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Mr Greg Outzen Australian Competition & Consumer Commission PO Box 1199 Dickson ACT 2602 AUSTRALIA

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Dear Mr Outzen

Qantas/ British Airways RJSA

In their submission dated 12 March 2004 addressed to you (Virgin Atlantic will be responding separately to their submission of the same date addressed to Commissioner Willett), Qantas and British Airways imply that additional capacity will be available at London's Heathrow Airport in the near future via the introduction of Mixed Mode operations (allowing simultaneous take-offs and landings on each of Heathrow's runways).

It is true that were Mixed Mode to be introduced, Heathrow capacity could be increased by up to 15%. However:

- the actual increase in capacity that could be achieved via Mixed Mode is not yet known. Detailed and highly technical work needs to be undertaken, particularly by National Air Traffic Services (NATS), the principal provider of air traffic control (ATC) services. This work has not even begun and there is doubt about when it can begin given that the same NATS staff are required to work on the ATC implications of a second runway at Stansted Airport;
- before a proposal to introduce Mixed Mode can be tabled the UK Government will need to undertake a number of public consultations, including the impact of Mixed Mode on the Cranford Agreement, "Westerly Preference" and local air quality (given the EU limits on oxides of nitrogen (NOx) which come into force in 2010). These consultations will inevitably be lengthy, and are all still some way from being launched;



- there will be substantial opposition to the introduction of Mixed Mode at Heathrow from local residents and environmental groups. Several London Councils and representatives of local residents are part of a group that has already applied to have certain parts of the Government's White Paper (published on 16 December 2003) judicially reviewed, including the inclusion of Mixed Mode. It is by no means clear that the political will exists to confront this opposition;
- as a result of the Public Inquiry into the construction of Heathrow's Terminal 5, there is a cap of 480,000 on the number of annual aircraft movements at the airport. Unless this cap is removed, Mixed Mode will provide only a relatively small number of additional movements. (In 2003, the total number of aircraft movements at Heathrow was approximately 465,000). To remove the cap it will be necessary to hold another, lengthy Public Inquiry. (The Inquiry into Terminal 5 lasted 3 years and 10 months). The outcome of such an Inquiry cannot be guaranteed, by any means;
- British Airways has proposed to the UK Government that a plan of action should be drawn up to ensure that Mixed Mode can begin to be introduced in 2008 or 2009 (but not at the same time as Phase I of Terminal 5 comes on-line, which is currently scheduled to occur in Northern Hemisphere Spring 2008), and be phased in over a number of years.

The introduction of Mixed Mode operations at Heathrow will therefore neither be easy nor is likely to occur in the near future.

Yours sincerely

R BARRY HUMPHREYS

Director, External Affairs and Route Development