Town & Country Planning Act 1990 – Section 77
Town & Country Planning (Inquiries Procedure) (England) Rules 2000

Lydd Airport Action Group (LAAG)

Proof of Evidence

Economic Impact

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 References:	**APP/L2250/V/10/2131934** **APP/L2250/V/10/2131936**
Document Reference:	**LAAG/8/A**

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1.0: Introduction and Purpose

1.1: My name is Louise Barton. I am the principal spokesperson for the action group opposing Lydd Airport's planning application, Lydd Airport Action Group (LAAG).

I have an Agricultural Science Degree (University of Melbourne), 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 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.

1.2: The purpose of this report is to demonstrate that the economic case has been overstated and that the expansion of Lydd Airport could lead to a decline in employment in the area.

1.0A: Summary and Conclusions

1.1A: Lydd Airport has overstated its economic case by exaggerating the estimated gross employment generated by its development and by failing to take into account the proposal's impact on employment in other industries.

1.2A: Lydd Airport, if successful, will reduce the number of existing jobs in the Romney Marsh leisure industry and add to the tourist deficit in the UK, further exporting employment to overseas tourist destinations.

1.3A: Lydd Airport's development poses a major threat to the construction of Dungeness C because the **presence of a regional airport, or the prospect of one,** could be deemed sufficiently hazardous to stop its construction.

1.4A: Beyond 2025 the building of a new power station at Dungeness is possible since the alternatives test of the Habitats Regulations could be satisfied, allowing the development to proceed in the over-riding public interest.

1.5A: The Nuclear Installations Inspectorate (NII) has not opposed Lydd Airport's planning application on crash damage safety grounds and in LAAG's view has not given adequate reasons for this decision.

1.6A: In the future, the Nuclear Installations Inspectorate (NII) will not be the only arbiter of crash damage risk at Dungeness. In the period up to construction there will be scope for European input into the risk assessment process under Article 41 of the 1957 EURATUM Treaty.

1.7A: In regard to the issue of the NII's lack of transparency, there is also the possibility of legal redress as a result of Article 8 of a new European Directive (2009/71/EURATUM) which must be incorporated into UK law by July 22nd 2011.

1.8A: Any one of these actions in 1.6A and 1.7A could delay or trigger a process leading to Dungeness C failing to be chosen as a new site.

1.9A: Lydd Airport's "rule of thumb" for assessing on-site job creation is too optimistic - it should be 250-450 jobs per million passenger throughput, rather than 600 jobs per million passenger throughput.

1.10A: Lydd Airport's "rule of thumb" fails to adequately account for the impact of low cost airlines or to appreciate the limitations on Lydd Airport's capacity to augment revenues and employment through exploiting non aviation activities.

1.11A: The base level for assessing the net gain in employment should be the level of employment associated with the "do nothing scenario" of 300,000passengers per annum (ppa), estimated to be 125 jobs, as this level is achievable using the existing infrastructure.

1,12A: LAAG's analysis shows that the loss of Dungeness C would lead to a net loss of over 300 jobs at a throughput of 500,000ppa and a net gain of 175 jobs at the master plan objective of 2million passengers per annum (mppa).

1.13A: Even assuming no loss of Dungeness C, there is only a net gain in employment of 70 jobs for a throughput of 500,000ppa and 575jobs at a throughput of 2mppa. This compares to gains of 232 and 1132 jobs respectively assessed by LAA.

1.14A: The analysis in 1.12A and 1.13A does not take into account the loss of jobs on Romney Marsh directly caused by the airport's expansion or correct for the job implications of the tourist deficit

1.15A: The severe operational constraints faced by Lydd Airport reduce the airport's attraction to low cost operators since they require fast turnaround times to make low cost scheduled services profitable.

1.16A: The inability to attract low cost operators suggests Lydd Airport will struggle to achieve a passenger throughput of 500,000ppa and that the business will be less time critical and seasonal, as will the attendant labour.

1.17A: Lydd Airport is currently unprofitable. Even if it achieves a throughput of 500,000ppa, Cranfield University's study for LAAG indicates it will remain unprofitable at this throughput, implying labour costs will be under tight control.

1.18A: Lydd Airport will be reliant on its second phase of development to 2mppa to achieve profitability.

1.19A: Lydd Airport's poor performance to date is NOT due to its inability to commercially support larger aircraft such as B737s/A319's - the reason given for its runway extension, but to a wide range of factors outside its control.

1.20: There are strong existing indicators that there is little demand for services at Lydd. The airport has failed to attract customers despite its heavy investment programme since 2001 and the increased marketing of its services.

2.0: Basis of Analysis

In this analysis, economic gain is assessed according to the net employment generated by Lydd Airport's development.

It is LAAG's contention that Lydd Airport has exaggerated the employment generated by the proposed expansion for three reasons:

(a) It has failed to apply the correct base line

(b) It has exaggerated the gross employment generated by its development.

(c) It has failed to assess that jobs will be lost as a direct consequence of its expansion.

3.0: Lydd Airport today

Lydd Airport today carries less than 1000 passengers per annum (2009), has one route to Le Touquet and its losses exceed revenues. Direct on site employment is given by Lydd Airport as 68 people[1]. The high numbers of people employed relative to throughput reflect the high fixed labour costs associated with running an airport.

4.0: Do nothing scenario the appropriate baseline

The current planning application caters for development up to 500,000 passengers per annum (ppa) - to 300,000ppa for the runway extension and 500,000ppa for the new terminal. Yet the airport can already expand to 300,000ppa which is its current terminal capacity - the rate of throughput portrayed as its "do nothing scenario". This is the correct base line. The fact that Lydd Airport has been unable to achieve a throughput of 300,000ppa to date using its current runway is irrelevant.

4.1: No economic gain at a throughput of 300,000ppa

In its original planning application [2]Lydd Airport sets out a possible scenario for achieving a throughput of 300,000ppa without a runway extension. The table is reproduced below as Table 1. It shows how a throughput of 300,000ppa could be achieved using aircraft types that are capable of using the existing runway commercially.

[1] Chapter 17, 17.3.32, page 344, Socio Economic Issues, Terminal Building ES, December 2006
[2] Chapter 3, Lydd Airport Lydd Airport Runway Extension ES, December 2006, page 36

The airport then goes on to outline how the same throughput i.e. 300,000ppa could be achieved using the extended runway with a modified fleet mix which includes Boeing 737s and A319s. The table is reproduced as Table 2[3] below.

As the scenario set out in Table 2 is theoretically possible using the current runway (Table 1), there is no economic gain from the runway extension planning application with its cap of 300,000ppa. There will be no increase in employment under a throughput of 300,000ppa using the current runway, as compared to the level of employment achieved from a throughput of 300,000ppa using the extended runway. Indeed there could be fewer people employed using the extended runway to achieve 300,000 due to the economies of scale associated with operating larger aircraft (B737 and A319s).

