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COMPETITION POLICY AND THE
SCOTTISH AIR TRAVELLER

FORUM REPORT

12 SEPTEMBER 1979
REPORT ON FORUM:
COMPETITION POLICY AND
THE SCOTTISH AIR TRAVELLER

12th September 1979.

IN THE CHAIR:
MRS. JOAN MACINTOSH, C.B.E.
Chairman,
Scottish Consumer Council.

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INTRODUCTION: WHY A FORUM TO DISCUSS SCOTTISH AIR SERVICES?

On 12th September 1979 the Scottish Consumer Council held a forum at the Central Hotel Glasgow attended by delegates from airlines which operate in Scotland, the Civil Aviation Authority, Scottish Council, Highland and Islands Development Board, Convention of Scottish Local Authorities together with representatives from regional and island authorities, chambers of commerce and consumer groups concerned with civil aviation. Notable absentee were the Scottish Office and the Air Transport Users Committee. A full list of delegates can be found in Appendix A.

In June 1979 the SCC published a discussion paper entitled "Competition Policy and the Scottish Air Traveller"* which aroused so much interest from both the airlines and consumer groups that the SCC decided to hold a public forum to debate the various issues raised. Chapters 2 and 3 of this report provide a summarised version of this debate: the morning session (chapter 2) dealt with competition on the trunk routes and the afternoon session (chapter 3) looked at competition on the Highland and Island "lifeline" routes.

Apparently, this was the first forum on air services which had been convened by a consumer organisation. Why did the SCC take this initiative? The answer to this question is twofold. Firstly, Scotland's peripheral position in the UK and Europe, and its difficult internal geography, make air travel of crucial importance. Secondly, 1979 was a year of tremendous change within the civil aviation industry worldwide, particularly in regard to deregulation, expansion and price competition. The year has also faced the industry with sharply increasing fixed costs, especially fuel and airport charges. These now threaten to erode the gains made by both the industry and its customers in 1979.

The effects of the drive for deregulation or "open skies" in the United States has led to greater competition in Europe and Britain, despite the somewhat different structure of the civil aviation industry here. Following Laker's Skytrain initiative, price competition and airline efficiency have become important issues for British air travellers. The advent of "cut price" mass air travel has raised customer awareness of the restriction on competition which still remain in British civil aviation. It has also made criticism of service standards and airline operations in general much sharper, particularly in Scotland where air travel takes on an increased importance, especially in the north of the country.

The main theme of the SCC paper and forum was the need to increase competition, especially price competition, to the benefit of the user who wants the lowest possible level of tariff and the highest possible levels of service. A secondary (but very important) theme was how to

* Copies are available from the S.C.C. 4 Somerset Place, Glasgow, G3. £1. per copy.
obtain these benefits of competition on routes held to be socially and economically essential to communities in the Highland and Islands, but where traffic levels do not permit more than one operator. The steady increase in fixed costs borne by airlines since the forum was held has made this theme even more important. The expansionary optimism of 1979 in regard to these second and third level routes is being replaced in 1980 by retrenchment and struggle to maintain standards and tariff levels.

When the forum was announced, John Norton, British Airways' UK and Ireland Controller rightly queried whether the SCC would act upon the suggestions and problems raised during the debate. As chapters 2 and 3 indicate there was a critical appreciation by delegates of the particular problems faced by the UK civil aviation industry and certainly no shortage of ideas on how to increase competition in the industry. The SCC is currently following up three initiatives raised at the forum. These are as follows:

1. Several delegates criticised the inadequate access of consumers to detailed cost and performance statistics forwarded by operators to the Civil Aviation Authority but classified as "commercially confidential" by the Authority under Section 36 of the 1971 Civil Aviation Act. Without access to such data the fare paying public is at a distinct disadvantage in evaluating whether they receive value for money as regards airline services. Since the forum a new Civil Aviation Bill has been published which despite representations to the contrary perpetuates this inequality between user and operator.

The SCC, together with the National Consumer Council, is seeking to amend this Bill to achieve three basic rights for the customer:

(i) access to all pertinent airline data submitted to the CAA to enable the validity of tariff levels and service standards to be evaluated;

(ii) the right to be consulted, along with the airline industry, on all policy documents issued by the CAA;

(iii) the right to be heard at all CAA tariff and licence hearings.

Success in this venture is obviously important when the user does not at present have access to such basic information as traffic figures for routes which would enable them to judge the scope for further competition. It is even more important in the present climate of escalating fixed costs.

2. The SCC remains committed to working for increased competition where the market will bear it, especially price competition on basic tariff levels. In order to achieve such a goal, the access to airline route data noted above is an obvious prerequisite. Chapters 2 and 3 indicate that whilst most airlines (whether monopoly operators or in direct competition with other operators) now provide a wide range of
cut price tickets, direct price competition on basic tariffs remains very restricted. The SCC recently supported the Dan-Air initiative to take over and operate the Aberdeen-Gatwick route in direct competition with British Airways at a lower basic tariff level.

Such price competition is of vital importance in that it enables the customer to benefit directly from the services of low cost operators and penalises the less efficient or over manned airline. Again the increases in fixed costs which are likely to worsen during 1980 make this initiative of even greater importance now than in 1979. The SCC will continue to press for routes carrying substantial numbers of passengers to be opened up to a second operator. Moreover, where direct competition (as on Edinburgh-Glasgow-London) has not resulted in price competition the SCC will press the CAA to evaluate the performance of current operators with a view to possible replacement by more "vigorous" airlines. If customers are to be faced with rapidly increasing tariff levels in 1980 due to escalating fixed costs, then they must be certain of genuine price competition on the major trunk routes, and the most cost effective level of service on "thin" routes of necessity operated by only one airline.

3. Increased fixed costs and tariff levels and the social need for good air links in Scotland make it important that means are devised to protect the low income or non-expense account customer. Whilst it is reasonable to expect those who can afford it to bear the true economic cost of a journey (and vital in regard to airline viability in the present cost climate), it is illogical to justify retention of the "thinner" second and third level routes within Scotland on social and economic grounds and then drive away their non expense account clientele by high tariff levels. That these routes have a "public service obligation" is recognised by the payment of central and local government subsidies in regard to certain Highland routes. However, whilst the "public service obligation" is recognised by one department of government another is forcing the CAA to cover the full operating costs from its Highland and Island airports in a manner which will substantially increase tariffs, perhaps reduce service frequencies, and even threaten the future of certain routes.

The forum produced considerable debate on the problem of routes needing to be retained for social reasons and methods of subsidization. The SCC (along with other organisations in Scotland) is exploring ways of subsidizing the low income consumer on these routes in a manner which does not harm airline economics and which, unlike the present method of subsidy, gives aid to those who actually need it rather than to all travellers on a route.

MORNING SESSION: THE TRUNK ROUTES

The context for the discussion was set by Margaret Templeman (SCC) stating that the civil aviation industry was obviously in a condition of rapid change throughout the world. Within the United States the industry had been deregulated. In Europe the EEC was attempting to lower fares and increase the access of independent airlines to European routes, whilst in Britain the Civil Aviation Authority (CAA) had recently assessed the potential of deregulation for Britain's internal air services. In Scotland during the previous year British Airways had been the recipient of an unprecedented level of customer criticism concerning its domestic services. Finally, the Government had announced its plans to place airlines in this country on a more equal footing on access to routes.

For a discussion of competition policy the first issue which needed to be tackled was whether the present domination of the Scottish network by British Airways was a good thing for the trunk route customer and whether there was a need to license competitors on routes where traffic levels permit? A second issue was the actual scope for competition. Was competition through 'choice of service' sufficient as was available on the Edinburgh and Glasgow routes to London, or was price competition essential? What effect did the size of the British Airways operation have, with its admitted overmanning and low productivity? Should low cost operators be given greater access to trunk routes in competition with the state airline? Could congested airports such as Heathrow cope with the increased capacity which would result from additional operators on trunk routes? How could the stimulus of competition be obtained on the so-called "thin routes" where traffic levels can only support one operator? Was replacement really the answer? Would a better alternative for "thin routes" be for the CAA to set up and police certain minimum acceptable standards of operation?

A fourth related issue was how the user organisations could obtain access to the necessary information which would enable an informed judgement to be made between operators and how to make airlines and regulatory authorities more accountable to the general public? Was it possible to develop a consumer body which would be more effective in Scotland than the present Air Transport Users Committee? A fifth issue related to standards of service, especially in regard to routes operated by a single carrier. How could pressure be brought to ensure replacement of old equipment by modern and comfortable aircraft? How was it possible to ensure frequency of service and punctuality in time keeping, especially in the north of Scotland with its difficult weather conditions?

A sixth issue concerned the need to obtain air services giving direct access to Europe from Scotland, to prevent travellers being routed via Heathrow.
(xxx)
Captain Richard Twomey replied for British Airways. The airline accepted the increasingly articulate voice of the consumer and realised that "consumerism" could be disciplined, thoughtful, and constructive. A summary of the present situation in regard to the main Scottish and Anglo-Scottish trunk routes was given. The Glasgow and Edinburgh Shuttles were the prime airlinks across the border. These services had been responsible for keeping domestic air travel alive. Prior to the development of the new operation all major trunk operators had lost money on these routes. For British Airways the introduction of the Shuttle had turned a £4 million loss in 1974 into a surplus sufficient to ensure the survival and growth of these routes. To British Airways the Shuttle concept represented the ultimate in consumer orientated air transport. The customers had been asked what type of service they needed and were given it. The result had been a 20 per cent growth rate replacing the previous yearly losses.

