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Introduction



- An Introduction to NetJets Europe
- Is a private airline not an airline?
- Airport access for a business aircraft operator
- What does coordination seek to achieve?
- Way forward
- Summary

NETJETS

An Introduction to NetJets: NetJets Europe Today

Number of pilots in the
NetJets Europe fleet:
1,000

Number of people staffing our
operations centre in Lisbon:
630

Number of cups of coffee
consumed each month at our
Operations Centre:
24,000

Average number of training
days for a NetJets Europe
pilot in 2008:
30

Average career experience
in hours of a NetJets Europe
pilot:
6,000

Number of full-time
employees in our
Safety Department:
8

Number of aircraft in the
NetJets Europe fleet:
160

Number of NetJets
Europe flights in 2008:
65,889

Number of countries flown
to by NetJets Europe aircraft
in 2008:
123

Number of NetJets Europe
flight attendants:
107

Number of airports flown
to worldwide by NetJets
Europe aircraft in 2008:
881

NetJets Europe's investment
in crew training over the next
five years:
€210,000,000



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Is a Business Aviation airline not an airline?

- NetJets Europe is an airline, a private one but an airline
 - Infrastructure is at least that of airlines
 - Fleet size is one of Europe's largest
 - We serve more airports and more routes than any airline
 - We pay all fees and charges like an airline
 - We have an AOC like an airline
 - We are part of ETS like the airlines
 - We have IOSA certification
-
- The only area where we are different is that we have no real slot rights, either priority or historical.



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Is a Business Aviation airline not an airline?

- Even if not a scheduled airline the European Commission, Council and Parliament agreed last year that General and Business aviation provides specific social and economic benefits.
 - It provides closely tailored, flexible, door-to-door transportation for individuals and enterprises, increasing mobility of people, productivity of businesses and regional cohesion.
 - It is also worth about €20 Billion to the EU economy
 - Roughly 10% of value of the airlines by using 8% of the flights with 1% of the emissions
- Eurocontrol reports confirm the additional importance of Business Aviation to European connectivity
- Business Aviation serves 100,000 airport/aerodrome pairs in Europe
 - Scheduled airlines link only 30,000
- Only 5% of Business Aviation airport pairs had a scheduled alternative (at least one scheduled flight per working day)
 - One scheduled flight a day is not efficient for business travel
- The same pattern remain for city-pairs.



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Airport Access for a Business Aviation Operator

- Tricky!
- At coordinated airports various means exist to gain slots
 - At less congested airports simply use the ad hoc pool
 - At other airports a number of GA slots are reserved with various means of allocation
 - Some airports are coordinated for non runway capacity reasons
 - Noise
 - Parking
 - Terminal
- Corporate shuttles can apply for series slots and gain grandfather rights
- Business Aviation today only has a secure future when an airport has no scheduled traffic



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Airport Access for a Business Aviation Operator: An Example, LHR

- Mid 90's LHR basically closes to business aviation because of traffic growth and the then new regulation
- Business Aviation moves out to new facilities such as Farnborough and to secondary airports like Luton
- Business Aviation accounts for 25% of movements at Luton, with significant investment in maintenance facilities
- Luton now level 2 and basically all Business Aviation knows it will have to move again
- The vast majority of major corporations use Business Aviation, as do governments and other leaders
- Yet existing policies give no protection of the sector
- The principle of stability non existent.



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Airport Access for a Business Aviation Operator

- The EU Slot Regulation has its roots in an era of the legacy carriers
 - No LCCs
 - Small Business Aviation activity
- The concept has always been....Business Aviation can move to secondary airports

But

- Not an inexhaustible supply of these airports
- Airspace and other local restrictions (sometime to the benefit of the major hubs)
- Technology and improved environmental performance may help expand these airports in the medium term
- Reaching tipping point at some cities/regions



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What does Coordination seek to achieve? Principles

- Business Aviation does not dispute the need for coordination
 - far from it, our business depends on certainty and time saving
- There are three competing principles for settling distributive questions:
 - The principle of efficiency
 - The principle of equality
 - The principle of stability
- The central distributive question with respect to slot management is:
- *“When slots are introduced at an airport for the sake of **efficiency**, should the value of the slot go to the carriers who had been using the airport, thereby honoring the principle of **stability**, or should they go to the public treasury, thereby honoring the principle of **equality**, or should there be some compromise between the two principles?”*
- Business Aviation operators would contend that present rules do not meet the principles of stability or equality and use a VERY debatable principle of efficiency



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What does Coordination seek to achieve?
What is Efficiency?

- Efficiency of slot use means different things to different people, and different things to the same people at different times
- Does it mean maximising:
 - the number of movements
 - the number of seats
 - the number of passengers,
 - the number of destinations or
 - the number of destinations within the European Union
 - the economic value created from the slot use
 - the number of point to point passengers
 - the number of competitors operating on key routes
 - use of runway capacity with the minimum environmental impact (taking account of noise or emissions or both).
- There is no one correct view of the optimum use of airport capacity that fits all airports at all times.



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Way Forward

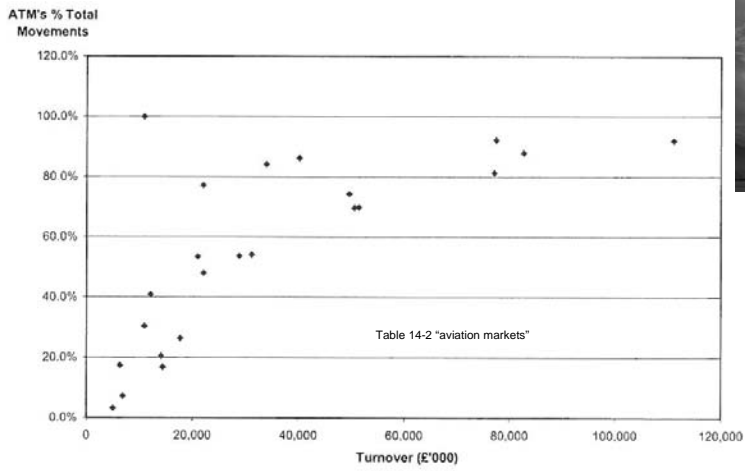
- A review of the EU Slot Regulation is essential
- A move to slot allocation on a wider socio-economic understanding of efficiency
- Can flexible Business Aviation or other ad hoc slots actually help reduce delays at maxed out airports?
- Balance the key principles of efficiency, equality and stability
- Ensure holistic approach for a city, region, state, Europe
 - Can minor airspace changes at a hub reinvigorate secondary airports?
 - Can we reward non time critical travel? 80% of airline traffic leisure, almost 80% of Business Aviation is business related
- Does the US High Density Rule give pointers with discrete buckets of slots?



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Way Forward; some thoughts....

- Is it in an airport's interest to have so many movements?



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Way Forward; some thoughts....

- Governments are often the creators of congestion by limiting airport growth; hence create slot issues
- Having done so either allow the market to solve OR intervene on behalf of the wider economy and all stakeholders
- Auction all slots and allow secondary trading?
 - Stability N Efficiency Y Equality Y
- Allocate all slots by regulation and ban secondary trading?
 - Stability Y Efficiency N Equality N
- Allocate buckets of slots to protect wider economic/stakeholder/environmental interests and allow auctioning for each bucket and trading within each bucket.
 - Stability Y Efficiency Y Equality Y



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Conclusions

- NetJets Europe is, in terms of operation, an airline but with few if any slot rights
- The EU Slot Regulation needs a review
- Slot efficiency must be re-assessed
- Must develop from basic principles, not existing regulation
- NetJets Europe will work with you to find a sustainable way forward.



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