

Lydd Airport Action Group (LAAG)

Need for Development

Summary Proof of Evidence

Applicant: London Ashford Airport Limited (LAAL)

Location: London Ashford Airport Limited, Lydd, Romney Marsh, TN29 9QL

Applications: Y06/1647/SH and Y06/1648/SH

Proposals: 294m runway extension and a 150m starter extension plus a new terminal to accommodate up to 500,000ppa

Inspectorate Reference: APP/L2250/V/10/2131934
APP/L2250/V/10/2131936

Document Reference: LAAG/7/B

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January 4th, 2011

1.0: Introduction and Purpose

1.1: My name is Louise Barton. I am the principal spokesperson for Lydd Airport Action Group (LAAG).

1.2: I have an Agricultural Science Degree (University of Melbourne). I worked for the Australian government's Commission of Inquiry into Rural Poverty and for the Institute of Applied Economic and Social Research on the Australian Economic Review. After moving to the United Kingdom in 1978 I became an investment analyst and spent over twenty years analysing companies and market sectors for fund managers, stock brokers/investment banks in London. Although retired, I remain a member of the Securities Institute and I am a non-executive director of a small financial software company

1.3: In this summary I will demonstrate that this is a speculative development and that there is no requirement for an expanded airport at Lydd. I look at need in terms of supply and demand. The policy framework is covered separately.

References to the main proof of evidence are shown in square brackets.

2.0: Planning application designed for speculative development

2.1: The current planning application is designed for a speculative development. Passenger numbers are capped at 300,000 passengers per annum (ppa) under the runway extension application and at 500,000ppa under the new terminal application. Yet it is the runway that ultimately determines the capacity of an airport. Terminals can be extended or built to accommodate the increasing number of passengers using a given runway. [3.7]

2.2: Since Lydd Airport was acquired in 2001 there have been a number of external changes which have reduced the airport's commercial attraction. In particular, the raising of the height restrictions above the military ranges. Had Sheikh Fahad al Athel been confident about the demand for the airport's services, the current planning application would have been for a new terminal and extended runway to cater for 500,000pp, or perhaps a new terminal to cater for up to 300,000ppa, to replace the old terminal, and a runway extension with an initial cap of 500,000ppa. [3.7]

2.3: By having a planning application that is geared to constructing the runway extension first the Sheikh will minimise his financial risk by first being in a position to test the market with the extended runway before going ahead with the terminal.[3.7]

2.5: The draft conditions support LAAG's contention - the runway extension must be commenced within five years of permission and the new terminal within ten years. [3.7]

3.0: There is excess airport capacity in Kent

3.1: Lydd Airport is operating at a fraction of its existing capacity. The Airport claims in its planning application that its current terminal (and runway) can cater for 300,000ppa. Yet, since 1992 Lydd Airport has not been able to generate more than 4600 passengers per annum – no more than 1.5% of its existing terminal capacity. In 2009 there were 600 passengers representing 0.2% of existing terminal capacity. [3.1.1]

3.2: Even when the highest annual throughput of 4600 passengers is weighted against the much smaller capacity ceiling of 125,000 ppa for Lydd Airport determined by the government as part of the background work for the preparation of the Aviation White Paper, the peak utilisation rate is still only 3.7% percent. [3.1.1]

3.3: It is worth noting that the 125,000ppa ceiling capacity determined by the government for Lydd by 2030 took into account the very real local constraints faced by the airport – in particular, the limited immediate catchment population and poor surface access. [3.1.1]

3.4: There is excess capacity at Manston Airport located less than 50 miles away by road. In the documentation supporting the Aviation White Paper Manston Airport was estimated to have a capacity of 3mppa by 2030, but later this was raised to up to 6mppa as a result of an independent study by Arthur D. Little. The peak annual passenger throughput at Manston since 1992 was 207,000 in 2005. This still only represents a utilization rate of 3.4%, and is not representative of sustainable demand, as the operator EUjet was virtually giving away fares before its owner Planestation went into liquidation. [3.1.2]

3.6: On the basis of Manston's current terminal capacity of 1million passengers per annum, the airport's capacity utilisation at the peak 2005 level was just over 20% - still well short of its total, and generated by an unsustainable customer. The latest passenger figure (2009) shows a utilisation rate of less than 1% for both scenarios. [3.1.2]

