

LEIGH PARISH COUNCIL

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LEIGH PARISH COUNCIL (KENT) RESPONSE TO THE AIRPORTS COMMISSION'S CONSULTATION ON PROPOSALS FOR ADDITIONAL RUNWAY CAPACITY - NOVEMBER 2014

Leigh, Kent, is situated to the west of Tonbridge and to the east of Chiddingstone. The Parish Council is a member of the High Weald Councils Aviation Action Group, a group formed in response to the deep concerns of parishioners about the negative impact an expansion of Gatwick Airport would have on the economy, health and environment of our community. Leigh Parish Council has also independently considered the Airports Commission's Consultation Document and makes the following response to the proposal for a 2nd runway at Gatwick Airport.

The Council's electorate has noticed a significant increase in aircraft noise and low flying aircraft over the last two years and this is unacceptable. Further noise pollution from a second runway would only make this worse. Furthermore, during Leigh Parish Council's Aviation Working Group's study of the document it became apparent that whichever scheme went through, a large amount of public money would be needed for the infrastructure, and it is important that this public money is not wasted.

Leigh Parish Council considers that a second runway at Gatwick should not be recommended by the Airports Commission for the following reasons:-

- 1 Is an extra Runway needed?** - We believe that the Commission should have included in its final analysis the option of not expanding runway capacity. We believe that it is far from conclusive that the aviation capacity is full, or approaching that level. With the UK economy no longer growing so strongly and better rail connections to Europe, there is a case for arguing that the leisure market will mature and not grow as fast as forecast. We also believe that, to the extent that an airport (whether LHR or LGW) is at maximum aircraft movement capacity, there remains the possibility to increase passenger throughput by using larger aircraft. We share the view that the growth in air transport would be better catered for by expanding the use of regional airports such as Birmingham, Manchester and Cardiff. In addition, the investment in additional runway capacity in the south-east does nothing to reduce the imbalance between the north and the south of the UK. Debate on this issue has not been helped by there being no sponsor for the 'no runway' option. The level of GDP in 2050 is forecast to be around 0.2% to 0.6% higher than it would have been in the absence of the LGW 2R scheme, depending on the scenario. (Airports Commission's Detailed Analysis Report 2 Economy: Wider Impacts Assessment section 6.1.4). We regard this payback from the runway as a paltry potential return and not worth the environmental damage.
- 2 Airports' Customers' Requirements** – The business case for a second runway at Gatwick or a third at Heathrow is totally inadequate. Without a paper setting out what the airports' customers would like to see, the business plans have no meaning. The Commission needs to seek the views of the direct customers, the airlines and the indirect customers, the passengers and the freight importers and exporters.

Tour operators, travel agents and freight forwarders may well be able to help here. In the absence of strong support from customers any extra runway is likely to become a white elephant and bankrupt the airport's operator. It is known that British Airways is not supportive of a second runway at Gatwick. Mr Willie Walsh is quoted as saying "I would not support a second runway at Gatwick because I don't think there is a business case, and we would not be prepared as a significant operator there to see charges increase. I don't believe that demand is as strong as Gatwick would argue. We believe there are opportunities to continue to grow but we don't see a case for doubling the capacity at Gatwick in the near future – particularly if charges go up. That's not going to be an attractive environment for airlines." (Guardian 31st October 2014)

