

## ANNEX 1: MANSTON AIRPORT EXAMINATION - DEADLINE 4

### SHP'S COMMENTS ON RESPONSES FROM RSP TO THE EXA'S WRITTEN QUESTIONS

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The table below provides SHP's comments on the responses provided by the Applicant on 15 February 2019 to the First Written Questions. As previously advised, SHP's case concentrates on issues of lawfulness, need, viability and deliverability, without prejudice to its case that other aspects of the application proposals are fundamentally flawed, as explained in SHP's Relevant Representations.

In its submission, SHP has provided detailed comments where it considers the Applicant's answers in certain cases have been disingenuous, misleading, incomplete or, at best, ill informed. Where such concerns have been raised, these have been supported by evidence contained within the comments provided in the Table below and the supporting appendices.

SHP's comments have been prepared with assistance of its advisory team, however we would note that comments prepared by York Aviation have been extracted from a standalone note that is attached as Appendix 1. York Aviation has principally commented on points of relevance to the need case and the forecasts of usage for the development that underpin the entire NSIP Justification, including the assessment of socio-economic impacts.

#### **CONTENTS**

Main Table	SHP's comments on responses provided by the Applicant to the ExA's Written Questions
Appendix 1	York Aviation report commenting on the Applicant's responses to the ExA's Written Questions and supporting appendices A-F
Appendix G.1.10	Article on Planestation plc
Appendix ND.1.41	Detailed analysis of CAA statistics on cargo Air Traffic Movements
Appendix ND.1.46(a)	Minutes of Kent County Council meeting held on 16 July 2015
Appendix ND.1.46(b)	KCC report - <i>"Manston Airport under private ownership: The story to date and the future prospects"</i> (March 2015)

Question	Topic	SHP's comments on RSP's responses
G.1.3	Thanet Local Plan – impact on employment allocations.	<p>Despite the length of RSP's response, it does not answer the question posed.</p> <p>RSP's response falsely claims that annex 4 of the Updated NSIP Justification document (REP1-006) explains why the Northern Grass Land is required to support the NSIP. In fact, the Updated NSIP Justification does not do that, or attempt to do so. Despite the well-known criticisms of the extent of the proposed "associated development" on the Northern Grass Land, Annex 4 of the Updated NSIP Justification provides no evidence to justify the extent of development proposed and, in recognition, states that additional evidence will be submitted by Deadline 3, which does not appear to have been provided.</p> <p>In the meantime, SHP's position is set out in the updated York Aviation report, February 2019 (section 6) provided at appendix 4 of SHP's Written Representations (REP3-025). In particular, from paragraph 6.31 onwards York Aviation demonstrate the inflated and un-justified nature of the proposed business park.</p> <p>TDC's Local Impact report at Section 4.2 confirms the adequacy of allocated employment land at Manston Business Park, which RSP recognise has suffered from slow take up despite its proximity to the airport and its flag ship status.</p> <p>TDC's Local Impact report (paragraph 4.2.5) confirms that the District Council does not believe that RSP has justified its proposals for commercial development on the Northern Grass Land, particularly when the Council has made adequate provision for employment development elsewhere.</p> <p>The extraordinary scale of the proposed business park is grossly out of scale with any evidence of historic or projected demand and literally incredible – particularly when account is taken of Manston's poor commercial location and the experience of more limited development at much better placed locations such as East Midlands airport.</p>
G.1.7	Thanet Local Plan – housing allocations	RSP's response asserts that there is no shortage of housing land, which is not in fact a response to the question asked.