Table 1: 300,000ppa using the Existing Runway

Table 3.3 Predicted Passenger Aircraft Fleetmix and Daily and Annual Aircraft Movements for 300,000 Passengers per annum (without Runway Extension)

Aircraft Type	Passenger Capacity	Average number of passengers carried per flight	Expected total[5] daily movements	Expected daily passengers	Expected annual movements	Expected annual passengers
BAE146	*100*	*78*	*4*	*312*	*1460*	*113880*
Dash 8	*50*	*40*	*2*	*80*	*700*	*29200*
ATR42-500	*48*	*40*	*6*	*240*	*2190*	*87600*
Saab 340	*33*	*25*	*8*	*200*	*2920*	*73000*
TOTAL	-	-	**20**	**832**	**7270**	**303680**

Table 2: 300,000ppa using the Extended Runway

[3] Chapter 4, Project Description, Runway Extension ES, page 43

Table 4.2: Predicted Fleetmix and Aircraft Movements for 300,000 Passengers (with Project)

Aircraft Type	Passenger Capacity	Average number of passengers carried per flight	Expected daily movements	Expected daily passengers	Expected annual movements	Expected annual passengers
B737	*160*	*136*	*2*	*272*	*700*	*99280*
A319,	*140*	*112*	*2*	*224*	*700*	*81760*
BAE146	*100*	*78*	*2*	*156*	*700*	*56940*
Dash 8	*50*	*40*	*2*	*80*	*700*	*29200*
ATR42-500	*48*	*0*	*0*	*0*	*0*	*0*
Saab 340	*33*	*25*	*4*	*100*	*1460*	*36500*
TOTAL	**-**	**-**	**12**	**832**	**3630**	**303680**

4.2: Will B737s/A319s make it more likely that the airport will achieve a throughput of 300,000ppa?

The extended runway will give the airport more flexibility, but it does not guarantee success since the inability to cater for B737s/A319s is not the reason for Lydd Airport's poor performance over the last 20 years. This has been due to changes in external competition and to factors outside the airport's control which have adversely affected operational aspects at Lydd and reduced its commercial attraction to airlines (See LAAG/7/A LAAG/10/A).

It is also worth pointing out that 40% of the traffic indicated above in Table 2 (ie 122,640 passengers out of the total throughput of 303,680) will be carried by aircraft types that can use the runway today. It begs the question as to why airlines operating these aircraft types (BAe 146, Dash 8 (Bombardier), ATR42-500, Saab 340) will suddenly be attracted to Lydd Airport with the runway extension when they can safety operate commercially from the airport today.

5.0: Gross employment

5.1: Nature of airport employment

The employment impact of an airport is generally portrayed in three bands:

(1) Direct employment: employment within the airport boundary, but can include direct employment outside the airport although the latter is generally small relative to the former. The number of people employed on site by the airport operator varies depending on the degree of outsourcing and can be small in relation to the total employment on site. On-site employment includes airlines, catering, hotels, retail, car rental, taxis, air traffic control, police, fuel and ground engineering. Some airports

have business parks within their boundaries so that on-site employment includes employment in activities unrelated to aviation.

(2) Indirect Employment: Covers jobs created by firms which supply goods and services to the aviation industry, for example, by construction companies, by maintenance companies and fuel suppliers.

(3) Induced Employment: Jobs created when aviation employees (direct and indirect) spend their income. For example, when an air hostess buys some shoes in a local shop she is increasing demand and helping to create employment.

Only direct employment can be assessed with any level of certainty through surveys of on-site employment. Even here there are often question marks over the accuracy of the information as the response rates can be low. The assessment of indirect and induced employment is more difficult and in reality is nothing more than an educated guess. The flaws in assessing aircraft employment are set out in a paper by Brian Sewell, *Airport jobs: false hopes, cruel hoax* and will not be repeated here (see Appendix 1).

Only direct employment will be covered here for two reasons: (a) the data is measurable, and (b) firms having similar direct employment intensities have similar halo effects on employment outside their boundaries so that if one company replaces another there will be little change in the economic consequences outside the perimeter fence.

5.2: Lydd Airport's "rule of thumb"

Before Lydd Airport's planning application was published it widely marketed the view that its proposed development would generate direct employment of 1100 jobs per million passenger throughput, but later settled on a more realistic number of 600 jobs per million passenger throughput in its planning application.

The figure of 600 jobs per million passengers is still too high since it does not fully take into account industry trends, particularly the impact of low cost operators, or the difficulties Lydd Airport faces in boosting employment numbers as a result of - generating income outside aviation on-site.

5.3: The rise in influence of low cost operators

5.3.1: Growth in low cost operators and their employment characteristics

In the UK Ryanair has spearheaded a revolution in aviation by introducing low cost, no frills scheduled short haul passenger services which have been emulated by other carriers. Established in 1985, Ryanair is now one of the world's most successful short haul airlines carrying 66.5m passengers across 940 routes in its March 2010 financial year. Easyjet was established in 1995 and carried 45.2m passengers in its September 2009 financial year. Flybe, which incorporates both low cost and legacy elements in its business model, flies from smaller airports and established its current business model in 2007 when it acquired BA Connect. The airline carried 7.2m passengers in its March 2010 financial year. All three of these airlines can now be found at most

regional airports in the UK. They all offer short haul services within the UK and Europe.

The model provides point to point travel at the lowest possible cost. The most aggressive exponent of the model, Ryanair, provides minimal catering, charges for food on board/ in-hold luggage and insists on ticketing and checking-in on-line which negates the need for traditional check-in desks and means there are no transit passengers requiring on-the-ground services.

Maximum utilisation of aircraft is made - aircraft turnaround times are kept as short as possible helped by low belly-hold luggage, no in-flight catering and no transit passengers. Overheads are kept down by using common aircraft fleets (see Table 3 below), reducing the cost of maintenance and crewing and providing maximum leverage with suppliers. By sourcing only one larger aircraft type, Rynair can achieve greater economies than the other carriers.

Table 3: Low Cost Airline Fleet Mixes

Airline	**Aircraft Type**	**Jet/Turboprop**	**Number**	**Seat Numbers**
Ryanair	Boeing 737-800s	Jet	232	189 seats
Easy Jet	A319	Jet	145	156 seats
	A320	Jet	24	180seats
	Boeing 737-700	Jet	8	149 seats
	Boeing 737-700 to be phased out by 2012			
Flybe	Bombardier (Dash 8) Q400	Turboprop	54	78 seats
	Embraer E195	Jet	14	118 seats

Source: Ryanair, fleet at March 31st, 2010, Form 20-F, year to March 2010, EasyJet September 2010, CAA Aircraft Register, Flybe, as at March 31st 2010, Report & Accounts, year to March 2010.