- 3 The Hub Airport Issue** - The Commission was tasked to "examine the scale and timing of any necessary steps to maintain the UK's status as Europe's most important aviation hub". At present, Heathrow is a hub airport while Gatwick is point-to-point. In the Commission's Consultation Document and its annexes there is no evidence that Gatwick could become a hub airport. Without that it has to be concluded that there is no way Gatwick could enhance the UK's status as Europe's most important aviation hub and, so, should have been eliminated. As an indication of the importance of a hub to the United Kingdom, British Airways has stated that up to 80 per cent of customers on some of British Airways' long-haul aircraft have transferred from other flights. Without transfer traffic, British Airways added that they would also not have sufficient numbers of customers to offer frequent, direct flights to important trading economies around the world. (British Airways Press Office 8th January 2015) Heathrow Airport has said that only 18 per cent of Heathrow flights have fewer than 10 per cent transfer passengers and, in an industry where profit margins average 0.6 per cent, that 10 per cent will often be the difference between the flight being viable at all. (Heathrow Airport 'One Hub or None' Nov 2012, page 23)
- 4 Hub Airport Competition** – The principle competition for Heathrow to remain a hub airport is with Paris, Charles de Gaulle, Schiphol, Frankfurt and Dubai, not Gatwick. It is possible that a second runway at Gatwick would weaken Heathrow's position. The concept of there being two closely-located yet competing "hubs" seems to us to be something of a contradiction of terms.
- 5 The cost of an additional runway** – From the UK's perspective, the cost of an extra runway is the sum of the amount invested by the developers and the amount of public funds invested in the infrastructure. This information is necessary to enable a decision to be taken both from the overall costing point of view and to consider the economic benefit for the country. It is suggested that a project management firm of international standing is tasked to ascertain the possible cost of the required infrastructure.
- 6 Gatwick - Effect of increase in Landing Fees** – Gatwick Airport Ltd has estimated that per passenger charges would rise from £9 currently to £12-15 as a result of expansion. This is lower than the charges predicted by the Commission's analysis, which indicate average charges rising to between £15 and £18, with peak charges of up to £23. (Airports Commission Consultation Document page 47, paragraph 3.2) EasyJet's Chief Executive has stated that their low-cost model is very sensitive to prices and would not be able to afford an increase in landing fees of the amount needed by Gatwick to justify the investment in a second runway (Financial Times 19 November 2014). As EasyJet is Gatwick's biggest customer and the Commission has not quoted a contrary view, it is apparent that the financial implications for Gatwick of a second runway would be dire.
- 7 Gatwick – Effect on Corporate Credit Rating** – We think that the Commission should take into account the relative funding risk, and hence the relative potential need for a government guarantee, of the different options. In the case of Gatwick the extra debt to be raised to finance the runway build would dwarf the existing debt levels by a factor of between 5-10 times depending on the assumptions used. This will in itself concern the bond market, as well as the ratings agencies, and cause considerable scrutiny of the assumptions behind the proposal and the risks. Our parish includes a number of senior infrastructure credit analysts who doubt GAL would retain its BBB+ rating and therefore the risk of a fall to "junk" levels cannot be discounted. In such circumstances Gatwick would struggle to obtain the necessary finance without a government guarantee, as for example was required for HS1.

Unfortunately such a need is only likely to manifest itself sometime after Gatwick has been chosen, leaving any government of the day with little choice but to accede to such a request by Gatwick.

