

Sustainable airport development

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October 2006

Introduction

- Personal views
- DAA ambitious development plan
- Problem?
- Public interest objective?
- If NCBA positive, proceed
- Losers: compensate if possible
- Political decision ultimately
- If NCBA not positive, don't proceed

Government airports

- Economics
- National costs and benefits
- Customer benefits
 - optimal service quality/delays
- Costs
 - capital
 - externalities
 - real option costs

Externalities

- Global: affects airline demand
- Local
- Governments set requirements
- Ideally economic instruments
- Decision-making at right level
- Development may or may not proceed
- Delayed, de-scaled, re-located etc.
- Surface access different

Airport role

- Leadership: information disclosure
- Publish full business plan
- Includes development options
 - CBA
 - Financial analysis
- Explain/consult
 - Customers/users/CAR
 - Local communities
 - Owner (cost of capital)

Versus commercial models?

- Government airports
- Less efficient
- But less risk of excessive pricing?
- Development?
- Incentives complex but weak?
- “White elephants” versus “sweating the assets”
- Manchester versus Liverpool airports?

Ideal?

- Clear policy on externalities
- Clear ownership policy for DAA
=> customer focus
- Solid business plan
- Onus on airport to consult
- Appropriate incentives
- Clear allocation of decision rights
- Compensation
- Accountability

World Bank

- Policy note: roles of private and public sectors in airports
- Study of PSP in airports