The table below graphically displays the difference between a full service operator such as British Airways, which apart from its legacy problems with unions, is focussed on long haul travel and full service business travel in the short haul market. These services consume more labour because of the extra catering, baggage handling and the operations of a hub. As the table shows, British Airways employs over 12X the number of staff per million passengers as Ryanair.

Table 4: Airlines -Number Employed per Million Passengers Carried Latest Financial Year

British Airways	**Aer Lingus**	**Flybe**	**EasyJet**	**Ryanair**
1304	370	389	143	106
Source: Latest Report & Accounts: British Airways year to March 2010, Aer Lingus year to December 2009, Flybe year to March 2010, EasyJet year to September 2009, Ryanair year to March 2010.				

The low cost operators' aggressive business model which so far only extends to the short haul market has put pressure on all the traditional full service airlines. Aer Lingus – the flag carrier for Ireland combines short and long haul travel and labour productivity has increased significantly partly as a result of the need to defend a potential bid from Ryanair which is a significant shareholder. As Table 5 shows, the number of employees per million passengers carried declined by 34% between 2004 and 2009.

At British Airways, the UK flag carrier, the decline in staff is less marked at 9% (between 2004 and 2010) as the airline has a different business model plus legacy union problems – but the decline is understated because the 2010 employment number includes frequent flyer passengers whereas the 2004 figure does not. It is interesting to note that the number of people employed per million passengers as Ryanair reached a minimum of 88 (per million passenger throughput) in 2006 but had increased to 106 in 2010 due to the increasing proportion of longer routes which necessitate higher service levels.

Table 5

Number Employed per Million Passengers		
Year	**British Airways***	**Aer Lingus**
	Year End March	Year End December
2004	1439	561
2005	1409	432
2006	1402	419
2007	1454	419
2008	1361	404
2009	1358	370
2010	1304	
* 2009 and 2010 include frequent flying passengers – excluded from earlier figures		
Source: Report & Accounts		

5.4: The impact of low cost operators on direct employment at airports

Since one of the prime objectives of low cost operators is to reduce handling of goods and services "on the ground" this has had a major impact on direct employment at airports. There are fewer check-in desks, baggage and food handling has been reduced and there can be lower retail demand as there are no transit passengers waiting for flights.

5.4.1: Employment trends at Stansted and Gatwick airports

Gatwick and Stansted have a longer track record of forecasting than smaller regional airports since they are more mature airports, and until recently, were owned by BAA (Gatwick now sold) which has experienced many public inquiries for which it has been obliged to provide comprehensive information. Both airports are forecasting further improvements in labour productivity - reduced numbers employed per unit of throughput (in this case the unit used is per million passenger throughput) - and have been forced to revise their estimates to show lower numbers employed per unit of output due to the impact of low cost operators.

5.4.2: Stansted Airport

The impact of low cost operators is clearly illustrated by the trends at Stansted Airport which became Ryanair's principal base in 1991. As the table below shows, in 1998 Stansted Airport supported 1173 people per million passenger throughput. By 2005 this had fallen to 526 people, with the airport itself acknowledging the growing influence of its major customer on labour productivity and predicting a figure of 480 people employed per million passenger throughput by 2014 in its master plan. On the basis of a more realistic estimate of productivity growth than the rate assumed by BAA (owner of Stansted Airport) in the period 2003-2014 (to obtain the 480 figure) LAAG estimates that the figure will fall to 330 per million passenger throughput by 2014.

Table 6: Stansted Airport - Direct Employment

Year	Employees (Number)	Passengers (Millions)	No of jobs per Million Passenger Throughput
1998	7,977	6.8	1,173
2003	10,600	18.7	567
2005	11,684	22.0	526
2015 (est)*	16,800	35.0	480
2015 (LAAG** est)	11551	35.0	330

Source: Stansted Generation 1, Environmental Statement, Volume 6: Employment Effects (Table 17), Stansted Airport Interim Master Plan, May 2006

* Stansted Airport projection - assumes productivity growth of 1.5% over the period 2003 to 2014- the recorded productivity growth across the UK as a whole over the period 1998-2003. (This is considerably lower than the productivity at Stansted Airport over the same period - 1998-2003 - of 15.8% per annum)

** LAAG estimate based on productivity growth of 5% per annum over the period 2003 -2014.

It is interesting to note the revisions to estimates[4]. In its 2006 master plan BAA estimated that Stansted would generate a total of 23,200 jobs in 2015 (this is direct, indirect employment plus induced employment) based on a throughput of 35m, implying 663 total jobs per million passengers. This compares to an estimate made in

[4] Stansted Airport interim master plan, May 2006, page 10

2001 for 2010 of a total of 21240 jobs based on a throughput of 25mppa – 850 jobs per million passenger throughput. Even earlier estimates presented to the Airport's Inquiries in 1981-1983 forecast that Stansted's total airport related employment based on an estimated throughput of 15mppa would be about 29,000 – 1933 jobs per million passengers. These continued downward revisions in the rate of job creation per million passenger throughput, is entirely in response to the inexorable rise of low cost operators.

5.4.3: Gatwick

Unlike Stansted Airport where the great majority of passengers are flying with low cost operators and particularly Ryanair, Gatwick Airwick has a higher proportion of long haul travel and more full service operators and therefore supports more jobs per million passenger output. Nonetheless, there have been similar, although not so pronounced trends in labour productivity and again BAA has been forced (was the owner of Gatwick) to reassess labour productivity. At Gatwick the productivity gains have been largely driven by the growth in EasyJet – in 2009 EasyJet claimed it carried 30% of the passengers at Gatwick.

As the table below shows, Gatwick Airport's master plan, published in 2006, showed that the airport employed 24,628 in 2003 within its boundary, giving 821 jobs per million passenger throughput. In acknowledging the impact of low cost operators, Gatwick estimated that employment on site would only rise by 11% to serve a 33% increase in passenger throughput, implying that by 2015 there would be 683 jobs per million passenger output. By the time the sustainability report was published in 2009, employment on site had decreased from 24,628 in 2003 to 23,000 in 2008, implying a labour ratio of 673 jobs per million throughput – already an improvement on the master plan forecast for 2015.

Table 7: **Gatwick Airport – Direct Employment**

Year	**Employees (Number)**	**Passengers (Millions)**	**No of jobs per Million Passenger Throughput**
Source: Airport Master Plan, published October 2006			
2003	24,628	30.0	821
2015	27,300	40.0	683
Source: Sustainability Performance Report 2008, published July 2009			
2008	23,000	34.2	673

Source: *Gatwick Airport, Sustainability Performance Report 2008, July 2009, Airport Interim Master Plan, October 2006, CAA*

5.5: Employment trends in regional airports

There is not the forecasting history of labour productivity for smaller airports - this mainly started with the wider obligation to produce Master Plans outlined in the 2003 Aviation White Paper. Almost all airports are forecasting improvements in productivity ie reduced numbers employed per unit of throughput due to the rising influence of low cost operators while there is a strong possibility that forward estimates made in 2005/2006 will be reduced when current master plans are updated.