After inception the service operated well for two years but was then disrupted by the Trident wing crack problem. This had been resolved and out of the profits from the routes new Boeing 757 aircraft were being purchased for use on the Shuttle from 1983.

The airline agreed that competition is necessary as a spur to further improvement, but there also existed an internally operated spur in the meeting of financial and customer service targets. On the Glasgow and Edinburgh routes, British Caledonian's presence had provided such competition. As they flew to Gatwick and British Airways to Heathrow, a competitive stimulus was provided without oversupplying capacity which would damage the economics of each carrier's operation. If two carriers were licensed into the same London airport - and this was the significance of the recent British Midland application for Belfast to Heathrow - British Airways would not earn enough to replace its resources with the modern equipment desired by the customer.

The Aberdeen-Heathrow service was to have increased capacity from the start of the winter schedules and the new Boeing 737x would make its British debut on the route in 1980. With maintenance costs 50 per cent less than the Trident, this aircraft would reduce operating costs and allow fares to be held at the lowest economic level. Service on the Inverness-Heathrow route had been restricted because of the airport's limited opening hours, but an all jet service was likely to operate from 1980. On both these routes it is to the advantage of the consumer to have an alternative carrier, providing one operates into Heathrow and the other into Gatwick. However, traffic levels on the Inverness service did not yet justify two operators.

For international services, British Airways' chosen hub in Scotland was Glasgow. Using Glasgow the airline could produce the best network of interlinking services, internal, trunk and international. The airline was not relying on international passenger routings through Heathrow, but aimed to add further direct flights to its Glasgow network as the growth of demand allowed. Airlines could easily overstretch resources; for example the Glasgow-Copenhagen route already had three carriers. Prior to the development of direct services the airline was
making greater use of Manchester and Birmingham rather than Heathrow as interchange points, these being better suited to the needs of Scottish travellers.

Councillor James Cook (Convention of Scottish Local Authorities) queried that the Shuttle was introduced as a result of consumer demand and found it difficult to understand why users preferred to travel in "flying sardine cans" when there were more comfortable ways of travelling from Edinburgh to London. He also queried whether British Airways took sufficient notice of the desires of non-business travellers.

Captain Twomey (BA) responded by outlining the extensive and independent market research conducted by the airline in 1974 which documented the service needs as expressed by passengers on the Glasgow-London route. It was found that the desire was not for in-flight catering, but for a guaranteed seat, a choice of travel time, punctuality of service and frequency of service. Research carried out at regular intervals since that date indicated that consumer preferences had not changed.

Business travellers make up approximately 70 per cent of passengers on the route, but opinions of non-business travellers were not significantly different.

The Chairman, Joan Macintosh (SCC) commented that the matter of price had so far not been mentioned by Captain Twomey, despite a great many consumers having publicly expressed concern over the rising price of the Shuttle.

Captain Twomey (BA) responded that recent increases in air fares needed to be considered in relation to prices in general. It would then be noted that air fares had not risen faster than other prices in spite of disproportionate increases in oil costs. The airline had attempted to keep fares down. The application in the Spring had been for a 5½ per cent increase on the Shuttle, the smallest for some time. This had been turned down by the CAA. Shuttle fares had, in fact, been static for a year. The increase in British Airways' tariffs in real terms had been zero. All major increases had been related to oil costs and this situation would continue.

The airline had also introduced a number of discount fares on Shuttle and other services, and it was possible to travel for little more than the equivalent second class rail fare. It was important that when comparison between fares' levels was made that a discount fare was not compared with a normal fare. When like fares were compared it was found that the cost of air travel within the U.K. was not high.

Sue Leggate (Consumers Association) turned the discussion to the subject of competition and the potential for deregulation of the British domestic network. There was a need to examine the whole process of competition and fixing of tariff levels in the U.K. Here the dominant position of the national airline seemed to have unsatisfactory results. Britain stood in contrast to other countries pursuing a more "open skies" policy with a reduction of regulation.
Alan Cooke (B.Cal.) took up the point of insufficient competition between British airlines on internal routes. British Caledonian had been competing with British Airways on trunk routes since 1966, some 13 years of active competition. Prior to this date British Eagle had competed on the Glasgow-London route. It was admitted that this had not been full and open competition. In particular, routes were laid down by the CAA, and before them the Air Transport Licensing Board. Initially British Caledonian had been restricted to a low level of frequency, but this had now been relaxed. At present there was nothing to prevent the airline setting up its own Shuttle in direct competition to British Airways, but British Caledonian had chosen not to do this, since they calculated that they would lose money.

Earlier in the year the airline’s fare had been above that charged by British Airways. This was the way competition turned out in practice. They too were making provision for discount fares. The response to these had been overwhelming, but demand was not to be confused with profitability. Competition assumes a healthy economy, but the domestic trunk routes had never been healthy. The airline was losing money on both the Edinburgh and Glasgow routes into London. It had not competed for the Aberdeen- Gatwick route as analysis had indicated that losses would be even higher than on existing domestic routes. The British Airways Shuttle was profitable simply because of its size. Such a service could work with a half million passengers per year, but not a hundred thousand.

Captain Trefor Jones (Alidair) maintained that British Airways was no longer protected by the Government and neither was British Caledonian. There had been greater charges in 1979 than throughout the previous ten years of the air transport industry.

The result was that all airlines were able to select their own routes and methods of operation. Fares were now set on the basis of commercial considerations only, not the providing of a social service. It was not fully appreciated that all airlines in Britain were now expected to operate commercially, including British Airways. The British industry had not been allowed to progress to complete deregulation as in the United States. This was probably a wise judgement by the CAA. Many cities in the United States had now lost their airline service and many fares had increased.

David Peddie (Dan-Air) stated that together with every other airline, Dan-Air was in business to make money and for this reason had applied for the Aberdeen-Gatwick route licence of British Airways to be revoked. The airline had examined other routes in Scotland but found the traffic figures too low to justify competition. Dan-Air agreed that competition needed to be restricted on such routes, but should be encouraged where traffic levels permitted.

John McInally (CAA) stated that the Authority had to take into account two points concerning the issue of competition on the main domestic trunk routes. Firstly, there had to be a reasonable level of traffic
to support a competing service. Secondly, you needed to have airlines ready to make application to compete on a parallel route or directly, alongside the existing operator. Over the last few years independent airlines had been more willing to come forward to compete and the Authority had seen a change of attitude in British Airways concerning their domestic services. It was for the market itself to show its preference and for the independent airlines to assess the evidence over demand. The CAA must remain neutral and would seem always to react to events.

Margaret Templeman (SCC) returned discussion to the problem of whether the actual size and dominant share of the domestic market held by British Airways restricted meaningful competition. There seemed almost to be a "cosy relationship" between British Caledonian and British Airways on the main trunk routes. The problem seemed especially sharp in regard to the "thin routes" such as Inverness-London. How could consumers on these routes ensure that they obtained the benefits of competition? Was there sufficient stimulus on British Airways to improve standards?

John McInally (CAA) rejected the idea of a "cosy relationship", pointing to the amount of competition at domestic tariff hearings in regard to fare levels. As Alan Cooke (B.Cal.) had pointed out there was now a great deal of price competition between British Airways and British Caledonian. The Gatwick services were now all operated by independent airlines offering price as well as service competition to British Airways.

Margaret Templeman (SCC) replied that on the main Anglo-Scottish trunk routes effective price competition did not exist on basic tariff levels. Various cut price fares had been introduced and were attractive to some users, but they were hedged about by restrictions. Business travellers were the mainstays of these routes, and were the least able to take advantage of discount fares because of the restrictions. That was why it was important to have an independent airline taking over Aberdeen-Gatwick and offering a lower basic tariff. From a consumer perspective it seemed that British Airways could not offer lower basic tariffs, because unlike some of the independent operators it was overmanned and not cost effective in its operations.

Alan Cooke (B.Cal.) responded that the two airlines did fight it out on fare levels. However, there was a need to examine fundamentals. Although British Airways had a higher cost per seat than British Caledonian they achieved a better "load factor" and overall had lower costs per passenger. What would happen if British Caledonian did lower its basic fare by £3? Firstly, the fare would not cover current costs, secondly, extra capacity on peak flights was not available to absorb extra passengers, and thirdly, in a competitive environment British Airways would simply match the fare. To have price competition it was necessary to regulate competition.

Joan Macintosh (SCC) stated that from a consumer point of view it was difficult to understand how any organisation could carry on flying a route which was consistently losing money.
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Tony Burton (SCC) said that what was needed in a situation where airlines told their customers that they could not provide cheaper services was adequate and full information as to the actual costs of running different types of routes and services. The British consumer was not receiving information on the costs of domestic services compared to similar services overseas. If British Airways was an inefficient airline then its competitors might also be inefficient. It needed to be remembered in fairness to British Airways that they had in the past been forced to operate aircraft types not of their own choice. However, it was important that air services within Britain were seen to be as effective and cheap as possible. Evidence of this was not coming across in the discussion.

Captain Trefor Jones (Alidair) agreed with the point made in regard to the state airline not having been free to operate aircraft types of its own choice. The Boeing 737 had entered the British Register in 1968, but at that time British Airways had been forced to purchase the BAC 1-11 500 series, which on maintenance alone was a more costly aircraft.