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		<p>The position in relation to the availability and suitability of housing land is set out in "The Case for Housing" submitted as Appendix 3 of SHP's Written Representations (REP3-025) – see in particular Section 6, which confirms that the non-availability of Manston Airport as a result of these DCO proposals has forced the District Council to allocate substantial greenfield sites in less sustainable locations on high quality agricultural land and that there are significant concerns about the deliverability of those sites.</p>
G.1.9	Stone Hill Park Ltd (RR-1601) planning application to TDC	<p><b><u>Current Status of Hybrid Planning Application TDC reference OL/TH/16/0550</u></b></p> <p>The above application was originally submitted to Thanet District Council on 31st May 2016. It was accompanied by a suite of technical reports which confirm that the proposal would not result in any significant adverse impacts that could not be mitigated.</p> <p>In October 2017, SHP formally submitted revisions to the planning application, reflecting on-going discussions with the Council and various statutory consultees that had taken place during the statutory consultation period. The revisions comprised a series of 'new' plans/reports to replace existing plans/reports, which were assessed in a series of 'addendum' reports to support the documentation submitted with the original application. Appendix 1 of the submitted Planning Statement Addendum includes a comprehensive detailed, point-by-point response to technical statutory consultees.</p> <p>The Transport Assessment Addendum in October 2017 incorporates further transport assessment work (including a full strategic model) undertaken to supplement the information provided in the original TA. It was reviewed by KCC Highways, who considered that additional clarifications and sensitivity modelling was needed and concluded that until an agreed position could be reached on necessary infrastructure in relation to the emerging Thanet Transport Strategy / Thanet Local Plan a holding objection on the application was necessary.</p> <p>The ES Addendum was not submitted in October 2017, as further work remained on-going with respect to ecological surveys and archaeological trial trenching. The ES Addendum was never formally submitted in support of the first application however ecological surveys and the results of ecological trial trenching on the site south of Manston Road has subsequently formed part of the submission in respect of the Revised Masterplan.</p>

Question	Topic	SHP's comments on RSP's responses
		<p>The October 2017 revised submission was subject to a second round of statutory consultation where additional comments and queries were raised. SHP confirmed to the Council in writing on 25<sup>th</sup> May 2018 that the team was reviewing comments raised and were in the process of preparing additional information in response and that the application should continue to be treated as 'live'. This position remains unchanged.</p> <p><b><u>Current Status of Hybrid Planning Application TDC reference OL/TH/18/0660</u></b></p> <p>In May 2018 a hybrid application was submitted to Thanet District Council reflecting the Applicant's enhanced vision for the site, building upon the extensive consultation undertaken on the original application. The application is supported by a full suite of technical information, including an Environmental Statement which includes all necessary ecological survey data to support the application and the results of the archaeological trial trenching undertaken south of Manston Road.</p> <p>In June 2018 a supplementary report by prepared by Altitude Aviation Advisory Limited entitled 'Analysis of the Freight Market Potential of a Re-opened Manston Airport' (dated January 2018) was submitted as further supporting document as part of the above planning application. In August 2018 a Financial Viability Appraisal was submitted to Thanet District Council in support of the application.</p> <p>The application has been subject to statutory consultation, during which a number of comments and queries were raised and the team has been liaising with relevant statutory consultees to address any technical issues raised. One matter which remains outstanding is KCC's request for archaeological trial trenching on the portion of the site north of Manston Road. As this scope of work has not been required by RSP in support of the DCO, which also includes built development north of Manston Road, the team requires confirmation from KCC regarding their formal position on RSP's DCO application before committing to undertaking these works.</p> <p>In accordance with the agreed PPA, SHP have committed to funding the instruction of a third party to review the FVA submitted in support of the application. We understand that Dixon Searle has been instructed to undertake this work and SHP are awaiting initial comments.</p>