5.5.1: Direct employment

The following table shows the direct employment figures from a number of regional airports taken from the airports' master plans, again expressed as the number of employed per million passenger throughput. Most of these master plans were published in 2006 and are reliant on labour surveys from 2005 so the information is already out of date. Exeter Airport has the most up-to-date Master Plan - published in October 2009 with Glasgow Prestwick Airport (Prestwick Airport) in 2008, although both these airports' historic data relate to 2007. The historic direct employment figures were generally based on labour surveys of the airport sites.

Prestwick Airport's Master Plan is the exception as it only mentions the 500 people employed on site by the airport itself, plus those employed by infratil, Prestwick Airport's owners. Although this represents a large proportion of the total direct employment on site since little work is contracted out to other on-site firms, it falls short of the total. The missing employment elements were obtained from Prestwick Airport and SQW Consulting which undertook the underlying economic impact study. These were contracted out retail facilities and employment in a (then) small Ryanair on-site maintenance facility. This increased the direct employment on site to 600people and on the basis of the 2.422m passengers in 2007 this gives a figure of 250 people employed per million passenger throughput. Prestwick Airport's employment figure is much lower than the other airports due to its heavy dependence on Ryanair, the most aggressive exponent of the low cost model. According to the OAG (Official Airline Guide) database, Ryanair represented 94% of aircraft movements at Prestwick in the year to August 2010.

The table below shows that all the airports apart from Bristol expect labour productivity to improve with the growing influence of low cost operators and it is interesting to note that Bournemouth Airport is forecasting the same labour productivity levels as Prestwick Airport in 2015 (250 jobs per million throughput). Bristol International appears to be the only airport in denial - the economic impact study backing up the Master Plan[5] figure for direct employment, assumes airline employment on site to grow in direct proportion to passenger numbers. This is clearly questionable given the growing importance of low cost operators to the airport.

[5] *Bristol International Airport Economic Impact Study, Final Report, October 2005 (as amended October 2006), Roger Tym & Partners*

Table 8

Direct Airport Employment: No. of Jobs per Million Passenger Throughput (Full Time Equivalents, (FTEs))

	Bournemouth (a)	Bristol	Southampton	Prestwick	Leeds Bradford
Year					
2005 actual	408	439	652		510
2007 actual				248	
2015 E	247	469	505	na	451*
2030 E	209	455	431	na	329
Airport Passenger numbers - 2005 vs 2009 (million)					
2005	0.8	5.3	1.8	2.4	2.6
2009	0.9	5.6	1.8	1.8	2.6

(a) The master plan employment figure excludes employment in the large business park on the airport site

* 2016

Source: Airport master plans, CAA, *Economic Impact of Glasgow Prestwick Airport, SQW Consulting, February 2008, Bristol International Airport Economic Impact Study, Final Report, October 2005 (as amended October 2006), Roger Tym & Partners.*

5.5.2: Implications for Lydd Airport

Table 8 clearly demonstrates that the rule of thumb that Lydd Airport will create 600 jobs per million passenger throughput, exaggerates the rate of job creation. Lydd Airport is seeking the runway extension to cater for B737s/A319s. If successful and one carrier dominates operating with one aircraft type, Lydd Airport's employment characteristics will be more in line with Prestwick airport which is dominated by Ryanair. This airport only employed 250 people per million passenger throughput in 2007 and has not provided a forecast although it is unlikely to improve much on this figure in the future as Ryanair itself has admitted the low cost model has gone as far as it can go. The presence of Ryanair at Lydd is unlikely, as the airline would not tolerate the restricted airspace in Lydd Airport's immediate vicinity as it reduces operating efficiency, while there is also uncertainty over the extended runway's ability to cater for B737 800s.

Bournemouth, Bristol and Leeds Bradford tend to be dependent on a range of operators including low cost carriers, which continue to grow in importance, and their historic figures are all below Lydd Airport's rule of thumb. Even Southampton which is dominated by Flybe an airline that maintains some historical attributes and uses smaller aircraft types [6]than the B737/A319 due to the physical constraints of its runway, is forecasting a figure of 505 jobs per million passengers by 2015 - the time at which the airport could be fully operational, assuming permission is granted.

The analysis suggests that if the runway extension at Lydd attracts operators aggressively espousing the low cost model using B737s/A319s (the reason for the

[6] Smaller aircraft have higher labour overheads

extension) to the exclusion of other aircraft types, this will push the airport closer to the Prestwick model and employment levels of 250 people per million throughput. On the other hand, if the airport attracts operators which have a less aggressive low cost model, using smaller aircraft types with their higher labour overheads, the employment figures will be closer to the Southampton model[7]. Adjusting for the absence of legacy issues since Lydd Airport will be effectively building an airport from scratch and the strong possibility that employment numbers will be reduced when master plans are revised, this suggests a figure of around 450 jobs per million passengers for the more intensive labour model.

Therefore depending on the type of airlines that are attracted to the airport, the rule of thumb for employment generation should be 250-450 jobs per million passenger throughput. Since, there will be diseconomies of scale at lower throughput levels because of certain fixed overheads that are required irrespective of the low output, we have added 20 people to the proportion of employment at the 500,000ppa level giving correspondingly, a range of 145 - 245 people. Similarly 20 people have been added for the lower 300,000ppa throughput giving a range of 95-155 jobs.

Table 9: Summary Gross Direct Employment Created

	Lydd Airport 300,000ppa	**Lydd Airport 500,000ppa**	**Lydd Airport 2mppa**
Gross jobs created (Lydd Airport)	**180**	**300**	**1200**
Gross jobs created (LAAG)	**95-155**	**145-245**	**500-900**

5.5.3: Why some airports are not models for Lydd Airport

Table 10 below shows employment at Exeter and Cardiff, two airports which employ well over 600 people per million passenger throughput.

[7] In the period May to August 2010 only 0.1% of Southampton's total movements were flown by B737s - the balance by smaller aircraft. Almost 90% of total movements were by aircraft types able to operate commercially from Lydd's existing runway (3.4.2.2: No necessity for development)

Table 10:
Direct Airport Employment: No. of Jobs per Million Passenger Throughput
Regional Airport's with Large Maintenance Depots
(Full Time Equivalents, (FTEs))

	Exeter	Cardiff
Year		
2004 Actual		897
2007 Actual	1333	
2015 (E)	na	na
2030 (E)	1029	na
Airport Passenger numbers – 2005 vs 2009 (million)		
2005	0.8	1.8
2009	0.8	1.6

Source: Airport master plans, CAA

Exeter Airport has become Flybe's main base i.e. it has established its corporate headquarters, engineering maintenance facility and training functions at the airport. The airline employs over 1000 people on site. Included in these numbers are 520 engineers working in Flybe's maintenance facility, which according to Exeter Airport's master plan, is Europe's largest regional airport maintenance base.