The CAA seemed to be aware in their recent review of the domestic services that all was not well with the industry or its consumers. The Authority did at present monitor the financial accountability of airlines. However, in respect to price control the present system did take away the sharp edge of competition. Where there was only one carrier on a route the CAA could force greater "competitiveness" by awarding such routes to airlines subject to satisfactory performance reviews within a set period of time. At the time of review it would be decided whether the route was totally non-viable or whether it should be given to another low cost operator, or to an operator with alternative equipment. The review would also decide whether a subsidy was necessary. Alidair would never operate on routes as British Caledonian did, and openly admit to losing money. Loss making routes could only be continued for reasons such as cross-fertilization or interline benefits.

Alan Dukes (EEC) began by outlining the European dimension in regard to deregulation and increased competition in the airline industry. Attention was drawn to the differing context of the United States making a straight copy of their initiative difficult. The point was also argued that European air fares were higher than in the United States and this was usually attributed to the bilateral agreements between governments over routes. However, if allowance was made for factors such as higher fuel and airport charges in Europe, tariffs were not higher in relative terms. The current bilateral arrangements did inhibit effective use of aircraft, and airlines themselves were probably well aware of benefits to be made from a change in this system. This was particularly true of British Airways, regarded by many other European operators as being a "dangerous radical" in terms of the policies it wished to pursue in Europe.

Joan Macintosh (SCC) stated that there seemed to be an indication that wild hot headed consumers were looking for total deregulation on the American model. It should be clear from the SCC report that this was not the objective, neither did it appear to be the objective of other consumer organisations in the United Kingdom. Some deregulation, yes, but not total deregulation.
Margaret Templeman (SCC) took up the point made by Captain Trefor Jones (Alldair) about CAA's possible role concerning the financial accountability of airlines and how this role could be utilised to ensure the provision of a better level of service on "thin" routes. This could be taken a step further and the information resulting from such "performance reviews" should be made available to consumer groups and users of the route.

John McInally (CAA) responded that the issue of public accountability by the CAA was obviously important. However, at present the Authority could only operate according to the Civil Aviation Act, 1971, and until section 36 of this Act was changed, the Authority could not release more information than at present. In the case of licensing hearings, the CAA had a discretionary right to release information to objectors and had consistently exercised that right, particularly in favour of consumer objectors. However, the CAA had no discretion concerning a regular dissemination of information given to the Authority by airlines, there was no discretion until the Act was changed.

Captain Twomey (BA) said that airlines submit cost information on a route by route basis to the CAA twice yearly. The CAA had a right to this information, but the debate from here had to go between responsible consumer bodies such as the SCC and the Authority. Airlines could not be accountable to many masters.

There has to be progress in a disciplined and organised basis if we are to get the best out of the consumer voice.

One myth concerning British Airways did need to be destroyed. This was that the airline had, for many years, been giving a high cost service and doing nothing about it. At a recent hearing in Belfast evidence clearly indicated that British Airways' unit costs were lower and staff efficiency higher than those of the competing independent operator.

Dick Douglas (MP) claimed that experts and aviation correspondents were already able to obtain or work out the content of "confidential" airline information and queried whether the CAA had itself made any recommendations regarding a change to section 36 of the 1971 Act?

Margaret Templeman (SCC) acknowledged that aviation experts might be in this position, but stated that the ordinary consumer was not. In order to build up this amount of information an objector needed to attend many hearings, which was not possible for many people. The press in general did not have access to confidential information.

Sue Leggate (CA) In the United States the Civil Aeronautics Board had a consumer as a board member. Perhaps consumer groups in the United Kingdom should be pressurising for a similar member of the CAA?

Roger Howarth (Western Isles Island Council) stated that not only small organisations found difficulty in obtaining and handling CAA information. For the Western Isles Island Council the difficulty was in obtaining information on a great number of routes. Whether the Government does or does not make provision for the release of information held by CAA, this was going to happen due to pressure of events. After the recent hearing
concerning the Aberdeen-Wick route it had become apparent that the Authority now gave considerable weight to the views of consumers and local authorities. Because of this, any airline which proposed to introduce a new service would need to make information available to these bodies in order to obtain their support.

Professor Tom Carbery (SCC) raised the additional question as to how reliable was the information sent by the airlines to the CAA? Experience with other public transport industries had indicated that costs and overheads on particular routes could be juggled according to whether the final result needed to indicate a route in profit or in loss.

Captain Twomey (BA) responded that this was not possible in submission of CAA statistics.

Hamish Morrison (Scottish Council, Development and Industry) changed the course of the discussion to query whether the argument should only be in terms of which airline should operate a particular route. His Council was concerned at the number of international routes which were not being flown direct from Scotland, but via Heathrow. There was no evidence that the British Airports Authority was actively selling the advantages of flights direct into Scottish airports, rather than to Heathrow or Gatwick. This point was disputed by Gordon Watson of British Airports Authority (BAA). Brian Horsburgh (Highlands and Islands Development Board) drew attention to a survey recently completed by the board which indicated that a significant proportion of Inverness passengers wished to go direct to Europe from the north of Scotland. It seemed that BAA should encourage this traffic to avoid the congested airports in south east England by means of a pricing policy which would bring this about.

Tom Hart, speaking on behalf of the Scottish Association for Public Transport and the Scottish Liberal Party, stated that the Government policy of forcing the BAA to operate according to commercial criteria was short sighted, resulting in higher charges for the services of Scottish airports. The dictates of relieving congestion at Heathrow seemed to make it more sensible to increase the charges at congested airports.

Dr. Watson (BAA) replied that the Authority was charged by Act of Parliament to be a commercially orientated organisation and to make a profit. Scottish airports had now passed their development stage and certain factors had caused the decision to increase charges. These factors included increased staff costs, the need to invest continually in new facilities, and restrictions by the Government on borrowing in the public sector.

Allan Cooke (B.Cal.) stated that airports charges in fact only amounted to around 5 per cent of airline costs. These costs were not the reason why airlines did not start services direct from Scotland to Europe. The main reason was insufficient Scots wishing to travel to Europe.

Margaret Templeman summing up the morning session picked out four themes. Firstly, the difficulty of obtaining genuine competition on the trunk routes because of the size and domination of the State airline. Secondly, the apparently "cosy" relationship between airlines - this seemed to result in decisions as to how much competition the airlines themselves would tolerate. There was a strong doubt that this equated
with consumers' needs. Thirdly, there was the difficulty of the customer obtaining as a right accurate cost and service information on airlines because of Section 36 of the Civil Aviation Act. Here the contrast to the situation in the United States was obvious. There was the irony of a magazine such as "Flight International" obtaining information on British airlines from the United States, which was not available in the United Kingdom. The fourth theme was the limited choice for the consumer concerning direct international services from Scotland to overseas destinations.
Margaret Templeman (SCC) introduced the afternoon session by setting out issues for discussion in regard to services designated by the CAA as "lifeline" routes; routes which originated in the remoter Highland and Island communities and terminated in Aberdeen, Edinburgh, Inverness and Glasgow. Consumers using these routes had a right to expect value for money in terms of service standards and quality of equipment. However, they also needed to be certain that these routes would continue in operation over the long term. It could be argued that these two desires were at times mutually inconsistent. Or it could be argued that retaining British Airways as the monopoly carrier on most of these routes guaranteed long term stability of operation but at the cost of excluding independent operators able to provide a better standard of service and more modern equipment.

Recent CAA hearings on two of these routes had reflected this ambiguity. The first had been concerned with the Sumburgh-Aberdeen route where passenger levels had increased as a result of oil related traffic. Here it had been argued that the British Airways service was not adequate and that a competitor should be allowed on the route. The CAA panel had rejected this, stating that long term stability of operation was the crucial factor (and by implication) that only British Airways could provide this. At the second hearing an independent operator Air Ecosse, applied to revoke British Airways' Sumburgh-Wick-Aberdeen licence and to operate in its place a more frequent service with smaller but modern aircraft. The CAA panel in this case revoked the State airline's licence stating that it was strongly influenced by the support given by the Regional Council and other groups on behalf of Air Ecosse.

Margaret Templeman continued that while it was argued that a continued British Airways presence on these routes was vital, and that short term benefits to the consumer from competition or replacement had to be foregone, there was a counter argument that an independent airline, Loganair, had already operated many "life line" routes for several years and that Loganair had successfully carried out a "long stop" role. Furthermore the shedding by British Airways of twenty six domestic routes and the plans of the present Government to partly denationalise British Airways seemed to indicate that the airline could not guarantee the operation of routes other than on purely commercial grounds.

Whilst in the past the CAA required certain guarantees from independent operators taking over "lifeline" routes from British Airways, it was understood that this was not now the case. Evidently, there was no guarantee as to the continued operation of these routes which could be provided by the CAA, British Airways or by independent operators. Here the contrast with the United States was interesting. The U.S. Airline Deregulation Act of 1978 stipulated in Section 119 that air services were guaranteed for ten years to communities on the "certified route network". There had been cases since deregulation where carriers had applied to the CAB to stop serving one or more of these communities and where a replacement operator could not be found. Permission for the original operator to withdraw had then been refused. It appeared that despite the more regulated context of British civil aviation, similar guarantees of continued operation could not be given to the remoter communities in Britain dependent on air travel as their main line of communication.
Another issue which needed discussion was whether or not there was a problem of new operators simply coming in to "cream off" more profitable routes from existing operators' networks in the North and West of Scotland. There was also the matter of the fairness of this when airlines such as British Airways and Loganair had developed previously loss making routes into a viable state over a number of years. A related issue was how the injection of more competition would affect the ability of airlines to pioneer new routes and re-open dormant ones.

The issue of whether, without the stimulus of increased competition, British Airways would replace the Viscount aircraft needed to be discussed. Finally, the issue of subsidisation for loss making routes and long term planning for these air services needed discussion.

