

TOO MANY BOAC AIRCRAFT?

WHEN Sir Giles Guthrie met the Press on his second day in office as BOAC's new chairman, he said that during the first six months his intention was "not to ask what people thought before but to have a new look." In the same spirit of enquiry this article is a probe into the fleet capacity inherited from previous managements.

Two years ago the Air Transport Editor estimated that BOAC would have a surplus of ten large jet aircraft by the mid-sixties. Since then important things have happened to create a new set of circumstances. The drag of the VC10 was higher than expected, some of the Super VC10s have been "change-ordered" with big freight doors, and IATA have devised an exciting new set of freight and passenger rates for the Atlantic routes. The calculation still shows that BOAC have an excess capacity problem, but in some ways the outlook is not quite as gloomy as it was two years ago. If the corporation can expand its passenger mileage by 13 per cent per annum without allowing its break-even load factor to rise, while at the same time developing a big freight business based on a capacity equivalent to about nine Super VC10s, then it should make a genuine profit. Whether the corporation can achieve growths of these orders will remain to be seen, but the prospect for the moment has not changed from the situation two years ago. BOAC have at least nine too many aircraft on order.

What is the basis of this conclusion? The table below contains an estimate of BOAC's generated capacity in 1967-68 when the all-jet fleet ought to be well established and the capital investment half way to being amortized.

Average Statistics of Each Fleet in 1967-68

Type	707	VC10	Super VC10	Mixed traffic Super VC10
Number in service	19	12	22	8
Block speed (m.p.h.)	445*	430†	440†	440†
Available capacity:‡				
Seats (No)	130	120	130	65
Freight (tons)§	8.5	3.5	9.0	16.7
Annual utilization† (hours)	3,100	3,600	3,000	3,000
Capacity produced:				
Seat-miles	3,400m	2,240m	3,790m	690m
Freight (ton-miles)	222m	66m	262m	176m

* 1962-63 achieved. † BOAC estimate (February 1962). ‡ For each type the total tons of available capacity is 80 per cent of the zero-fuel weight payload; this is proportioned into seats (each occupant and baggage considered as 200lb) and freight-tons. In each case seats are made available first and the remaining tons allocated as freight (except in the mixed-traffic Super VC10, where the reverse is assumed). The number of seats used in each estimate is an average of the standard mixed-class layouts for that aircraft type. § Throughout the article, freight includes excess baggage, mail and diplomatic baggage as well as cargo.

The sum of the individual fleet outputs give total capacity-produced figures of 10,120 million seat-miles and 726 million freight ton-miles.

In 1962-63 BOAC's overall break-even load factor, after payment of interest, was 50.4 per cent. If it is assumed that during the next five years the reduction in operating cost will match the lower average revenue rate, then 50 per cent is probably a reasonable estimate of the break-even load factor for passenger traffic in 1967-68. On this assumption 5,060m passenger-miles will be needed in 1967-68, equivalent to a 13 per cent growth per annum above 1962-63.

A simple ratio between the London - New York mean general commodity freight-rate and a rate per pound equivalent to the off-peak economy class passenger fare is the basis for assuming here that 60 per cent is a likely break-even load factor for freight. This means that 435m ton-miles of freight will be needed in 1967-68, equivalent to a 35 per cent average growth per annum on the 1962-63 result.

When the estimated required growth rates are applied to the plot of BOAC's previous scheduled service traffic, the results can be seen as the dashed lines on Fig 1. Although the required passenger-

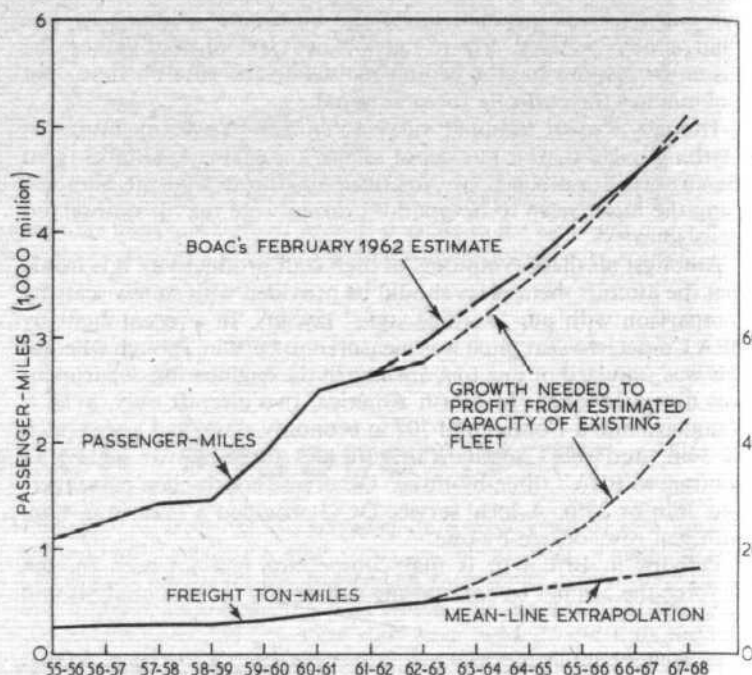


Fig 1. BOAC scheduled traffic in the past and estimates of the future

mile line shows fair agreement with BOAC's estimate published in February 1962, both these lines seem optimistic compared with the trend of the previous five years, when sales derived impetus from the appeal of jet travel and low load factors. The all-time low fares which are about to come into force on the Atlantic will undoubtedly appeal to a bigger market and help to even out the summer traffic peaks, but load factors must rise for the airline to profit. Taking everything into account, the hoped-for growth may not be too optimistic for the corporation's Atlantic routes (some 58 per cent of BOAC's output) but Sir Giles may have to think of something fairly drastic for the eastern and southern routes, where traffic seems to be marking time.

With the decision taken last September to order eight of the 30 Super VC10s for delivery with big side doors and strengthened floors, the corporation at last put itself in a position to enter the air freight business in a really big way. But as the graph shows the growth in this side of the corporation's business needs to be pretty phenomenal to mop up the remaining capacity.

A mean-line extrapolation of the freight traffic shows the need for almost a three-fold increase over what might reasonably be expected in five years of normal growth. In terms of all-freight Super VC10s the extra growth is equivalent to just over nine aircraft. If Sir Giles decides this is not possible, his one consolation will presumably be that it won't be quite so difficult to off load RAF Transport Command with mixed traffic VC10s as it might have been with purely passenger aircraft.

BOAC-CUNARD APPOINTMENT

SIR GILES GUTHRIE succeeds Sir Matthew Slattery as chairman of BOAC-Cunard, it is announced. At the same time Mr Ross Stainton, manager of BOAC's western routes, succeeds Sir Basil Smallpeice as managing director of this BOAC non-operating subsidiary.

According to Sir Giles Guthrie, "If BOAC-Cunard's results continue on target for the rest of this financial year a clear profit of around £1.5m can be expected."

It is also announced that Sir Giles Guthrie's appointment as chairman of BOAC is for a period of five years. Mr C. E. M. Hardie, Mr Anthony Milward and Mr Ron Smith are appointed part-time members for three years.