Cardiff Airport has a British Airways maintenance facility. Numbers employed at the facility have declined but in 2004 it still employed 600 people.

Why hasn't a maintenance facility been established at Lydd already? The airport could accommodate up to a B737 on the existing runway provided it is empty or has a small payload – all that is needed to bring in an aircraft for maintenance. The factors that conspire against non aviation activity at Lydd Airport are:

(1) The level of competition in surrounding regions – there are established maintenance facilities at Bournemouth (a cluster of aircraft breaker/maintenance operations including European Aviation Group), Manston (AvMan Engineering Ltd), Southend (ATC Lasham Ltd) and Lasham (also ATC Lasham Ltd).

(2) The potential difficulties in creating large facilities caused by the presence of protected habitats which surround the airport and its runway. The possibility of adverse impacts to these protected habitats means that an appropriate assessment under the Habitats Regulations needs to be carried out for any further development of the airport, whether this development is subject to planning permission or actionable under permitted development rights. The additional cost plus the prospect that certain type of work, or indeed the whole proposal, could be rejected, reduces the airport's attraction to potential customers.

With regard to establishing a base at the airport, Lydd Airport faces difficulties in attracting business per se (see later). If airlines find little attraction in flying to the airport as a service they are unlikely to fly another (empty) leg to bring aircraft back to a base at Lydd.

6.0: Airport profitability - Impact on employment

Profitability affects all businesses capacity to employ staff. A highly profitable company can afford to carry the overhead of extra people, it can afford to invest heavily in training its existing staff and in training young recruits - supporting them during the period in which they are unproductive to the point at which they contribute to the firm. By contrast, a heavily loss making company with a stretched balance sheet will always be conscious that costs must be kept under control including the cost of labour. There will be no "fat" in the system, little, if any training and no investment in new recruits.

6.1: Lydd Airport's performance

Lydd Airport is currently loss making - its costs far exceed its revenue. At such a low passenger throughput (< less than 1000 passengers per annum) it suffers from the high fixed labour overhead characteristic of an airport.

Table 11: Turnover and Losses - Lydd Airport

Year	Year to December 2007	Year to December 2008
Turnover	**£ 696,630**	**£539,972**
Loss Before Tax	**£1,919, 672**	**£1,934,173**

* Source: Report and Accounts

6.2: The reason for Lydd Airport's poor performance

Lydd Airport's poor performance is NOT due to its inability to commercially support larger aircraft such as B737s/A319's but to a wide range of factors such as severe operational constraints, limited catchment area, poor road and rail infrastructure and competition from Manston Airport and the Channel Tunnel.

The airport will face the same constraints with the runway extension

6.2.1 Operational Constraints

The proximity and nature of restricted aerospace in the airport's immediate vicinity is outlined below.

Table 12: Restricted Airspace in the Vicinity of Lydd Airport

Instillation	Distance from Lydd Airport *	Height Restriction
Lydd Military Range (DO44)	1.9 miles	4000ft
Hythe Military Range (D141)	6.0 miles	3200ft
Dungeness Nuclear Power Complex	2.7miles	2000ft
** D044 and D141 distances taken from the ARP (midpoint of runway 03/21) to closest boundary and distance for Dungeness nuclear complex is the distance from the threshold of 03 to the centre of the restricted area (R063)*		

This restricted airspace has a number of operational implications.

(1) The increase in height restrictions over the Hythe military range from 2001 led to the introduction (2006) of a 5 degree offset Instrument Landing System (ILS). Pilots must make manual adjustments to get to the centre line of the runway as opposed to being directed to the centre line by a standard ILS. The slope of the ILS is also 3.5 degrees as opposed to the standard 3 degrees.

(2) There is only an ILS on the approach to one runway direction – runway 21. There is no ILS on the other runway (ie in the opposite direction – runway 03) due to the restricted airspace over the Lydd military range. The new RNAV (GPS) approach procedure introduced in 2009 has given the airport an instrument approach to runway 03 but this can only be used when the Lydd Military Range is not active.

(3) The Lydd military range is active for 300 days of the year. The range hours are between 8.30 and 23.00 and since the airport has ruled out flight between 23:00 hours and 7.00 hours it will not be possible to fly at night through the range. This means when the range is active and when winds favour runway 03 (easterly winds), large passenger aircraft including Boeing 737/Airbus A319 type cannot land on runway 03 and would therefore have to land on runway 21 with a tail wind. Lydd Airport claims that Boeing 737s and Airbus could land with up to a 10 knot tail wind, and then they would be required to divert, although the threshold for diversion could be lower than 10 knots depending on whether the runway is dry or wet (see Spaven Consulting, LAAG/10/A)

(4) Even if the airport changes its view regarding night flying, or is released from this constraint, there is no guarantee that the airspace will be available to the airport over night. The current AIP indicates that the range airspace is not available for 24 hours of the day (see *Appendix 7, LAAG/6/A: Changes since the Secretary of State's 1992 decision to grant planning permission*). This indicates that although the official hours of the Lydd military range today are 0830-2300, the MOD has made it clear that it wants to have maximum flexibility should it choose to operate at night.

(5) All aircraft over 5.7tonnes must turn right on takeoff and make a difficult right hand turn to avoid the Lydd Military Range. Although this requirement to turn right is dictated by nuclear safety considerations, following the imposition of the restricted area around the nuclear power stations (R063) in 2002 it became physically impossible for larger aircraft to make this left hand turn without infringing the restricted area. .

6.2.2: Lydd Airport will struggle to achieve 500,000ppa

The existence of restricted airspace, the resulting elimination of certain flight paths and necessity for complex flight procedures result in a higher incidence of aborted landings and go-arounds and a relatively high level of aircraft diversions compared to other airports. This reduces the efficiency of the airport and especially reduces its attraction to low cost operators whose mantra is to turn aircraft around as quickly as possible.

This makes it highly unlikely that a low cost schedule airline will operate from Lydd on a 365 day basis, or even on a 5/6 day a week all year round schedule. Any traffic that is attracted is likely to be more seasonal and less time critical which means the supporting labour requirement at Lydd Airport will be correspondingly seasonal.

Given the importance of the low cost operators to all regional airports (and to mainstream airports such as Stansted and Gatwick) this means Lydd Airport will struggle to achieve its throughput of 500,000ppa and therefore the economic benefits it purports to provide.

6.2.3: Indicators that Lydd Airport will struggle to achieve its planned 500,000ppa throughput

(1) Manston Airport has struggled as a going concern as an independent commercial airport, despite its attributes over Lydd – the airport can support B747s and is not encumbered by restricted airspace in its immediate vicinity.