- 8 Gatwick - Issue of Trust** – Sadly, with Gatwick initially denying there had been any changes in the flight paths and then having to admit trials had taken place, trust in Gatwick’s dealings with local authorities has been eroded. This must mean that Gatwick’s submission to the Airports Commission cannot be relied upon and should be thoroughly checked. Further, until very recently, Gatwick has neither contacted nor had discussions with local district, town and parish councils. There is no confidence in the competency of Gatwick Airport Ltd.
- 9 Gatwick Employment and effect on local economy** – According to the Gatwick Master Plan the actual number of jobs at Gatwick in 2012 was 23,200. Indirect employment was 2,900 and induced employment (jobs created to look after the Gatwick employees) was 15,600, a total of 41,700. The Airports Commission suggest that a second runway would increase the number of airport jobs by between 7,900 and 32,600. Using the same ratio as 2012 the total number of jobs would be between 14,200 and 58,600. The shortage of labour in the Gatwick area was demonstrated last summer when there was a shortage of baggage handlers and more could not be easily recruited. The Airports Commission annex 12, paragraph 2.4, page 8, gives the population of the local area as 137,902 and, using the figures in table 2.6, an unemployment rate of 4.4%. This means that, contrary to the impression given in paragraph 3.24 of the Commission’s Consultation Document, the vast majority of additional employees will have to come from outside the local area with the requirement for additional housing, schools, doctors’ surgeries, hospitals and leisure facilities. This will put enormous pressure on the Green Belt and on local infrastructure. In the Gatwick Airport submission, they state that the second runway will benefit the local economy. However, Kent County Council advises that roughly only 1% of Kent’s economy is related to Gatwick.
- 10 Gatwick Surface Access** – Good infrastructure should be required. However, we regret to have to say that, from local experience, paragraphs 3.26 and 3.27 of the Consultation Document are wishful thinking. As an example, recently, to improve the train service from Brighton to London, the service from Tonbridge and Leigh to Gatwick was withdrawn. It was said that there was insufficient capacity in the lines between Redhill and Gatwick. Hence, without considerable investment, there is no capacity available to be used to improve the service to and from London or to connect with Crossrail or to provide an east west service. A possible way forward would be to build the suggested Brighton Mainline 2. This would start at Brighton, pass through a new 1.5 mile tunnel under the South Downs proceeding to Uckfield, and then join a redoubled, electrified and upgraded line to Croydon. Turning to the roads, investment may produce improvements to the M23 but it is considered that improvements to the M25 will only have marginal effect. Road connections to South London are poor and expected to remain so. No mention can be found of the costs of transport improvements and, without this, an informed decision cannot be made.
- 11 Quality of Life** - We regard the impact of any development on overall “quality of life” as being paramount and whilst the Commission’s attempts to resolve this issue are welcomed, the reality of the presented analysis is at the same time both disappointing and suggestive that considerable further work is required before any of the considered options can be taken further. In terms of the work that is presented we note the remark that it found analysis only covers adults and that there is none on the effect of noise on children. This is a remarkable omission given the body of research out there concerning the impact of noise and sleep deprivation on educational development. In addition, the Airports Commission’s own document in July 2014 states it “recognises that night flying can be among the most annoying and harmful for local residents” and yet this latest report recognises that night time aircraft noise has impact on sleep, but as it finds no statistically significant link between night-time aircraft noise and certain subjective well-being measures, it assumes there is none and ignores it, too, from the final analysis. This is despite the report noting a significant link between daytime noise and lower life satisfaction, lower sense of worthwhile, reduced happiness and increased anxiety, all good reasons to seriously question the overall benefit of the development. We consider this area, more than any other, requires further work. A close second to this is the effect on the environment from the increased pollution.

- 12 Gatwick – Effect on the local Tourist industry** – The result of a major increase in overflying of tourist attractions such as Hever Castle, which trade, in part, on the tranquillity of their environment, is that they will not be able to attract such functions as weddings and will become unviable. This will have a major negative impact on local jobs, yet has been ignored in the Gatwick’s submission and supporting papers.
- 13 Financial Case** – Sufficient information has been withheld from Gatwick’s submission, appendix 16, Financial Model so it is not possible to form a view on the financial case. In particular there is no cash flow or profit and loss account. Most of the assumptions seem to be optimistic. For example, in paragraph 3 on page 3, Gatwick forecast that by 2049/50 long haul passengers will represent 35% of total passenger volumes. We consider that this would only become true if Gatwick were to become an effective hub airport and no evidence has been submitted to support this. The assumption for retail income relies on there being this higher proportion of long distance passengers so this income is likely to fall short of forecast. On page 3, 2.2 Aeronautical yield, the promoters say that, to deliver the scheme, the aeronautical charges are estimated to rise by between 33% to 66%. If that is the case then passenger throughputs are likely to be down and the yield from this source reduced. So, with most of the information redacted, it is impossible to reach an informed view.

For the above reasons, Leigh Parish Council considers that a second runway for Gatwick is not required, would not materially benefit the UK overall, would not attract sufficient customers, would harm the environment, would not be financially viable and would be in the wrong place.

Subject to minor revisions which have been incorporated, this response was approved at the Parish Council meeting held on 5th January 2015.

Colin Stratton-Brown
Chairman – Leigh Parish Council

14th January 2015

Note: - The above was prepared by a Working Group composed of the Chairman of the Parish Council who is a retired member of the Chartered Institute of Transport and Logistics, another Councillor and three parishioners, one a senior partner of a major accounting firm and another with 30 years’ experience of the corporate credit and bond markets.