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		<p>Since submission of the application in May 2018, the emerging Thanet Local Plan position has changed and the former Manston Airport site is no longer proposed as an allocation for housing. The 2,500 homes previously allocated on the site have been directed to sites elsewhere in the District. Accordingly, additional scenario testing is needed to assess the impact of the proposal as additional to (rather than forming part of) planned housing growth contained in the latest version of the Thanet Local Plan. This would be reflected in a Transport Assessment Addendum and Environmental Statement Addendum.</p>
G.1.10	Detailed CVs	<p>We note that the Applicant has provided a CV for Dr Sally Dixon, author of the Azimuth Report (APP-085). From a review of the CV, Dr Dixon does not appear to have the level of experience or expertise that would be expected of an author of such an important part of the Applicant's DCO application.</p> <p>Other than the work in relation to Manston for the Applicant, the most relevant experience appears to be from 2000-2001 when Dr Dixon worked at Wiggins Group / PlaneStation plc <i>"with colleagues to produce the Master Plan for Manston Airport"</i>. RSP director Tony Freudmann was a colleague (Senior Vice President, Wiggins Group) with responsibility for Manston Airport at the time, which raises questions regarding the independence of the Azimuth Report.</p> <p>With regard to Wiggins Group / Planestation plc, the ExA may be unaware that it was a commercial failure that collapsed into administration in 2005. The group had been in financial trouble in the years beforehand - we note below an extract from an article in Growth Business.co.uk from September 2004 (full article in Appendix G.1.10);</p> <p style="text-align: center;"><i>"Over the past ten years the group, previously known as Wiggins, has raised more money – north of around £115 million – than its actual market valuation. With this cash it built up an international chain of seven (hitherto largely dormant) airports and an assortment of property interests and assets in the UK. Apart from property disposals, it has generated little in the way of revenues, milked its investor base for all they were worth and produced gargantuan annual losses – in the past 48 months alone it has lost more than £73 million.</i></p> <p>The CV demonstrates that Dr Dixon has had a varied career across a range of sectors and disciplines, but does not have anything like the breadth and depth of specialist experience and expertise that would be available from specialist aviation firms such as York Aviation, Altitude Aviation and AviaSolutions. The reports submitted as</p>

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		<p>appendices 4 and 5 of SHP's Written Representations (REP3-025) set out the credentials of SHP's aviation consultants.</p> <p>We would also note that Azimuth Associates appears to be Dr Dixon's own generalist freelancing consultancy. From a review of its website, Azimuth Associates does not appear to have any other employees.</p>
AQ1.18	Table 6.15 of Appendix 6.3 (APP-044) - ATM cap	<p>It always seemed inevitable that RSP would need to offer restrictions which would limit any consent to the scale of movements assessed in the ES. The belated offer of such a restriction, however, simply exposes the difficulties highlighted at paragraph 2.6 of SHP's Written Representations (REP3-025). In particular:</p> <ul style="list-style-type: none"> <li>• the scale of development proposed has a physical and operational capability nearly 5 times greater than the development assessed in the application and for which permission is now sought. The application proposals vastly exceed that which is necessary to meet even RSP's forecast of demand;</li> <li>• the actual capability of the airport now proposed by SHP is 17,170 cargo ATMs, which is below that for which the airport already has capability; and</li> <li>• the application fails to meet the necessary criteria for an NSIP and development consent cannot lawfully be granted.</li> </ul>
AQ1.19	Limits on daytime flights	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>"The question posed seeks justification for the assessed capability of the proposed cargo and passenger stands and questions whether the impacts of this level of usage have been assessed in the ES. It is clear that the claimed capability has not been assessed in the ES and the Applicant now proposes that there should be aircraft movement limits within the Noise Mitigation Plan. However, this would not be binding and could be varied by the Applicant when reviewed. The answer cross refers to calculations at OP.1.11, which provides no further insight into how the quantum of infrastructure has been justified. However, the more pertinent question is why, if this is the capability of the infrastructure, the totality of this infrastructure is required to handle the number of aircraft movements which are now proposed as the cap on activity. We address this at Section 6 of our 2019 Update Report and demonstrate that, even allowing for airlines operating at the times they prefer and for robustness and resilience, the maximum amount of development required would be around half of that applied for. "</i></p>

