beresford-Knox – Head of Planning Services, Crawley Borough Council
Mr. Evans – Department for Transport
Mr. Smith – Deputy Honorary Secretary
Mrs. Street – Assistant Secretary

Apologies for absence were received from: Mr. Blake, Mrs. Howell, Dr. Olliver and Mr. Whittington.

MINUTES OF THE MEETING HELD ON 26TH JUNE, 2008

1. Resolved – That the minutes of the General Purposes Sub-Committee held on 26th June, 2008 be approved and that they be signed by the Chairman.
2. The Steering Group noted the draft minutes of the meeting of GATCOM held on 24th July, 2008 (copy attached to the signed minutes).

COMPETITION COMMISSION - AIRPORTS MARKET INVESTIGATION

Sale of Gatwick Airport

3. Ms. Hunter, Strategy and Finance Director, BAA Gatwick, informed members that the BAA Ltd. had announced the sale of Gatwick on 17th September. She assured the Steering Group that the decision to sell the airport had not been taken lightly and BAA believed the sale was in the interests of the airport's customers, staff and passengers as it could now begin to address the uncertainty that had been fuelled by much speculation about the break-up of the BAA Group over the past two years. BAA Gatwick had at the time of the announcement briefed all staff and business partners at the airport and members were pleased that the news had been received in a positive light and that it was business as usual. The Chairman expressed his thanks to Mr. Flower who had telephoned to brief him about the decision at the time of the announcement.

4. The Group enquired about the process of the sale and what BAA proposed to include in the sale. Ms. Hunter explained that although the process of the sale was to be developed, it was intended to sell Gatwick as a whole enterprise and she reassured members that there was currently no intention of separating any of Gatwick's assets. She also advised that BAA wished to work constructively with the Competition Commission on the process of the sale. Members commented on the media speculation about possible purchasers and she assured the Group that BAA Ltd. did not have a buyer already lined up. It was noted that depending on the conditions of the market, it was possible that the sale of the airport could be completed within nine to twelve months.

5. Members emphasised that, if the sale of Gatwick Airport was to take place, then the whole enterprise which constitutes the airport and the land and buildings which it currently occupies should be sold as a single entity, along with all its present owners'

current assets, investment liabilities (including those arising from the most recent quinquennial review), sustainable development responsibilities, planning agreements and obligations, and the requirement to consult local communities in the vicinity of the airport about its impact on the surrounding area. It was also vital to ensure that the public interest was preserved throughout the sale process and that any purchaser had the capital available not only to buy the airport but also to deliver the five year capital investment programme as well as other future developments that became necessary. Members expressed the desire for GATCOM to have an opportunity to comment on the suitability of a purchaser at the appropriate time.

6. Ms. Hunter also explained that BAA Gatwick was working to ensure that the media focused on the passenger experience at the airport rather than speculating on the issue of runway capacity. She invited members to contact BAA Gatwick should they have any area of concern or if they were aware of any negative publicity that needed to be addressed. Members congratulated BAA Gatwick on the way in which it had handled the media during the announcement and it was hoped that the good working relationship between the airport management and the Consultative Committee would be maintained following the sale of the Gatwick.

Provisional Findings Report – GATCOM Response

7. The Steering Group considered a paper by the Secretariat suggesting a response to the Competition Commission's Provisional Findings Report (copy attached to the signed minutes). It was noted that as the deadline for responses to the Commission was 22nd September, the Steering Group was asked to agree a response on behalf of GATCOM. Mrs. Street advised that the suggested draft response had been circulated to all GATCOM members and nominated substitutes for consideration and the responses received from members were reported at the meeting. The Steering Group took those comments into consideration and revisions were agreed to the suggested response.

8. In considering the draft response, members again stressed the importance of ensuring that the airport was sold as a whole enterprise, along with all the current sustainable development responsibilities, investment liabilities and legal obligations. Members were concerned however that there appeared to be nothing to prevent the downgrading of operations and facilities nor a piecemeal sale by BAA Ltd. or a sale of some of the assets by a new owner in the future. Ms. Knox explained that most regulated companies were subject to an economic licence which would allow the regulator to control those risks but this was not the case for airports. Members therefore agreed that reference to this should be made in the response to the Commission with the suggestion that some formal conditions to manage those risks through the sale process are imposed so as to ensure the future integrity of Gatwick.

9. Reference was made to the new legal agreement currently being negotiated between BAA Gatwick, Crawley Borough Council and West Sussex County Council and it was questioned whether the proposed sale would affect the signing of the agreement. Members also enquired whether the new owner would be able to review the terms entered into by BAA Gatwick. Members were reassured that BAA Gatwick wished to proceed with the signing of the agreement as it was felt that its existence would be viewed in a positive way by prospective purchasers as it provided a clear framework for growth and effective working relationships with Gatwick's local communities. Mr. Smith added that the new agreement would apply to the land and as such would apply to the new owner of Gatwick. He highlighted that the agreement contained a provision enabling a review of its terms but emphasised that this did not necessarily mean a revision of the agreement as all parties would first need to consider any proposed revisions and agree to them. Members felt that the inclusion of this provision was sensible, particularly in the light of the proposed sale of Gatwick.