(2) Lydd, like Manston Airport will continue to suffer from competition from the Channel Tunnel as more train operators use the tunnel and provide a wider base of European travel destinations.

(3) Lydd Airport has been unable to attract airlines to cover the excess capacity on its existing smaller 1505m runway which can support aircraft types up to the BAe146. Some 40% of the projected passengers in the 300,000ppa with runway extension scenario and over 30% of the projected passengers for the 500,000ppa are forecast to be carried by aircraft types that can already safely use Lydd Airport's current runway. Why will airlines that operate with these aircraft types suddenly take an interest in Lydd Airport when the runway is extended?

(4) There has been no increase in demand for Lydd Airport's services post the introduction of its new ILS in 2006. Lydd Airport claimed pre 2006 that the absence of an ILS was the reason for the airport's poor performance. In anticipation of the new ILS, Lydd Airport conducted a heavy marketing campaign targeted at many of the smaller airlines – Flybe, bmi Regional, Air Southwest, Scotairways, Aer Arran, Eastern Airways, Skybus and a host of smaller European airports. It yielded no results (see CD11.10 (LAAG)).

(5) Flybe has subsequently started scheduled services to Edinburgh and Manchester at Manston Airport using an aircraft type (Bombardier (Dash 8) Q400) that can safely operate from the current runway. Why will Flybe be attracted to the extended runway?

(6) The airport failed to support a once weekly service by CityJet to Jersey using a 50 seat Fokker proposed between July 10th and September 11th, 2010. Designed to complement Cityjet's existing service from Manston, this service was widely marketed from December 2009 by Lydd Airport, but in June 2010, it was announced that the service would not go ahead due to lack of demand. Similarly, a business jet operation was established in 2005 but was cut back heavily in 2007 due to the lack of demand.

7.0: Usability

For a comprehensive assessment of Lydd Airport's operational shortcomings including an assessment of usability, a key factor in determining commercial interest in airports, see Malcolm Spaven's Aviation assessment (LAAG/10/A) in which he concludes that the "level of usability of the airport is unlikely to be regarded by any airline as sufficient to support a regular commercial service".

8.0: Profitability at 500,000ppa?

LAAG has demonstrated that Lydd will be unlikely to achieve its throughput of 500,000ppa but on the assumption that our assessment is incorrect or new technologies are introduced to overcome the airport's operational constraints, the evidence suggests that a throughput greater than 500,000ppa is required to achieve profitability.

LAAG commissioned Cranfield University to comment on our contention that Lydd Airport would remain loss making at a throughput of 500,000ppa (Appendix 2). The study's conclusions are set out below.

- *It is highly unlikely that Lydd Airport could make a positive operating profit at levels of annual passenger throughput of 500,000*
- *The only way an airport of such a traffic volume could be profitable would be to attract lucrative off-shore oil business, a flourishing business park or other activities on the airport that were not related to commercial air transport activities.*
- *Lydd Airport has none of the specific advantages that a very limited number of other UK airports have for successful commercial exploitation of the above activities, and could be seriously disadvantaged by the special status of the land surrounding the airport.*
- *Low passenger numbers are unlikely to attract the more successful concessionaires, severely limiting the potential to generate ancillary revenues*

The Cranfield work is in keeping with claims made by Infratil after it bought Manston Airport in August 2005. Infratil stated on page 36 of its annual Report & Accounts (March 2006): "*At the time of the acquisition, Infratil stated that it expected to spend approximately £20m over three years before achieving estimated breakeven levels of 700,000 passengers and 50,000tonnes of freight per annum."*

LAAG believes the breakeven number of passengers at Lydd Airport would be higher than 700,000 passengers per annum due to the lower efficiency of Lydd Airport and the unlikelihood that it will be a favoured freight location as long haul capability is generally required to make freight viable - Lydd Airport will not be able to operate long haul flights even after the proposed runway extension.

This means, even if Lydd Airport were able to generate a throughput of 500,000ppa it would remain unprofitable, and therefore would continue to keep a tight rein on costs, including staff costs.

8.0: The net employment position

Lydd Airport's assessment of the economic impact fails to take into account the impact of its development on existing employment. Indeed the airport contends[8] that: *"No negative impacts are expected on recreational facilities in close proximity to LAA from the proposed development*". This is clearly incorrect.

8.1: Impact on traditional leisure industries

The economic value of Romney Marsh is determined by its rural setting and tranquillity and its extensive beaches. Visitors come to Romney Marsh "to get away from it all". The noise, pollution and urbanisation that accompany the development of an airport will alienate visitors to Romney Marsh, adversely affecting the extensive network of caravan parks, pubs, restaurants and other visitor attractions located in the area.

To suggest that[9] - "*Although the holiday villages and caravan parks in Greatstone-on-Sea, Littlestone-on-Sea and New Romney may be adversely affected due to changes in local ambiance, the proposed development will also make these areas more accessible to inbound tourist -"* - is contradictory and illogical. Lydd Airport admits that the facilities will be adversely affected, implying that this will reduce their attraction to domestic users but at the same time make them more accessible to inbound tourists. They certainly will be more accessible but this does not mean they will be used. If the reduced ambience alienates the locals it will have the same impact on foreigners.

A full analysis of the possible impact of the airport on local facilities is given in CD3.2(LAAG)*11.0.4 - LAAG's response to Lydd Airport's planning application (published December 2006), dated April 26th 2007,* and will not be repeated here, other than to mention that a reduction in the number of caravan parks, (estimated by LAAG to employ 430 people on Romney Marsh including part time workers) would have a significant impact on the local economy because of their multiplier impact on other services - people owning caravans are extensive users of pubs, restaurants and visitor attractions. A number of the largest caravan parks are located under the Instrument Landing System (ILS) approach path and are particularly vulnerable as they will experience noise and pollution from almost all in coming flights from larger aircraft.

[8] 17.6.15, page 350, Chapter 17, Socio Economic Issues, Terminal Building ES, December 2006
[9] ibid, 17.6.19

8.2: The tourist deficit

Lydd Airport claims that inbound tourism will have a beneficial impact on the local economy[10]. There is no evidence to suggest this is the case. At all UK airports more UK tourists leave than arrive from other countries and this deficit is even more pronounced in smaller airports since they are not near major tourist centres. This has direct implications for employment both regionally and nationally.

Brian Sewell in his publication *Airport jobs: false hopes, cruel hoax* (see Appendix 1) illustrates the scale of the tourism deficit (page 19) and the tourist employment deficit. His paper shows that in 2005 the British had 41.5 million more holidays abroad than foreigners coming to the UK, with the attendant impact on employment since there are more British spending money abroad than the number of foreigners spending money here in the UK.