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CA1.4	Land Requirement – Works Nos. 15, 16 and 17	<p>The Applicant's response does not answer the question posed. In order to meet the requirements of Section 122 (2)(a) or (b) it is necessary for the applicants to demonstrate that the land <b>is required</b> for the development or to facilitate the development or is incidental to the development. As set out above in relation to G.1.3, no justification has been put forward for the scale of the development proposed on the Northern Grass. There is literally no information provided about the need for or demand for the development proposed. The tests of Section 122 are fundamentally failed.</p> <p>We would also refer the ExA to the following commentary provided in the York Aviation note (see Appendix 1):</p> <p><i>“The additional benchmarking of the requirements for such airport related uses from the Applicant that was promised by Deadline 3, and as part of the updated NSIP Justification Statement has not been provided. To assist the ExA further in understanding the limited requirement for such non-airside airport related development, we would refer the ExA to a recent report prepared for East Midlands Airport in relation to a proposed change of use of a building formerly used for cargo activities from airport related to non-airport related uses. This report (attached as Appendix A) makes clear that there is no longer demand for airport-related landside accommodation even at the UK's main air freight hub. This would strongly suggest the same would be true at Manston.”</i></p>
CA1.10	Reasonable Alternatives to compulsory acquisition	<p>We would note that the Applicant's Compulsory Acquisition Status Report (REP3-006) is incomplete and does not give an accurate account of the position. We would refer the ExA to the response given by SHP to question CA.1.17.</p>
CA1.11	Reasonable Alternatives - Previous attempts to CPO.	<p>The Applicant's response is partial and thoroughly mis-leading. Whilst “details” of involvement by RSP or RIC in any attempt to CPO the land, no such details are provided. More information is in fact provided in SHP's Written Representations (REP3-025) from paragraph 7.8 and TDC's response to CA 1.13 (and TDC's relevant appendices 3 and 4). Those details demonstrate that extensive consideration was given by TDC into the suitability of RIC as an indemnity partner to support a CPO. Despite the Council's political support for the re-opening of the airport, however, RIC was considered to be entirely unsuitable as an indemnity partner.</p> <p>As we explain in our Written Representations (REP3-025), it should be highly instructive for the Examining Authority that the district council has essentially been through the exercise now faced by the Secretary of State and concluded that compulsory acquisition could not be justified.</p>

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CA1.12	Reasonable Alternatives - Previous attempts to purchase.	The Applicant is referring to discussions with the previous owner of the airport. SHP acquired the Airport site in September 2014.
CA1.14	Risks or Impediments - Track record of Applicant	<p>The ExA specifically requested that the Applicant set out its track record in developing, constructing and managing nationally significant infrastructure projects, notably airports. However, rather than answer the question posed and provide the information requested, the Applicant just states that that its directors <i>"have significant experience in developing and managing airports"</i> and then provides some information about its consultants that is not related to the question.</p> <p>We would note that RSP director, Tony Freudmann, does have some airport experience, however the Applicant has chosen not to provide any evidence of his track record. We suspect that disclosure of the track record would not be helpful to the Applicant's case.</p> <p>As York Aviation comment in Appendix 1;</p> <p><i>"the Applicant itself has no track record of successful airport operation and development in the UK. The only UK airport operated directly by the Applicant or its principals was Manston, and its owner at the time Wiggins Group (for whom Tony Freudmann was employed) and its successors all failed to secure a viable airport operation."</i></p>
CA1.15	Risks or Impediments - Airspace change / Aerodrome Certification	<p>i. The Air Space Change process will take 2 years and there can be no certainty that an Airspace Change approval could be given that remained within the bounds of the DCO, given the limited assessment of flight swaths undertaken in the ES. It is our understanding that the airspace changes related to FASI S (to which the Applicant's Statement of Need is related) are due for consultation in 2022 and implementation in 2024-2026, so it is not clear how a reopened Manston could operate before that date. This must therefore be recognised as a material risk and impediment to the implementation of the scheme.</p> <p>ii. In the CAA guidance, the CAA advises that they will only engage on licensing and certification with parties that either own the land or have an agreement with the landowner. Therefore, the Applicant will be unable to start the certification process until they own the land. This has not been disclosed in RSP's submissions. The requirements are onerous, and given the concerns regarding the track record of RSP, there must be considered a material risk to the implementation of the scheme.</p>