10. Members enquired about the Government's view on the Commission's findings in respect of the implications on national aviation policy. Mr. Evans advised that the DfT would be responding to the Commission.

11. Resolved – That subject to the inclusion of the Steering Group's comments set out in minute nos. 3 to 10 above, the draft response set out in Appendix 1 of the Secretariat's report be agreed and submitted on behalf of GATCOM.

GATWICK AIRPORT INTERIM MASTER PLAN – ASSOCIATED DOCUMENTATION

New Legal Agreement

12. The Steering Group considered a paper by BAA Gatwick, West Sussex County Council and Crawley Borough Council outlining the progress made on the discussions with local authorities on the new legal agreement (copy attached to the signed minutes).

13. Mr. Smith outlined the terms of the new agreement which would now set out BAA Gatwick's three principal objectives for the sustainable development of Gatwick Airport. He explained the key areas of particular interest to GATCOM. The new agreement would:

- introduce an objective and obligations relating to climate change
- maintain an obligation on BAA Gatwick to continue to make contributions to the Gatwick Community Trust at a level greater than that contained in the 2001 agreement
- retain an obligation relating to management of ground noise at the airport, in particular from aircraft engine testing which included the option for BAA Gatwick to consider the possibility of constructing a ground run pen
- include an obligation relating to the creation of a passenger transport interchange, with a fall back position if Network Rail's redevelopment proposals for the station did not proceed as currently planned
- include an obligation requiring BAA Gatwick to continue to make payments to Reigate and Banstead Borough Council for air quality monitoring and makes reference to the Air Quality Action Plan which will set out a programme of further studies
- retain an obligation for monitoring and reporting.

14. Mr. Beresford-Knox added that the 2001 legal agreement put in place a workable framework for the sustainable development of Gatwick. The Borough Council was most pleased with how the process of reviewing the agreement had been taken forward and he believed that the new agreement would ensure that the Gatwick business could continue to grow effectively whilst at the same time manage its environmental impact. Mr. Lockwood also advised that work was currently in hand to revise the list of commitments to ensure that the document focused on those areas which were not being superseded by legal obligations. BAA Gatwick intended to place the revised document on its website at a future date and this would contain a composite list of the obligations and commitments.

15. The Steering Group was particularly interested in the new obligation for the monitoring and reporting process. It was noted that the parties had agreed that the external auditor would now independently select commitments, programmes of action and obligations for audit from those contained in the annual monitoring report. A selection criteria had been included in the new agreement which ensured coverage of each of the sections contained in the monitoring report. This would change the role of GATCOM in monitoring process and GATCOM would, in future, only receive a report on the outcome of the audit and BAA Gatwick's proposals to meet any adverse findings. Whilst GATCOM would no longer be consulted on the selection of items for independent

audit, members supported the need to make the monitoring and reporting process more streamlined. Members were reassured that this did not diminish GATCOM's ability to comment and make suggestions on the outcome of the process and did not prevent it from raising issues throughout the monitoring year.

16. Specific reference was made to Schedule 7 of the Agreement relating to community and the economy. It was commented that the BAA objective was to make a positive contribution to the economy and quality of life in and beyond the Gatwick diamond area. However there had been no inclusion of an obligation relating to the economy. Mr. Lockwood reassured members that there were a number of commitments given by BAA Gatwick on the economy and it was recognised that a vast number of businesses relied on the success of the airport. He explained the difficulty of including an obligation which involved the participation of other organisations not party to the agreement.

17. Ms. Knox advised that as the draft agreement was positive in terms of supporting the future development of Gatwick, it would, in principle, gain the support of the Gatwick airline community particularly as it brought all parties together to manage the airport responsibly. She was however anxious about the wording of the company's objective in terms of climate change as it was not realistic to state that BAA Gatwick aimed to help reduce the impacts of the aviation industry as a whole. Mr. Smith acknowledged that addressing climate change was a new aspect of the overall framework but it was felt important to include the company's stated objective as it was a basis on which to progress, influence and improve.

18. Mr. Smith outlined the timescale within which to complete the signing of the agreement and the associated memorandum of understanding with the local authorities around Gatwick. Some members were concerned however that the terms of the new agreement had now been settled and was likely to be signed prior to GATCOM's consideration on 16th October. Although members acknowledged that the headlines of the areas to be included as legal obligations had been set out in Crawley Borough Council's Consultation Draft Supplementary Planning Document, no consultation had been undertaken with parish councils or other key interest groups as had happened during the development of the 2001 agreement. Members noted the desire to complete the agreement as quickly as possible but felt other parties needed to be given the opportunity to comment on the final terms of the agreement. The Steering Group was reassured that a full report would be given at GATCOM and this would provide other interest groups with the opportunity to discuss the content of the agreement. In the meantime, members were urged to report back to their organisations on the general terms of the agreement.