3.7: Lydd and Manston Airport's are both heavily loss making with their combined losses amounting to over £7m. These losses further demonstrate the scale of the over capacity in Kent and the absence of demand for the services of these two airports. [3.2]

4.0: Minimal interest in Lydd Airport's Services

4.1: After investing in the airport infrastructure and the introduction of the new Instrument Landing System (ILS) in June 2006, Lydd Airport embarked on a major marketing programme to win new customers. It was targeted at a number of the smaller airlines such as Flybe, bmi regional, Aer Arran, Jet 2, Air Southwest, Blue Islands and smaller European airlines with fleet mixes which could operate commercially from the existing runway. It failed. Not a single airline became a customer. [3.3.1]

4.2: Instead, Flybe went to Manston airport in 2010, establishing its first scheduled services from Manston Airport to Edinburgh and Manchester. Both routes are being served by Bombardier Q400 - **aircraft types that can fly commercially from Lydd Airport today.** [3.3.1]

4.3: In May 2009 Lydd Airport announced that Trans Euro Air had moved from Southend to Lydd Airport, offering a range of passenger and cargo air transport services. Trans Euro Air is now in liquidation with the aircraft it operated up for sale. Had there been demand for its services the company would not be in liquidation. [3.3.2]

4.4: In December 2009 C.I. Travel Group announced the launch of a new air route from Lydd to Jersey which was scheduled to operate every Saturday between July 10th and September 11th 2010. The service was abandoned in June due to the lack of demand. [3.3.3]

5.0: Runway length and aircraft types are not limiting factors

5.1: Lydd Airport maintains it needs to extend the runway so that it can support aircraft types such as the B737, A319 commercially, and implies, that the airport's poor performance to date is due to its inability to support these aircraft types.

This is not the reason for Lydd Airport's poor performance, other factors are relevant and these are discussed by Malcolm Spaven and by me elsewhere.

There are airports in the UK that have grown supporting aircraft types that can fly safely from Lydd today with its current runway. The following points suggest that the inability to cater for larger aircraft is not a limiting factor.

5.2: Flybe's new scheduled services from Manston Airport to Edinburgh and Manchester are served by Bombardier Q400 - an aircraft type that can fly commercially from Lydd Airport today. Runway length was not a deciding factor. [3.3.1]

5.3: London City Airport has grown to a passenger throughput of 2.8 million per year using aircraft types that are able to operate commercially from Lydd

Airport's existing runway. Its runway length is 1508m, approximately the same size as Lydd's current runway length. [3.4.2.2]

5.4: Southampton Airport served 1.8 million passengers in 2009. BAA data reveals that almost 90% of commercial aircraft movements - are by aircraft types that could fly commercially from Lydd **using the current runway**. Southampton has a 1723 metre runway - shorter than the proposed runway but larger than Lydd's current 1505m runway. [3.4.2.2]

6.0: Will an extended runway at Lydd compensate for shortfalls in the quality of airport capacity in Kent?

6.1: The answer is no. Manston remains operationally superior to Lydd by a wide margin both before and after the proposed development. Manston has a longer and wider runway which means it can support long haul traffic, using larger aircraft such as B747s and even the A380, it has standard ILS's on both runways, radar, but more importantly, Manston is not surrounded by restricted airspace which is a major feature of Lydd, and one which severely reduces its operational efficiency. Manston's superior features are also the reason for its higher potential capacity, both before and after runway extension at Lydd. [3.5]

7.0: The Channel Tunnel

Since June 1994 Kent residents and businesses have had the benefit of Eurostar services through the Channel Tunnel, with new train operators in prospect, further adding to the overall travel capacity in the region and reducing the need for a second regional airport in Kent. [3.6]

8.0: Conclusion

8.1: This is a highly speculative development as signified by the nature of the planning application.

8.2: There is excess airport capacity in Kent - Both Lydd and Manston airports are operating at a fraction of their respective capacities and are heavily loss making.

8.3: Lydd Airport's inability to commercially cater for B737s/A319s on its current runway is not the reason for its failure to attract customers. Other airports have successfully expanded using aircraft types that could operate commercially on Lydd Airport's existing runway.

8.4: Expanding Lydd Airport will not solve any regional deficit in the quality of airport capacity in Kent as Manston Airport will continue to be superior operationally to Lydd Airport even assuming it is able to expand.

8.5: Since 1994 Kent has benefited from the Eurostar train service through the channel tunnel, with additional operators in prospect, further reducing the need for a second regional airport in Kent.