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		<p>Additional comments from York Aviation note attached as Appendix 1:</p> <p><i>“The Application Documents are predicated on the Airport’s first year of operation being 2020. This is highly unlikely to be achievable. As we discuss later (F.1.6), the amount of capital expenditure now cited as required to enable the Airport to be operational strongly suggests that opening in 2020 would not be physically achievable given the expected timeframe for a DCO decision.</i></p> <p><i>In any event, it is highly unlikely that the required airspace changes could be completed in time to allow the Airport to become operational before 2022 at the earliest. This would significantly narrow the gap between the time when the Airport might become operational and the delivery of additional runway capacity at Heathrow to facilitate cargo capacity growth there. The CAA’s response to Question Ns.1.24 makes clear that it would normally be likely to take at least 60-70 weeks from the initiation of the airspace change process to flight path options being defined. There then follows a CAA decision making process of at least 8 weeks. We note that the process was initiated on 14<sup>th</sup> January 2019, meaning that the earliest that the required airspace could be in place would theoretically be mid-2020, assuming no delays to the process as set out in the CAA document CAP1616, which outlines the process for delivering an airspace change. Heathrow has recently consulted on its design envelopes for achieving independent parallel approaches to its existing runways ahead of Runway 3. This consultation has just closed and Heathrow Airport expects to be able to consult on design options in 2020 and to submit its final options to the CAA in 2021 for approval, with implementation being in 2022 - <a href="https://afo.heathrowconsultation.com/wp-content/uploads/sites/4/2019/01/3625-HRW-2R-AIR-CON-1-3.1-3R-Consultation-Booklet-Update-1-AW-LR-pages.pdf">https://afo.heathrowconsultation.com/wp-content/uploads/sites/4/2019/01/3625-HRW-2R-AIR-CON-1-3.1-3R-Consultation-Booklet-Update-1-AW-LR-pages.pdf</a>. This would suggest that flightpath implementation in 2022 is the earliest possible date given the consultation requirements of the CAP1616 process, but we note that RSP has not yet commenced any of the consultation required regarding Design Principles or Design Envelopes that would be required ahead of the definition of the options and submission for approval. Furthermore, the Statement of Need, as published on the CAA Airspace Change website - <a href="https://airspacechange.caa.co.uk/PublicProposalArea?pID=112">https://airspacechange.caa.co.uk/PublicProposalArea?pID=112</a> links the change to the FASI S programme, which is a major airspace redesign exercise covering the whole of the South East of England, including inter alia the redesign of airspace required to facilitate the 3<sup>rd</sup> runway at Heathrow. It is our understanding that, because of the complex interactions between flightpaths serving all of the airports in the South East, consultation on flight path options across the full range of airports is planned to be concurrent to ensure that all of the interfaces</i></p>