His paper publishes a table compiled from the seminal work on the cost of regional tourism deficits by Friends of the Earth which is reproduced below [11] (See Appendix 3). Although London and the South East are in a better position than most regions there is still a sizeable loss of jobs to overseas venues.

Lydd's location is too removed from the major tourist and business centres to be of interest to overseas travellers, its operational constrains and likely lack of scheduled services further limiting its attraction to business customers. Seasonal services for UK holiday makers will mainly comprise the outbound leg taking this week's contingent to their destinations, with the inbound leg mostly returning with the previous weeks contingent.

In conclusion, yes there will be some inbound tourists at Lydd if it is successful but their impact on the economy will be far outweighed by the spending power that goes broad.

[10] Ibid, 17.6.7-17.6.22, page 350 & 351
[11]

Table 13: The Tourist Deficit

Region	Tourism deficit 2005 (£ million)	Tourism jobs lost 2005	Jobs at airports 2004	Net loss of jobs, rounded
	A	B	C	C
North East	- 761	40,000	4,100	36,000
North West	- 2,212	116,000	21,800	94,000
York/ Humber	- 1,610	85,000	2,100	83,000
East Midlands	- 1,339	70,000	6,500	64,000
West Midlands	- 1,680	88,000	7,200	81,000
East of England	- 1,913	101,000	20,000	81,000
London and South East	- 2,335	124,000	96,800	27,000
South West	- 1,240	65,000	6,800	58,000
Wales	- 756	40,000	1,800	38,000
Scotland	- 1,291	68,000	12,400	56,000
N. Ireland	- 114	6,000	5,300	1,000
TOTAL	- 15,251	803,000	184,800	620,000

8.3: Impact on the Dungeness Nuclear Power Complex

8.3.1: Current status of Dungeness A & Dungeness B

The Dungeness nuclear power complex is one of the principal foci of high quality employment in Shepway and certainly on Romney Marsh. The current complex comprises, Dungeness A which is currently being decommissioned, and Dungeness B which is scheduled to be decommissioned in 2018, although there is a strong possibility that there will be a five year extension to 2023.

8.3.2: The possibility of a third power station - Dungeness C

Although the government has ruled out Dungeness as a site for a new nuclear power station (Dungeness C) by 2025, it has not ruled it out as a site for development over the longer term, although it is interesting to note that the current response to the consultation on the draft NPS for energy infrastructure[12] (CD15.1 (SDC)) suggests that the coalition government clearly believes there is a sporting chance that a third power station at Dungeness could go ahead before 2025.

[12] The Government Response to the Consultation on the draft NPS for Energy Infrastructure, 7.891-7.893

8.3.3: Why Dungeness failed to be selected in the current new build round

Dungeness failed to be selected this time round because it was determined that its development would adversely affect the integrity of the Dungeness Special Area of Conservation (SAC) (the same designation that runs along one side of Lydd Airport's runway). Although a development is possible under the Habitats Regulations when it causes adverse impacts, it can only proceed when there is NO alternative and the development is viewed to be in the over-riding public interest (public interest test). Although it could be argued that energy supply is in the over-riding public interest, currently there are alternatives to Dungeness. The government concluded[13] that the eight nuclear sites it has identified more than cover the quota of nuclear power required to meet the country's energy needs. Therefore, Dungeness C cannot currently proceed.

8.3.4: Why the development of Lydd Airport could lead to the permanent loss of Dungeness as a new build site for a nuclear power station

8.3.4.1: Beyond 2025 the building of a new power station at Dungeness is possible since the alternatives test of the Habitats Regulations could be satisfied, allowing the development to proceed because it is deemed to be in the overriding public interest.

To allow the development to proceed, it must be established that there is no alternative to Dungeness. Post 2025 the eight locations proposed under the current new build programme, which are mainly existing sites, will be fully utilised and Greenfield development is unlikely to be an option due to public opposition and the difficulty in identifying deep water coastal locations in remote areas. Therefore, despite the development continuing to have adverse impacts on the designated site, because there is no alternative and the development is deemed to be in the public interest, it will be allowed to proceed.

However, if Lydd Airport becomes a busy regional airport there will be strong pressure to preserve Lydd Airport's established commercial presence particularly if it can demonstrate that the construction of a third nuclear power station will have an adverse impact on it operationally. This, and the undesirable presence of large concentrations of people and aircraft arriving and departing from Lydd could outweigh Dungeness C's release from the strictures of the Habitats Regulations and Dungeness would be lost as a new build site for ever.

8.4: Lydd Airport as a hazard

8.4.1: Risk assessments

A new nuclear power station will have a life of 60 years so that all possibilities will need to be considered in a risk assessment. If planning permission is granted and Lydd Airport is successful, its throughput will not stop at 500,000ppa as the experience of other airports demonstrates. Stansted had 650,000 passengers in 1987 and had grown to peak at 24million by 2007.

[13] Ibid, 7.890

Lydd faces higher obstacles to growth than Stansted Airport. The Habitats Regulations could remain a restraining factor on Lydd Airport's growth. But, if the airport is allowed to expand under the existing application, it is difficult to envisage further development being capped, particularly over a 60 year period given improvements in aircraft technology leading to lower noise and emissions.

Even if Lydd Airport gets planning permission for its development but continues to struggle as an airport over the next decade, this does not mean it can be ruled out as a hazard. Its intentions are clear, as set out in its Master plan, and it will have new infrastructure which gives it the potential to realize its objectives if circumstances change over the 60 year period. For example, if the Lydd and Hythe military ranges were disbanded, this would transform the operational aspects of this airport and make it more attractive to airlines.

8.4.2: European input - Treaty establishing the European Atomic Energy Community (EURATOM)

The public safety aspects of this development will continue to be highly controversial due to Lydd Airport's close proximity to the nuclear power complex. Britain's regulator, the Nuclear Installations Inspectorate (NII) will not be the only arbiter of safety. Under Article 41 of the European Treaty establishing EURATUM (See Appendix 4) the European Commission has the right to make an independent safety assessment). This must be made no later than three months before construction begins (Article 42). The Commission's conclusion about Lydd Airport's status as a hazard could be at odds with that of the Nuclear Installations Inspectorate. Although it could not stop the development of Dungeness C on safety grounds the Commission would make its opinions public, providing ammunition for opponents of nuclear power to frustrate or stop the new power plant's development.

8.4.3: European input - New European Directive

From July 2011 there will be more pressure on the Nuclear Installations Inspectorate to publish its safety assessments as a result of Article 8 of a new European Directive (2009/71/EURATUM) which must be incorporated into UK law by July 22nd 2011 (see Appendix 5). The Directives objectives are:

(a) to establish a Community framework in order to maintain and promote the continuous improvement of nuclear safety and its regulation;

(b) to ensure that Member States shall provide for appropriate national arrangements for a high level of nuclear safety to protect workers and the general public against the dangers arising from ionizing radiations from nuclear installations.