Captain Twomey (BA) responded that the two main points of concern had been highlighted. These were stability of operation and consumer choice, the key requirements for customers on the "life line" routes. On the first topic of stability, British Airways and its predecessors had operated scheduled air services within Scotland for over thirty years providing a service to geographically remote areas under difficult, often severe, climatic conditions. There seemed little doubt that the social and economic well-being of the community had benefited as a result of this commitment.

It was also known that the majority of these services had never fully covered their allocated costs and figures were available to the public to substantiate this. Some seventeen years ago the then Minister of Aviation had decided that BEA's annual accounts from the year 1962/63 should show separately the results for the Scottish Highlands and Islands services. From 1973/74 these figures had not been published separately in annual accounts, but the information is still submitted at six monthly intervals to the CAA. Prior to the energy crisis in 1973 the airline had achieved its best operating ratio in Scotland since the war. Since 1973 increasing fuel costs and the slowing of economic growth had hindered progress. In an internal review of the services in 1974 the airline had decided not to seek subsidies for unprofitable routes in Scotland but steps were taken to ensure the Scottish internal network achieved a satisfactory surplus. Routes not capable of making a profit within a reasonable period of time were offered to Loganair. The remaining network remained one to which British Airways was firmly committed. The Viscount would be replaced in Scotland and British Airways looked forward to an all jet operation within a few years.

The importance of customer choice had never been as apparent as it was now. The first and prime need was for choice of fare and British Airways' achievements in this field had not been understood. The industry had to consider real rather than perceived prices and normal one way fares had decreased in real terms since 1948. In this period the airline introduced directional "excursion fares" from the islands and Wick for a period out these had to be discontinued when the CAA declared them discriminatory. They were replaced with off-peak fares. Later Group 25, APEX and senior citizens' fares were introduced. In 1979 the cheapest fare on any of these routes was as much as 40 per cent less in real terms than its equivalent in 1948.

The second need for the customer was choice of timing, maximising the convenience of customers. British Airways had been punctilious in consulting local government and interested parties before confirming each season's schedules. These discussions had resulted in some fundamental changes to operating patterns.
Scotland had a strategic significance to British Airways and the airline's commitment need not diminish for the next thirty years. There was no plan to pull out of Scotland; rather the plan was to continue to match capacity to demand profitably. This was evidenced by the development of the scheduled market to Shetland and Aberdeen since the earliest days of the North Sea oil industry. Also, on appropriate routes British Airways were willing to work jointly with other operators to provide extra capacity and frequency.

Edwin Dunson (Convener of Orkney Islands Council) replied that although British Airways was frequently criticised from Orkney in regard to time-tables and fares, they did not wish to lose the services of the airline. The long years of service were valued. There was concern as to what would happen when the oil ran out if competition was allowed. Their routes were truly a "life line". It had been stated during the morning session that people in Britain were not orientated to air travel. So far as people in Orkney were concerned this was not the case; rather the price of air travel was the main discouragement. It was felt that British Airways were pricing themselves out of the market. If they could afford it Orcadians would never come south any other way than by air.

Another speaker had mentioned the possibility of direct air travel to the continent from Inverness. British Airways should examine the possibility of direct routing from Orkney, especially in regard to holiday travel. The problem of connections to other forms of transport had been mentioned. This was not a difficulty for Orkney travellers, but lack of connections between British Airways flights was, especially in regard to Aberdeen-Edinburgh connections.

The cost of fuel was important for Loganair services, a vital part of transport in the islands. The burden brought about by additional taxation on the fuel used by the smaller planes needed to be relieved. Several organisations were pressing to get the fuel duty remitted and must continue not to take no for an answer.

Mr. R. Hepburn (Shetland Islands Council) stated that his authority's only achievement in regard to British Airways in recent years had been that on two occasions, as a result of forceful representations, the CAA had refused the airline's applications for tariff increases. Captain Twomey had mentioned earlier that British Airways had to carry some not very lucrative routes in Scotland. In Shetland it was felt that these were kept going by increasing the fare continually on the profitable routes such as to and from the Shetlands. It was now known that the airline was pulling out of some routes. Whilst this was a pity, the users of profit-making routes could not pay for the others indefinitely.

The speaker took issue with a point in the paper submitted on behalf of Orkney Island Council. He did not agree that the CAA should compel airlines to retain non-profitable routes and suggested that the Authority could not legally do that. Rather, such routes should be put out to tender and then run for five year periods. During this time changes in fares, etc, would be monitored and that would decide whether the route stayed with that airline or was put out to tender again. If airlines knew they faced this, they would keep their prices in line with the cost of living.

Shetland Island Council also strongly supported the case to remit fuel tax on Loganair services. This airline had provided good service over many years
and their new Tingwall-Edinburgh service had been very successful.

Donald Stewart (MP) said that viability of routes in the Highlands and Islands had been mentioned. In terms of costs and passenger potential the present situation did not look good. Some ten years ago it had been necessary to book on the Stornoway-Glasgow service at least seven days in advance. Now the planes flew with only 40 per cent of seats occupied. This change had been entirely due to fare increases.

On the question of costs British Airways had previously indicated that the Viscounts were now completely written off. However, at a recent hearing figures were produced indicating that the fare between London and Inverness worked out at 8p per mile but that the fare from Inverness to Stornoway worked out at 16p per mile using the same aircraft. Passengers on that particular service were being heavily overcharged.

Despite this, and other differences of opinion with the airline, he did not wish British Airways to withdraw from the area. As a nationalized industry British Airways should be expected to carry the bad with the good. This argument held good beyond the Scottish context. On the mainland people had access to other forms of transport. For the Channel Isles, Belfast, the Western Isles, Orkney or Shetland, these services were "life lines".

The internal Loganair service worked well and it was right that the Council subsidised it. However, there was a limit to what an Island council in a far from affluent area could do in the way of further subsidies. It was like asking a man to provide blood for his own transfusion.

At present British Airways was pricing itself out of the market in a very air minded community. However, with reasonable fares there was no reason why there should not be competition on these routes to the benefit of two airlines. The speaker concluded by asking what aircraft British Airways had in mind to replace the Viscount on the Scottish routes?

Captain Twomey (BA) replied that replacement aircraft were still to be assessed but there were three candidates. These were the BAC 1-11, the Boeing 737 and as a smaller aircraft type the Fokker F28. The intention was to retire the Viscount earlier than the late 1980's as previously planned.

Maurice Healy (NCC) brought the discussion back to competition policy and points made in the SOG paper. Consumers liked competition because it provided them with more choice and because it acted as the strongest possible spur to commercial innovation and commercial enterprise. Three different points arising out of the paper in regard to competition were relevant.

Firstly, when we were afraid of the effects of competition on an established route and a judgement was made that competition would damage its viability, we were ruling out the possibility that intelligent and forceful commercial innovation would bring about an expansion of the route and its traffic. It was doing neither the trade nor the consumer a service if we turned our backs on this possibility. There must be a mechanism for introducing competition on an experimental basis.

Secondly, in the areas of the market where only a single operator could be sustained the question was how to replace the spur of competition to make him seek out new consumer needs and satisfy customers that he was operating as efficiently as possible. It was disturbing to read in the paper that the
CAA did not see itself having a role to set standards for operators. The gift of a monopoly on a viable route should be accompanied by certain obligations. There needed to be a monitoring of standards of service and the possibility of replacement by another carrier if standards were not met.

Thirdly, what could be done to bring the benefits of competition to routes not commercially viable but needed for social reasons? Previous discussion had emphasised operators carrying such routes on the profits of other routes. There had also been comment earlier that the people who lived on the profitable routes should not have to go on paying higher fares to subsidise non-profitable routes. If routes are not to be cross subsidised then the money would have to come from another source, but where? There is clearly a conflict of interests between users of viable and non-viable routes and it would be useful to have comments from the representatives of communities present concerning that.

Roger Howarth (WIIC) stated that it could not be sufficiently emphasised how important the routes were to islanders. Airlines tended to picture their customers as primarily business travellers in pin striped suits, but in the islands social travel was more important and not just for holiday or visiting relatives. People from the islands had to go to Glasgow for hospitalisation and for other basic services.

Although British Airways had introduced discretionary fares, the terms of availability were restrictive. In the view of the islanders lower basic fares were the only real answer and there were three ways of achieving this. Firstly there was cross-subsidisation. The CAA did not permit airlines to allocate costs across routes, but despite this there seemed a case for cross-subsidisation. The difference in costs per mile on London-Inverness and Inverness-Stornoway had already been mentioned. It could be that traffic is low on the latter route because the quality of service is low and the fare high, and the quality of service is low because more modern aircraft were being used on more profitable routes. It seemed there was a case to be made for cross-subsidisation on that point alone.

The second way was the direct subsidisation of services by local authorities or central government (the absence of any representative from the Scottish Office was noted by the speaker). Despite the fact that there was statutory provision for the payment of a subsidy through the Scottish Development Agency Act and the British Airways Board Act, the Government had refused the request of the Western Isles Council to introduce a subsidy for British Airways.

The third way was greater commercial competitiveness. Captain Twomey had stated that the island routes would be served by jet aircraft in the near future. The BAC 1-11 had much more space to be filled than the Viscount, yet British Airways were complaining of low load factors on the Western Isles routes even while using a Viscount. What would it do to fares on these routes if larger and more expensive aircraft were introduced?