19. The Steering Group welcomed the progress that had been made on the negotiations on the legal agreement and was pleased that more enforceable and robust measures were being put in place to manage the future growth of the airport.

ACTION PLANS

20. The Steering Group received and noted BAA Gatwick's draft action plans for air quality, noise quality, utilities, water quality and waste which had been subject to consultation with local authorities during the summer.

21. As regards the noise action plan, Mr. Evans advised that there was a specific timetable for the production of a noise action plan under the requirements of the Environmental Noise Directive. Mr. Lockwood confirmed that the draft action plan at present contained aims to manage and, where possible, reduce the impact of noise from aircraft at Gatwick Airport which included both air noise and ground noise. However, the Noise Action Plan to be produced under the requirements of the Environmental Noise

Directive, did not include provision for managing ground noise at airports. BAA Gatwick would, therefore, need to consider how best to produce the action plan to satisfy the requirements of both the legal obligation and the Environmental Noise Directive.

DEFRA CONSULTATION – GUIDANCE FOR AIRPORT OPERATORS TO PRODUCE NOISE ACTION PLANS

22. The Steering Group considered a report by the Secretariat outlining the content of the draft guidance produced by Defra on the preparation of noise action plans. Mrs. Street advised that the noise action plans were to be prepared in consultation with local communities and it was proposed that airport consultative committees be engaged in the development of the action plan prior to the formal public consultation. This was welcomed by the Steering Group. Mrs. Street also advised that Defra was to host a seminar for airport consultative committees on 26th September, 2008 to discuss the requirements of the guidance. Mr. Jones, GATCOM's lead member for noise issues, would represent GATCOM at the seminar. To help in the preparation of the response for consideration at the next meeting of GATCOM Mrs. Street sought the Steering Group's views on the draft guidance.

23. It was commented that the obligation to produce the noise action plan had been placed on airport operators. However, in respect of Gatwick the DfT was responsible for many of the noise abatement measures in place and it was therefore felt illogical to require BAA Gatwick to produce the noise action plan. It was suggested that the DfT contribute to the development of the action plan and that one of the points for action was the consideration of undertaking a review of the departure noise limits at Gatwick. It was also commented that the action plan should address the noise disturbance caused by arriving as well as departing aircraft particularly as the number of people affected by arrivals noise was from areas greater distances from the airport.

24. It was agreed that members would forward any other comments to Mrs. Street for consideration in the preparation of the draft response.

OFFICE OF THE RAIL REGULATOR (ORR) – PERIODIC REVIEW 2008 DRAFT DETERMINATIONS – LATEST POSITION

25. The Steering Group noted the response received from Network Rail setting out its position in relation to the proposed funding level included in the ORR's draft determinations. The Steering Group was pleased to note that the ORR was using all avenues to secure appropriate funding for the Gatwick Station redevelopment project and noted that negotiations were still ongoing. Mrs. Street advised that a copy of GATCOM's response had been forwarded to the Olympic Delivery Authority, local MPs as well as the Secretary of State for Transport highlighting GATCOM's concerns about the future of this project.

26. Mrs. Street reported that Network Rail had responded to the ORR's draft determinations and drew the Steering Group's attention to the fact that the Gatwick Remodelling Scheme was specifically mentioned in their response whereas other major projects did not, and Network Rail had stated that it believed the Gatwick project should be funded as it contributed to the longer term needs of the railway and represented good value for money. She also advised that following the consideration of responses, the ORR would publish its final determinations on 30th October. Discussions between Network Rail and the ORR were still on-going as were discussions between BAA Gatwick and Network Rail.

27. Mr. Lockwood confirmed that BAA Gatwick continued to work with Network Rail and it had greatly appreciated the support it had received from a wide range of stakeholders around Gatwick.

AVIATION AND THE EU EMISSIONS TRADING SCHEME: UPDATE

28. The Steering Group considered a paper by the Technical Adviser updating the technical note 'Aviation and the EU Emissions Trading Scheme' presented to the last meeting (copy attached to the signed minutes). It was noted that Mrs. Howell would update the graphs and tables contained in the original technical note. The updated version would be circulated to all members as soon as it was available.

XL REPATRIATION FLIGHTS

29. Mr. Evans reported that following the collapse of the tour operator XL, the DfT had received a number of requests for dispensations for repatriation flights to operate during the night quota period.

DATE OF THE NEXT MEETING

30. The Steering Group noted that the next meeting would take place on Thursday, 15th January, 2009.

Chairman