The directive means that nuclear safety will have a European dimension, whereas currently nuclear safety is controlled by national laws. Many of the provisions will overlap with existing national laws in countries with established nuclear plants such as the UK, but Article 8 will put more pressure on the UK to be more transparent.

Article 8 in its entirety states that: *Member States shall ensure that information in relation to the regulation of nuclear safety is made available to the workers and the general public. This obligation includes ensuring that the competent regulatory authority informs the public in the fields of its competence. Information shall be made*

available to the public in accordance with national legislation and international obligations, provided that this does not jeopardise other interests such as, inter alia, security, recognised in national legislation or international obligations.

It is written with a certain margin of interpretation (the old bogey of security is cited) so that how the directive is implemented will depend on the evolution of case law. But, if the development of Lydd Airport is allowed to proceed and the NII continues to refuse to allow its risk assessment to be subject to independent scrutiny, it will be possible to mount a challenge on the basis that the directive has not been properly implemented.

In the case of the current planning application, it would be hoped that a successful challenge would lead to the halting of Lydd Airport's development through an objection to the planning application, with an independent assessment showing that the NII's assessment was flawed. On the other hand, if this challenge occurred say in 10-20 years when Lydd Airport was established as a regional airport and was therefore regarded as an existing hazard – it could be the third power station that is the victim.

8.5: The consequences of Dungeness C's loss

The table below shows the labour employed by a third power station at Dungeness (Dungeness C) at a notional starting date of 2025. The labour input will be swelled during the construction phase and settle down at around 400 permanent staff per annum, most of them highly skilled. The plant will be operational 365 days per year, 24 hours per day. This contrasts with the seasonal output of the airport and the corresponding low skilled nature of much of the employment. Note these figures differ from the scenario in our original response to the planning application dated April 26th 2007. To be consistent with Dungeness B we had assumed a 2 unit reactor. EDF British Energy has subsequently revealed that they intend to apply for a single unit power station. Hence, an average of 400 permanent staff rather than the 600 staff assumed previously. Our estimate of the construction work force was too low - the work force could peak at 2000. We have assumed a normalised figure of 1500.

Table 14: Numbers Employed – Dungeness C*

Year	**2028**	**2032**
Construction	1500	0
Permanent		400
Total Dungeness C	**1500**	**400**

* Single unit reactor

The table below summarises the differences between the employment characteristics of Lydd Airport and Dungeness.

Table 15: Employment Comparisons
Lydd Airport versus Dungeness C (fully Operational)

	Lydd Airport 500,000ppa	Dungeness C
Gross jobs created	**145-245**	**350-450**
High or low skill	**low**	**high**
Seasonal/365days /year	**seasonal**	**365 days/year**
Job losses directly caused by development	**yes**	**no**

In the table below we show the employment generated by the airport first against the base case only, and then after also accounting for the loss of Dungeness C. The range of employment possibilities at Lydd (250-450 jobs per million passenger throughput) has been averaged to give a figure of 350 job per million passenger throughput. For illustrative purposes it is assumed that Lydd Airport is successful and will fulfil its 500,000ppa and 2mppa objective.

As Table 16 shows there is no gain at a throughput of 300,000ppa as the airport can achieve this throughput with the existing infrastructure. At a throughput of 500,000ppa there is only a net gain of 70 jobs with a figure of 575 jobs at 2mppa.

Table 16: Net Employment created
(Relative to "do nothing" scenario)

Scenarios	Passengers per Annum	No of Jobs	Increase in Jobs
Do nothing scenario - base case	300,000	125	
300,000ppa with runway extension	300,000	125	
Less do nothing scenario		-125	**0**
500,000ppa with runway extension	500,000	195	
Less do nothing scenario		-125	**70**
Master plan objective	2,000,000	700	
Less do nothing scenario		-125	**575**

Lydd Airport assesses the employment against the current on-site employment of 68 people. This means on the basis of their rule of thumb (600 jobs created per million passenger throughput) at a throughput of 300,000ppa the net gain in employment will be112 jopbs, at 500,000ppa 232 and at 2mppa the gain is 1132. There is only a difference of 57 jobs between the two scenarios, despite the chasm in throughput, because of the high fixed labour costs of running an airport.

Table 17: Employment Gains Relative to Base

	LAAG*	Lydd Airport**
300,000ppa	0	112
500,000ppa	70	232
2million ppa	575	1132
* Baseline "do nothing scenario" ** Current conditions		

After taking into account the loss of Dungeness C there is a decline in the number employed at the 500,000ppa level and a net gain of only 175 jobs at the 2mppa throughput level. If a two unit reactor is built at Dungeness there will be a small overall loss in the number of jobs created at a throughput of 2mppa

Table 18: Net Direct Jobs Created after loss of Dungeness C (Relative to "do nothing" scenario)

Scenarios	Passengers per Annum	No of Jobs	Increase in Jobs
Do nothing scenario	300,000	125	
300,000ppa with runway extension	300,000	125	
Less do nothing scenario		-125	**0**
500,000ppa with runway extension	500,000	195	
Less do nothing scenario		-125	
Less Dungeness C		-400	**-330**
Master plan objective	2,000,000	700	
Less do nothing scenario		-125	
Less Dungeness C		-400	**175**

The above tables do not capture the full picture. They do not cover the loss of employment in the Romney Marsh leisure industry caused directly by the airport or the wider job losses to overseas leisure firms due to the tourist deficit.

Further, there are one-off gains from construction. The construction of Dungeness C will last longer than the construction of either the runway or new terminal (at least five years) and require considerably more labour. The constriction deficit is around 1200 jobs and is shown below.

Table 19: Number Employed and Cost of Construction

	Cost (£ million)	Number Employed
Dungeness C	2800	1500
Runway Extension	2	37
New Terminal	15	280
Source: Energy Review, EDF British Energy, Runway Extension ES, December 2006, Socio-Economic Issues, P363, 17.5.4, Terminal Building ES, December 2006, Socio- Economic Issues, P346, 17.5.3.		

Taking all aspects into account, irrespective of whether the baseline is taken as today or the "do nothing" scenario, there is a high probability that Lydd Airport will lead to a net decline in employment in the region.

9.0: Appendices:

Appendix 1: *Airport jobs: false hopes, cruel hoax,* Brendon Sewell, AEF, March 2009

Appendix 2: Report for Lydd Airport Action Group, Department of Air Transport, Cranfield University, December 2010

Appendix 3: Why airport expansion is bad for regional economies, Friends of the Earth, August 2005

Appendix 4:
Treaty establishing the European Atomic Energy Community (Rome, 25 March 1957)

Appendix 5: COUNCIL DIRECTIVE 2009/71/EURATOM of 25 June 2009 establishing a Community framework for the nuclear safety of nuclear installations