Concerning consultation between British Airways and local authorities, this did take place, but the rules were set by the airline. Places like Stornoway were allowed one service a day and could only argue about its timing. The Western Isles routes could not take priority over more profitable routes and it was likely that one set of islands gained at the expense of others less fortunately placed.
The CAA evidently did not like to get involved in the management of airlines. However, on the question of the quality of service it was essential that they should do so. On bus services the traffic commissioners involved themselves in the service standards of bus groups, as had the Scottish Transport Users Committee in regard to the possible removal of ferry services.

In conclusion, the speaker took issue with a point made in the Scottish Association of Public Transport paper circulated to delegates. This had stated that as ferry fares are lower than air fares, the ferry remained an important alternative to air, and policies favouring better air services could reduce the effectiveness of ferry services. Roger Howarth's response was that island travellers should not be restricted to a twelve hour surface journey from the islands to Glasgow. They should have a right to choose to go quickly by air.

Alan Dukes (EEC) stated that even if Europe operated a completely "open skies" policy, this would not mean that necessary public service routes could not be maintained. National or Community legislation could eliminate the undercurrent of fear present at the forum about the possible withdrawal of essential services. For "life line" air services there was a way of introducing some of the benefits of competition. Particular routes could simply be leased out on an auction basis, with new operators taking over routes for a period of five years or so. The method would give value for money on "life line" routes, since the auction would produce the operator who would run the service at the lowest possible subsidy.

If asked, the people attending from the Islands would state that the quality wanted from their air service was a safe, reliable and punctual service. The frills were readily traded off for a cheaper service. You get a cheaper service by using safe dependable but rather primitive aircraft. These might be noisy and cold, the seats might rattle and be hard, but they ensured a continuing operation because the commercial standard suited the needs of the route.

Sue Leggate (CA) asked three questions of British Airways. First, when British Airways decided its Scottish routes should cover their costs and move into profitability, why did the airline not approach the Government for direct subsidies on "life line" routes? Secondly, Captain Twomey mentioned the introduction by the airline of directional fares and their rejection by the CAA as discriminatory. Why did this happen and how much did the CAA influence operators' marketing structure? Thirdly, why did the airline not offer tourist "island hopping" tickets of seven or fourteen days duration as was done in Scandinavia?

Captain Twomey (BA) stated that British Airways was a business whose main objective was to run at a profit. In the past the Government had set a target return on assets, and money had to be put aside for the purchase of new aircraft. From 1979, British Airways was a business in a commercial sense and a commercial sense only. Targets had been self imposed, one of which was to run the Scottish internal network at a profit so that it could wash its face, supply itself with new aircraft and retain a future.

Tom Carbery (SCC) responded that British Rail also regarded themselves as a commercial enterprise and set out to make a profit. However, British Rail accepted the public service obligation grant for the services to the periphery of the country which were deemed to need subsidies. He took Sue Leggate's query to mean that while it was praiseworthy to have a
Laconic to the last degree is a description that could be applied to this excerpt. The text is dense with information, yet the language remains straightforward. It seems to be discussing some sort of legal or financial matter, given the references to contracts and agreements. The style is formal and impersonal, which is typical of legal documents. The author appears to be cautious, perhaps to avoid any legal implications.

The mention of "the first day of October" suggests a specific date, which could be important in the context. The use of "counterparts" might refer to copies of a document, a common term in legal contexts to indicate that multiple copies are legally equivalent.

Overall, the text is concise and to the point, focusing on conveying information rather than engaging with the reader. The language is precise, likely intended to ensure clarity and prevent any interpretations.

The text is fragmented and lacks context, making it difficult to understand without additional information. It seems to be a part of a larger document, possibly a legal agreement or a contract.

In conclusion, this excerpt is a brief and formal piece of writing that appears to be part of a larger document. It is likely a legal or financial agreement, characterized by its concise and precise language.
commercial approach was there a case for having the airways equivalent of the P.S.O. grant and if this was the case had the case been made and rejected?

John McInally (CAA) In 1974 the CAA set up a study group concerned with Scottish Highland and Island services. The report recommended subsidies for certain identified routes. It also recognised that airlines operating to commercial criteria should not cross-subsidise non-profitable routes from profitable ones. The responsibility for these routes should be passed to the appropriate Scottish body. It was in accordance with these guidelines that British Airways had moved to make their present network profitable.

Tom Carbery (SCC) queried which Scottish body was responsible for paying subsidies. Was it the Scottish Office or the local authority?

Roger Howarth (WIIC) replied that there were two possible sources of subsidy. The Scottish Office could pay subsidy for inter-regional services, and the local authorities could pay subsidies for internal services.

Brian Horsburgh (HIDB) returned to the arguments made in the SCC report that there could be a conflict of interest between short term consumer gain and long term stability on "life line" routes. Could the consumer not have a good service and long term stability? Two independent operators had successfully contested British Airways' routes. There seemed to be a suggestion that such airlines would fall by the wayside in a year or two, but if routes were financially viable for smaller operators such as Loganair and Air Ecosse there seemed to be no reason why these carriers should not provide a more attractive service in terms of increased frequency and maintain the service over a number of years.

Since Captain Twomey had taken pains to stress BA's role as a purely commercial airline, there was presumably as much possibility of British Airways withdrawing from a non-viable route as any other operator. Yet Mr. Cooke of British Caledonian seemed to suggest that independent operators continue on non-viable domestic routes in the face of substantial losses.

The HIDB had recommended to the CAA that the notion of competitive tendering had considerable merit particularly when traffic would not allow more than one operator. The Board saw this operating not in a purely reactive fashion to a particular application by an airline. Rather, users and local authorities could take a positive role by identifying improvements needed in the service and, possibly, by identifying new routes and take the initiative to the airlines. The Board saw this as a possible way to bring competition to these routes.

Margaret Templeman (SCC) replied that the SCC report actually came down in favour of independent operators taking over further "life line" routes from British Airways as long as some guarantee of long term operation could be given to users. Despite the position of the CAA on this issue, the Americans had seen the need and legislated to safeguard continuity of operation. Earlier speakers had reaffirmed that this issue was one of considerable concern especially for island communities. Apparently, as part of the rationalisation of routes from British Airways to Loganair which started in 1974, Loganair was asked by the CAA to give such guarantees. Yet the CAA was now saying that in 1979 this was not possible, even for socially essential routes.
Joan Macintosh (SCC) queried whether the independent operators present saw themselves as offering anything like a permanent service?

Captain Duncan McIntosh (Loganair) stated that Loganair had been in operation for eighteen years. When the airline took over the routes from British Airways, the airline together with its parent company had to give guarantees to the Scottish Office concerning long term continuation. Competition between airlines in Scotland was not new, but recent competition had come on the heels of oil, with oil company operators now seeking to employ spare capacity on scheduled routes. They were not after such routes as Glasgow-Tiree but only after the "thick" oil related routes. When an airline applied for a licence, then it was necessary for the CAA to assess the motives of the operator.

The rationalisation of services between British Airways and Loganair in recent years had benefited the consumer: frequency and passengers carried had been increased, and fares had been kept down.

Sue Leggate (CA) returned to her unanswered question concerning why the CAA had ruled directional fares discriminatory and asked in addition why other kinds of excursion fares had not been tried?

John McInally (CAA) It was not true to say that the Authority had not allowed British Airways to use directional excursion fares. What had happened was that the fare had been used for travel from the islands to the mainland. The CAA then found that objections were being made about the minimum stay restriction that went with the ticket. Shetland Island Council felt this to be a barrier which prevented people in the islands who had not benefited from the oil industry, from having a cheap travel facility to the mainland.

At a public hearing the Authority told the airline that Shetland Island Council had a point and that probably the fare should be replaced with some off-peak facility which did not have a minimum stay restriction and that until this was done the airline was not to be allowed a fare increase. British Airways continued to operate the directional excursion fare until they replaced it by the off-peak ticket without a minimum restriction. The change in the tariff structure was therefore brought about by the Council not the CAA.

Sue Leggate (CA) returned to the point made earlier by Maurice Healy on innovation. Had British Airways conceived any new ideas concerning fares to bring tourists into the islands?

Captain Twomey (BA) The process of looking for new fares was continuous. When planes flew at 50 to 60 per cent of capacity an airline had to fill remaining seats.

However, there was a limit to low yield traffic on aircraft which had to bear full not half costs.

Mr. Ian Cran (Dundee Airport) stated that Scottish internal routes were low revenue routes suited to third level carriers operating twenty seat aircraft. Such airlines could conduct their operations at a lower cost per seat mile than major carriers such as British Airways. They could be exempted from certain aspects of civil aviation legislation without detracting necessarily from safety standards. British Airways were perhaps too big and too costly to continue operating these Scottish routes.
The air routes of Scotland lent themselves to a "hub and spoke" system centred on Glasgow, Aberdeen and Edinburgh. These three cities could support their own third level operator and network of routes adequately connecting the whole of Scotland, within which Inverness would have a full range of connecting flights. There would be "out-stations" in Orkney, Shetland and perhaps the Hebrides providing local flights.

The growth of third level airlines should be strictly regulated to prevent them cutting each others' throats. Each would publish accounts to a standard format to facilitate proper comparison and identification of inefficiency. The cost of third level operators could also be lowered by reducing some airport costs. Third level routes should be costed for airport services in a different way to big carriers. There was over-provision of airport facilities in lowland Scotland and some Highland airports were too large and too costly to run: for example, some airports were maintained to take a Viscount when what was needed was a thin strip of tarmac to accept a Twin Otter. The provision of lavish fire tenders was also not necessary. These changes could result in people in isolated communities getting aerial communication at a realistic price.

Joan Macintosh (SCC) brought the discussion back to the subject of competitive tendering and asked for the views of newer airlines such as Air Ecosse and Burnthills Aviation.

Colin Pollard (Air Ecosse) stated that the idea of competitive tendering was not new. The concept gave cause for concern in the sense of what was being competed for? It often took for granted the need for a certain level of subsidy, and different operators were asked to come along with similar packages to a sort of auction to establish which could provide the service at the lowest possible subsidy. Air Ecosse would be more interested in looking for routes profitable in their own right.

It was incorrect to assert that new operators in Scotland were only interested in oil rich routes. The Aberdeen-Wick-Sumburgh route was essentially a feeder service for Caithness which could hardly be described as an oil rich area. It seemed a bit negative to assume that certain routes must be unprofitable and therefore needed to be subsidised. Competition could come as a result of modifying the licensing process to allow a second operator on to a route providing perhaps a more frequent service overall.

John McInally (CAA) continued the discussion on current options. On routes in receipt of subsidy the body granting it had the power to go to another airline if it felt the service provided was not adequate. It could be said that competitive tendering was implicit in the present system. Where one airline was licensed solely on a route where traffic would not allow two carriers, the CAA had its own licensing criteria for assessing applications and the power of replacement. There had been two cases where the incumbent had been replaced by another carrier. There was a great deal of leeway in the present system to achieve all the things which had been discussed.

Captain McIntosh (Loganair) stated that Scotland was a small country, with the longest internal flight only of two hours duration. To split the country between various third operators would not lower costs. Airline operators were aware that low costs came from the maximum use of resources of aircraft and pilots. There was probably room for only one third level operator in Scotland. The network effect noted in the SCC paper was vital.

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If a network was split up the remainder was overloaded with the costs of unavoidable overheads.

The question of tendering for routes had been raised frequently during the last decade. It was included in the White Paper setting up the CAA, in the Eward's Committee report and in the Highlands and Islands Study Group report. In the past there had not been sufficient airlines to compete for the nationalised British Airways' routes. The question of subsidies was of minimal importance. Loganair had eliminated its Orkney and Shetland subsidies, and those that remained accounted for about 3 per cent of the airline's turnover. Subsidies were useful for getting new air services off the ground and maintaining them for a limited period.

Joan Macintosh (SCC) replied that in regard to competitive tendering it was surely true that now several airlines existed in Scotland ready to compete for routes?

Captain McIntosh (Loganair) stated that since 1974 something like forty companies had started up in Scotland. Many had been very short lived. Other companies, Dan-Air, Alidair, Air Anglia had all tendered for routes in Scotland after taking on oil contract work. One criticism of British Airways had always been that policy-making and decision-making machinery was based in the South East of England. Most companies applying for routes today in Scotland were English based and their decision-making was England based. The first to suffer in difficult times would be the peripheral routes.

Tony Burton (SCC) took up the issue of manning levels, especially the lower manning levels of Loganair as opposed to British Airways. Presumably this was in the consumer's interest or was it? How does the consumer ensure that he is getting the benefit of such levels rather than the disbenefit of higher manning levels?

Captain McIntosh (Loganair) interpreted the reference as being to the use of a "yard stick" in regard to a "model efficient airline". He stated that this was something of a red herring, because who actually set the yard stick? There were regulations and legislation in regard to crew numbers and safety. For airlines the questions of safety and manning levels were apparent from their track records.

Peter Gibson (SCC) stated that the question of performance indicators was not a red herring but extremely important for consumers. Obviously, it was difficult to establish the criteria for an industry where the product was a service. However, this was something that the CAA should be urged to adopt if we were to continue with competitive tendering. Even if the Authority does not feel able to spell out full scale sets of indicators, they must have such a concept in mind when judging the effectiveness of airlines? Surely the most straightforward way of measuring performance was to measure, for example, Loganair against other third level operators?

Mr. Ferris (Shetland Chamber of Commerce) brought the discussion back to the concept of "life line" routes particularly for island areas. It had been suggested that the conflict of interest in regard to short term consumer gains and long term stability of operation did not exist. Viewed from Shetland there certainly was such a conflict of interest. The alternative to the air service was often a fourteen hour sea journey in a rough sea.
Scott Grier (Loganair) took up the point made earlier by Captain Twomey in regard to joint-licensing and suggested that this was as worthy of attention as the concept of competitive tendering. At a recent CAA hearing, the Chairman of the panel gave a strong indication that the authority saw joint licensing as a constructive way of treating the less dense Scottish routes. Loganair felt there were tremendous benefits to be had for the travelling public from this approach with the rational and sensible takeover of British Airways non-profitable routes, yet the long standing relationship of Loganair and British Airways had recently been subject to some suspicion. These routes had not been profitable with the equipment operated by British Airways, but using a more realistic size of aircraft, increased frequency and better time-table Loganair had managed substantial growth often between 30 and 40 per cent on these routes. It would be unfortunate if the CAA, local authorities or other organisations now regarded this relationship with suspicion.

Janet Castro (SCSS) spoke on behalf of several Highland and Island organisations. There was criticism of schedules both in regard to frequency, timing and connections. They were worried that subsidies for airlines might result in rate increases. They were worried about independent operators believing rightly or wrongly, that British Airways would stick to a route longer. They were critical of the reduced fares mentioned by Captain Twomey and the lack of advertising for them. In addition the conditions accompanying reduced fares made them impossible to use for such vital purposes as hospital visiting.

Martin Milloy (Burnthills Aviation) mentioned that one aspect of aviation in the Highlands had not been mentioned, the helicopter. Burnthills were the newest and smallest airline in Scotland, but the Fort William-Glasgow helicopter service had been initiated with the aid of far sighted sponsors. There were plans to extend the service to new destinations which were not likely to interest Loganair. The helicopter had ability to fly in bad weather and the lower cost of a "helipad" as opposed to an airport needed to be remembered. The helicopter had a place on Scottish scheduled services.

Roger Howarth (WIIC) felt that the point made by Captain McIntosh concerning decision-making from afar was very valid in regard to British Airways. The Council had always been satisfied with the local staff of the airline, but had been frustrated at seeing their hands tied by decisions made from afar which did not provide the quality of service needed by the islands. Secondly, there seemed to be an assumption that the number of people carried at present represented the total market in the islands. This was not the case. Brian Horsburgh mentioned the benefits of increased frequency with smaller aircraft. The Council had carried out a survey of business concerns in the Western Isles and mainland businessmen travelling to the islands. Quite clearly they wanted greater frequency of service than at present and the opportunity of day return services. Similarly a household survey was carried out which indicated that a large number of people travelling by surface transport would prefer to go by air given more competitive prices.

Captain Twomey (BA) stated that Scott Grier had latched on to one of the most important points made by British Airways. We had been talking about stability and choice. British Airways could make a contribution to stability, but it could not offer all the choices because its aeroplanes were 70 seaters and likely to be 80 seaters. Nothing smaller was on British Airways purchasing list so there would be some routes in Scotland where the airline could not economically manage a twice daily frequency. British Airways was, in fact, saying publicly for the first time that it
was willing to look at ways of supplying, jointly with other airlines, the additional capacity and frequency demanded by customers on certain routes.

Margaret Templeman (SCC) summarised the main points to arise from the afternoon discussion. There had been a bewildering number of issues raised but certain of them stood out. There was British Airways assurance concerning their continued presence on Highland and Island services. There had been both agreement and disagreement in regard to whether British Airways or independent operators could provide stability of operation on these "life line" routes. So far as providing the spur of competition on "sole operator routes" options ranged from competitive tendering through joint licensing and the allowing in of a second independent operator, to the experiments in competition mentioned by Maurice Healy.

The role of the CAA in regard to policing standards on these routes had been repeatedly mentioned. Concerning the conflict of interest between short term consumer gains and long term stability on these routes, the consumer would look to the Civil Aviation Authority to square this particular circle.
...
LOGANAIR LIMITED
   Capt. Duncan McIntosh
   Mr. Scott Grier

MEMBERS OF EUROPEAN PARLIAMENT
   Mr. Alasdair Hutton

MEMBERS OF PARLIAMENT
   Mr. Dick Douglas
   Mr. Donald Stewart

MULL and IONA COUNCIL of SOCIAL SERVICE
   Mr. Kenneth McIntyre

NATIONAL CONSUMER COUNCIL
   Mr. Maurice Healy

ORKNEY ISLANDS COUNCIL
   Mr. Edwin R. Dunson

SCOTTISH ASSOCIATION of PUBLIC TRANSPORT
   Mr. Tom Hart

SCOTTISH COUNCIL (Development and Industry)
   Mr. H.R. Morrison

SCOTTISH COUNCIL of SOCIAL SERVICE
   Ms Janet Castro

SCOTTISH TOURIST BOARD (Research & Planning)
   Mr. David White

SCOTTISH DEVELOPMENT AGENCY
   Mr. John Stephens
   Ms. Susan Shaw

SHETLAND CHAMBER OF COMMERCE
   Mr. J.H. Ferris

SHETLAND ISLAND COUNCIL
   Mr. James Irvine
   Mr. R. Hepburn

STRATHCLYDE REGIONAL COUNCIL
   Mr. Clive Howard-Luck

WELSH CONSUMER COUNCIL
   Ms. Katherine Hughes

ROBIN DUFF of MELDRUM

MR. A. BURTON - S.C.C. Member

Prof. T.F. CARBERRY - S.C.C. Member

Mr. PETER GIBSON, S.C.C. Director

Mr. JAMES WOODWARD-NUTT - S.C.C. Member
   (also Member of Aberdeen Airports
   Consultative Committee)
DELEGATES

CHAIR BY MRS. JOAN MACINTOSH

AIR ANGLIA
  J. Batchelor

AIR ECOSSE
  Mr. Colin T. Pollard

AILDAIR
  Capt. Trefor G. Jones

BRITISH AIRLINE PILOTS ASSOCIATION
(British Airways Short-haul Section)
  Mr. Campbell Cowan

BRITISH AIRPORTS AUTHORITY
  Dr. W. Gordon Watson
  Mr. Alistair Smith

BRITISH AIRWAYS
  Capt. R.A. Twomey
  Mr. R.E. Winyard
  Mr. James S. Simpson
  Mr. Hugh R. Reid

BRITISH CALEDONIAN AIRWAYS
  Mr. Alan Cooke

BRITISH ISLAND AIRWAYS LIMITED
  Mr. Bates

BRITISH PETROLEUM LIMITED
  Ms. Carol Wentworth

BURNTHILLS AVIATION
  Mr. C. Milloy
  Mr. Brownlie

CIVIL AVIATION AUTHORITY
  Mr. John McInally

COMHAIRLE NAM EILEAN
  Mr. J.R. Haworth

CONSUMERS' ASSOCIATION
  Ms. Sue Leggate

COSLA
  Councillor James Cook

DAN AIR SERVICES LIMITED
  Mr. David D. Peddie

DUNDEE AIRPORT
  Mr. I.D. Cran

EDINBURGH CHAMBER of COMMERCE and MANUFACTURES
  Mr. A.J. Cormack

E. E. C.
  Mr. Alan Dukes

HIGHLANDS and ISLANDS DEVELOPMENT BOARD
  Mr. Brian Horsburgh

HIGHLAND REGIONAL COUNCIL
  Mr. A.J. Roberts

LIBERAL PARTY
  Mr. Tom Hart
ANNEX

AIRLINE INDUSTRY IN THE EEC

I  IRELAND  (7 airlines)

(1) Aer Arann Teoranta. Formed 1970
Third level operator serving Arran Islands from Galway, also charter work.

(2) Aer Turas Teoranta. Formed 1962
World wide cargo charters.

(3) Clyden Airways. Formed 1978
Charter plus mail contracts.

(4) Executive Air Services. Formed 1974
Air taxi and executive charter.

(5) Iona National Airways. Formed 1930
Charter and cargo.

(6) Shannon Executive Aviation Ltd.
Air taxi.

(7) Aer Lingus. Formed 1936 flag carrier.
International and domestic scheduled passenger services, cargo. All jet fleet. 100% Government owned, 6,598 personnel, passengers carried in 1978, 2,337,882. Other business interests include hotels, tour operations, insurance, has 45% interest in Guinness Peat Aviation and 49% interest in Irish helicopters.

II  WEST GERMANY  (21 airlines)

(1) Aero Dienst GMBH. Formed 1958
Executive charter.

(2) Bavaria Fluggesellschaft
Executive charter.

(3) Condor. Formed 1961
Important charter operator to holiday areas. Wholly owned by Lufthansa.

(4) Contactair
Business charter, air ambulance, cargo.

(5) Delta Air. Formed 1978
Stuttgart based scheduled passenger regional network, also executive charter.
(6) German Commuter Airlines DLT. Formed 1974
Important regional second and third level carrier in which
Lufthansa has a 26% holding.

(7) FLN
Regional carrier, scheduled passenger services in North Germany
and to Frisian Islands, also air taxi.

(8) German Cargo. Formed 1977
Frankfurt based, inter-national cargo services.

(9) Hadag Air. Formed 1974
Passenger charter and I.T.

(10) Hapag Lloyd Flug. Formed 1972
Major charter and I.T airline.

(11) Heron Flugienst. Formed 1976
Air taxi and cargo charter.

(12) HW Air. Formed 1975
Executive charter and cargo.

(13) LTU. Formed 1955
Holiday charter and I.T.

(14) Lufthansa. Formed 1954 (originally 1926) flag carrier
International and domestic scheduled passenger services, cargo.
All jet fleet, 83.0 per cent, Government owned, 29,519 personnel,
passengers carried in 1978, 12,576,185. Other business interests,
shares in several airlines, tour companies.

(15) Luftlaxi
Air taxi.

(16) Luftverkehr Wilhelmshaven
Air taxi.

(17) OLT. Formed 1974
Holiday charter to Frisian Islands.

(18) Rheingau Air Service. Formed 1974
Passenger charter.

(19) Special Air Transport. Formed 1978
Dusseldorf based aviation specialists.

(20) WDL Flugdienst. Formed 1955
Essen based charter operator.

(21) Westkustenflug. Formed 1965
Scheduled seasonal passenger services to Frisian Islands, air taxi.
III  FRANCE  (38 airlines)

(1)  Aeromaritime.  Formed 1966
Subsidiary of UTA, cargo operator.

(2)  Aero Tour.  Formed 1976
Passenger and freight charter.

(3)  Air Affaires.  Formed 1964
Executive passenger and freight services.

(4)  Air Alpes.  Formed 1961
A major regional passenger operator.

(5)  Air Alsace.  Formed 1962
Operates scheduled passenger services in Eastern France on behalf of Air France, also international passenger routes, charter and air taxi.

(6)  Air Anjou Transports.  Formed 1976
Important regional carrier, network southern and central France.

(7)  Air Atlantique.
On demand charter out of La Rochelle.

(8)  Air Charter International.  Formed 1966
A wholly owned subsidiary company of Air France operating charter and IC flights.  Air Inter also has 20% stake.

(9)  Air Enterprise
Passenger charters.

(10)  Air France.  Formed 1933.  Flag carrier
European and international scheduled passenger network cargo and night mail services, 98.93 per cent Government owned.  32,389 personnel, passengers carried in 1978, 10,109,233.  Other business interests include stakes in several French and foreign airlines, hotels, tour operations.

(11)  Air Inter.  Formed 1954.
Formed to provide scheduled passenger services for metropolitan France with a large mainly jet fleet.

(12)  Airtac
Air taxi operator using helicopters and fixed wing aircraft.

Regional operator serving South West France with scheduled passenger services.
(14) Air Littoral. Formed 1972
Montpellier based regional operator serving Southern France with scheduled passenger services.

Passenger and cargo charter operator.

(16) Air Provence. Formed 1975
On demand charter serving South of France.

(17) Air Rochelle. Formed 1977
Air taxi and charter.

(18) Air Toulouse. Formed 1970
Air taxi and charter.

(19) Auxiar. Formed 1975
Scheduled passenger services, air taxi and holiday services serving French Alps.

(20) Bourgogne Air Service. Formed 1976
Air taxi, cargo charter and mail service.

(21) Bretagne Air Services. Formed 1976
One of seven Brittany based operators, passenger and cargo charter.

(22) Brit Air. Formed 1973
Daily scheduled passenger services between Brittany towns and Paris, Loundon and Le Harve.

(23) Compagnie Aerienne du Langedoc. Formed 1976
An important regional airline providing scheduled passenger services.

(24) Eurofair. Formed 1964
Important executive charter operator.

(25) Europe Aero Service. Formed 1965
Perpignan based, important regional carrier providing scheduled passenger services, also cargo charter.

(26) Europe Falcon Service. Formed 1967
Executive charter, medical.

(27) Executive Transport. Formed 1969
Air taxi, cargo.

(28) Leadair Jet Service. Formed 1978
Air taxi.
(29) Lucas Air Transport. Formed 1969
Air taxi, cargo.

(30) Minerve. Formed 1975
Important cargo operator.

(31) Nantes Aviation. Formed 1974
Air taxi and charter.

(32) Neu Extair. Formed 1969
Air taxi.

(33) Slair. Formed 1975
Cargo operator.

(34) TAT. Formed 1968
A very important domestic carrier serving fifty locations.

(35) Trans Air Bretagne. Formed 1973
Air taxi.

(36) Trans Europe Air. Formed 1977
Air taxi, cargo charter.

(37) Uni-Air. Formed 1969
Air taxi, passenger and cargo charter.

(38) UTA. Formed 1963
Important long haul operator, also has a domestic service.

IV UNITED KINGDOM (62 airlines)

(1) Air Atlantique. Formed 1977
Ad hoc charter and air taxi, Channel Isles based.

(2) Air-Bridge Carriers. Formed 1972
Midlands based cargo operator.

(3) Air Charter and Travel. Formed 1973
Executive charter and air taxi, ambulance. Isle of Man based.

(4) Air Charter (Scotland). Formed 1965
Air taxi, Glasgow based.

(5) Air Comuter. Formed 1969
Air taxi and operation of business aircraft. Coventry based.
(6) Air Europe. Formed 1978
Holiday charter and TT.

(7) Air Foyle Ltd. Formed 1978
Air taxi, Luton based.

(8) Air London. Formed 1960
Air taxi, Gatwick based.

(9) Air Transcontinental. Formed 1979
Holiday charter.

(10) Air UK. 1980
Third largest UK airline, major domestic passenger network and international network, serves 23 UK airports.

(11) Alidair. Formed 1972
Important charter operator, cargo, oil industry contracts.

(12) Alderney Air Charter. Formed 1972
Air taxi, charter, cargo.

(13) All Seasons Aviation. Formed 1975
On demand air taxi, Coventry based.

(14) Anglo-Norman Aviation. Formed 1975
Air taxi, Channel Isles based.

(15) Apache Air Taxi. Formed 1972
Air taxi.

(16) Aurigney Air Services. Formed 1968
Import regional carrier providing scheduled passenger services between Channel Isles and the mainland.

(17) Bristol Air Taxi. Formed 1968
Air taxi.

(18) Bristow Helicopters. Formed 1957
Major helicopter operator worldwide, charter, oil related contracts, executive services, mixed rotary and fixed wing fleet.

(19) Britannia Airways. Formed 1961
Subsidiary of Thompson Travel, Britain's largest holiday charter airline.

(20) British Air Ferries. Formed 1967
Passenger and cargo services.

(21) British Airways. Formed 1924. Flag carrier
Has the largest unduplicated route network of any airline in the world serving 155 cities in 77 countries, also domestic network and cargo services. At present 100 per cent Government owned but soon
to become 51% State owned, 55,985 personnel, passengers carried in 1978, 15,767,656. Other business interests include, British airtours Ltd a wholly owned holiday charter subsidiary, British Airways Helicopters (wholly owned) with extensive involvement in the North Sea oil industry, tour operations, hotels, International Aeradia Ltd.

(22) British Caledonian. Formed 1970 flag carrier
One of the world's major international airlines, also has a domestic passenger network, holiday, hotel and airport trading interests, also British Caledonian Helicopters.

(23) British Midland Airways. Formed 1939
Derby based major regional carrier with extensive domestic network, also international routes, charter and IT.

(24) Brymon Airways. Formed 1972
Important regional carrier serving mainly South West England and London.

(25) Burnthills Aviation. Formed 1974
Executive charter, helicopter scheduled passenger service between Glasgow and Fort William, executive charter, oil related charter work.

(26) Business Air Travel. Formed 1957
Air taxi executive charter based at Lydd.

(27) Cabair. Formed 1968
Air taxi based at Elstree.

(28) Centreliner Air Services. Formed 1975
Air taxi and charter.

(29) City Air Links.
Air taxi, Isle of Man based.

(30) Dan-Air. Formed 1953
Important domestic passenger carrier, charter, IT, oil related contracts.

(31) Eastern Airways. Formed 1973
Air taxi, charter, mail service.

(32) Edinburgh Flying Services. Formed 1971
Air taxi.

(33) Euroair. Formed 1977
Air taxi and executive charter, Biggin Hill based.

(34) Executive Express. Formed 1975
Air taxi and executive charter.

(35) Fairflight Charters. Formed 1968
Executive charter, freight, Biggin Hill based. Subsidiary company is Air Ecosse based at Aberdeen, charter, cargo, oil related contracts, mail service and scheduled passenger services.
(36) Guernsey Airlines. Formed 1977
Passenger charter, cargo.

(37) Haywards Aviation. Formed 1970
Air taxi, passenger service to Channel Isles.

(38) Enviota International. Formed 1964
Cargo charter.

(39) Jersey European Airways
Executive passenger and cargo charter.

(40) Koenair. Formed 1963
Air taxi, charter.

(41) Laker Airways. Formed 1966
Major carrier with international network, scheduled passenger services, IT, ad hoc charters, advance booking charters.

(42) Loganair. Formed 1962
Major domestic and third level carrier, extensive scheduled passenger network in Scotland and Northern Ireland, air ambulance, charter, cargo, oil related contracts.

(43) McAlpine Aviation. Formed 1947
Important executive charter operation with world's largest fleet of HS 125s.

(44) MMJ Aviation. Formed 1973
Second largest executive jet charter operator in UK.

(45) Monarch Airlines. Formed 1967
Charter and IT.

(46) Northair Ltd. Formed 1964
Air taxi and executive charter.

(47) MEA. Formed 1961
Air taxi and charter based at Manchester.

(48) Orien Airways. Formed 1980
Holiday and IT charter.

(49) Pelican Air Transport. Formed 1976
Cargo operator.

(50) Peregrine Air Services. Formed 1969
Oil related charter work.

(51) Pinequay. Formed 1977
Ad hoc charter.

(52) Redcoat Air Cargo. Formed 1977
Cargo operator.

(53) Ryburn Air. Formed 1974
Air taxi and charter.
(54) Scimitar Airlines. Formed 1975
Cargo operator.

(55) Skyways Cargo Airline. Formed 1975
Cargo operator.

(56) Southern International. Formed 1974
Cargo operator.

(57) Thurston Aviation. Formed 1955
Air taxi.

(58) Tradewinds. Formed 1968
Cargo operator.

(59) TAT Heavylift. Formed 1979
Cargo operator.

(60) Trans Europe Air Charter. Formed 1972
Air taxi and executive charter.

(61) Venair. Formed 1967
Air taxi and executive charter.

(62) Woodgate Aviation. Formed 1969
Air taxi, Belfast based.

V ITALY (7 airlines)

(1) Aeral. Formed 1958
Air taxi and cargo, based Southern Piedmont.

(2) Aerolinee Itaria. Formed 1958
Italy's second domestic airline and large passenger network on
mainland and islands of Sardinia and Sicily, charter, cargo.

(3) ATI. Formed 1963
Set up by Alitalia to take over its domestic services, now the major
domestic passenger carrier.

(4) Alisarda. Formed 1963
Air taxi and charter. Also scheduled passenger services within
Italy and abroad.

(5) Alitalia. Formed 1946. flag carrier.
99 per cent State owned with 17,040 personnel, in 1978 carried 6,386,718
passengers. Other interests include shares in other airlines; real
estate, hotels, catering and insurance.

(6) Avio Ligure. Formed 1975
A third level carrier serving Florence, Rome and Milan.

(7) VIP-Air. Formed 1967.
Executive charter.
III LUXEMBOURG (3 airlines)

(1) Cargolux Airlines. Formed 1970
Specialist cargo charters. Jointly owned by Loftlaider SA and a Swedish shipping concern.

(2) Luxair. Formed 1961 flag carrier.
Small European and South African network

(3) Luxair Executive. Formed 1978
Executive charter.

VII BELGIUM (10 airlines)

(1) Abelag Airways. Formed 1979
Charter.

(2) Abelag Aviation.
Executive air services.

(3) DAT. Formed 1967
Air taxi and charter, also scheduled passenger services from Antwerp to Amsterdam, Brussels on behalf of NIM and Brussels to Dusseldorf on behalf of Sabena.

(4) EAT. Formed 1971
Scheduled passenger services on behalf of Sabena from Brussels to Einhaven, Amsterdam, Dusseldorf and Cologne. Also air taxi, general charter and cargo.

(5) Hessenatie - Sotramat Aviation. Formed 1978
Charter company based at Antwerp.

(6) Publi-Air
Operates scheduled domestic passenger services on behalf of Sabena from Liege. Also air taxi, executive charter.

(7) Sabena. Formed 1923 flag carrier.
90 per cent State owned, has international network and 10,112 employers. In 1978 carried 2,027,128 passengers. Other interests include shares in other airlines, hotels, tour operations.

(8) Sobelair. Formed 1946
Major charter and IT airline in which Sabena has an interest.

(9) Transcontinental Airways. Formed 1979
Air taxi.

(10) Trans European Airways. Formed 1970
Holiday charter and IT

VIII DENMARK (13 airlines)

(1) Climber Air. Formed 1950
Important domestic carrier.
(2) A/S Conair. Formed 1964
Holiday charter and IT operator.

(3) Copenhagen Air Taxi. Formed 1963
Air taxi, also scheduled passenger services.

(4) Danair. Formed 1971
Set up by SAS (57 per cent) Maersk Air (38 per cent) and Climber Air (5 per cent) to operate a major domestic passenger network and services to Faroe Islands.

(5) Delta Fly
Air taxi

(6) Greenland Air. Formed 1960
Important regional third level carrier, charter operator, SAS stake.

(7) Hom-Fly. Formed 1976
Air taxi based in Jutland.

(8) Jetair.
One of Denmark's largest air taxi operations.

(9) Maersk Air. Formed 1969
Scheduled passenger services to Faroe Islands also IT, charter.

(10) Muk Taxi. Formed 1979
Air taxi.

Set up to operate the overseas services of Denmark, Norway and Sweden. Operates extensive network within Scandinavia. 50 per cent State holding owned jointly by the three Governments.

(12) Scandinavian Air Taxi.
Air taxi and executive charter.

(13) Sterling Airways. Formed 1962
Important charter and IT operator.

IX NETHERLANDS (10 airlines)

(1) Air Sprinter. Formed 1977
Air taxi.

(2) BAS. Formed 1974
Holland's largest air taxi operator.

(3) East Airways Holland.
Air taxi, charter.

(4) Jetair Holland. Formed 1977
Passenger and cargo charter.

(5) KLM. Formed 1919. Flag carrier.
European and international network, 75.5 per cent State holding, has 17,925 personnel and in 1978 carried 4,600,000 passengers. Also operates KLM Helicopters with important oil and gas industry charter
operations; KLM Aerocarto NV, KLM Charter for IT work, has a 25 per cent stake in Martinair and in 1966 set up NLM City Hopper. Also hotel interests.

(6) **Martinair.** Formed 1968
Worldwide passenger and IT operations, KLM has 25 per cent stake.

(7) **NLM City Hopper.** Formed 1966
Wholly owned by KLM and provides scheduled passenger services throughout North West Europe linking the main industrial areas.

(8) **Rotherdam Airlines.** Formed 1977
Due to start scheduled passenger services in 1980.

(9) **Schreiner Airways.** Formed 1959.
Primary engaged in oil related charter work.

(10) **Transavia Holland.** Formed 1967
Holiday operator.