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		<i>are correctly identified. This is planned for 2022, with implementation of the new airspace arrangements in the period 2024-2026. It is entirely possible that new flightpaths for Manston could not be in place until this later date."</i>
CA1.16	Acquiring by Voluntary agreement	The Applicant has provided a highly selective and misleading response to the ExA's question CA.1.16 (i). We would refer the ExA to the answer provided in SHP's response to question CA.1.17 (i).
CA1.36	Relevant Representations: Affected Persons – Defence Infrastructure Organisation	<p>i. The failure to address this issue is a material risk and impediment to implementation of the scheme. The Applicant should have properly addressed this issue prior to submission of its application and ensured the relocation of the HRDF Beacon was <i>"an integral and significant part of the Development Consent Application"</i> as noted in the DIO's Deadline 2 submission.</p> <p>ii. As noted in its Deadline 2 submission, the DIO considers <i>"the applicant has rather glossed over the issues surrounding the possible relocation of the HRDF with the information that it has provided to the Planning Inspectorate"</i>.</p> <p>iii. The Applicant's scheme could not be implemented without the HRDF beacon first being relocated to an acceptable location. The DIO will require that certain restrictions are placed on development around the HRDF beacon, it cannot be taken for granted that this can be achieved in a way that is acceptable to the DIO and other interested parties. It is unlikely that the DIO would accept a lease arrangement that is temporary in nature. Accordingly, this issue is a clear impediment to the implementation of the scheme.</p>
DCO 1.1	Associated Development	<p>The Applicant has completely failed to address the question posed. Rather than provide a <i>"reasoned note"</i> as requested by the ExA it has referred to some minor amendments made to the revised dDCO.</p> <p>We would also bring to the ExA's attention the Applicant's failure to meet the specific commitment given at the dDCO hearing on 10 January 2019 to provide an explanation and justification of the works that comprise NSIP development and associated development. Paragraphs 3.9 – 3.14 of SHP's Summary of Oral Submissions to ISH1 provided at Deadline 1 (REP1-022), sets out the specific commitments provided by Counsel for the Applicant. These commitments are confirmed by the recordings but, to assist the ExA, we note below an extract of paragraph 3.11;</p>

Question	Topic	SHP's comments on RSP's responses
		<p><i>“3.11 In response to a query from the ExA, Counsel for the Applicant again stated it would provide the list of what is the NSIP and what is Associated Development for Deadline 1 and the rationale would be provided for Deadline 3. The ExA then urged that the full information is provided for Deadline 1. The ExA explained that a list is useful but not as useful as an explanation of why certain works are NSIP and why other works are Associated Development. Counsel for the Applicant confirmed that it would aim to provide as much information as possible by Deadline 1.”</i></p> <p>Furthermore, we have reviewed the Applicant's wider Deadline 3 submissions and can find no evidence that it has fulfilled the commitment provided in the following paragraph 18 of Annex 4 to its revised NSIP Justification (REP1-006);</p> <p><i>“18. Having indicated the kind of occupiers that are likely to be attracted to the Northern Grass and their role in supporting the airport's operation, the Applicant will seek to provide to the Examining Authority further examples of this type of airport-related development from other UK airports and important cargo led airports in Europe and North America. This additional evidence will be submitted by Deadline 3.”</i></p> <p>We would also refer the ExA to Appendix 1: Rebuttal of NSIP Justification to SHP's Written Representations (REP3-025). This detailed document demonstrates the weakness and failures of the Applicant's arguments relating to NSIP development and associated development.</p> <p>SHP consider it unacceptable that, two months into the examination period, the Applicant still refuses to provide an explanation and justification of how each element of the proposed works satisfy the criteria for NSIP development or associated development. The only reasonable explanation for this disregard for deadlines set by the ExA, is that the Applicant is unable to provide justification that its proposed development complies with the relevant legislation and guidance, or that it is needed.</p>
E1.2	The “worst case”	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“The Applicant's response to Question E.1.2 states that the information provided at Tables 3.7 and 3.8 of the ES represent the worst case for environmental assessment. However, as made clear in Table 3.1 of the York Aviation</i></p>

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		<p><i>2019 Update Report, the information in these tables does not match other information regarding the mix of aircraft types expected set out elsewhere in the Application Documentation. In particular, Appendix 3.3. of the ES, which purports to set out the forecasts used as the basis of the environmental assessment, shows a higher proportion of Code E aircraft in the fleet mix than the data in Tables 3.7 and 3.8, which would have the effect of increasing some aspects of the environmental impact. The ExA cannot be certain, therefore, that the worst case impacts have been consistently assessed."</i></p>
E1.3	Passenger Air Traffic Movements	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>"We note that when considering the capability of the infrastructure proposed by RSP, we did not consider the capability provided by 3 tear down aircraft stands. In the absence of any clear justification for the provision of 3 full aircraft stands for such purposes, the provision of these stands simply adds to the overall degree to which there is over-provision of infrastructure even in the highly unlikely event of RSP's 'forecasts' being achievable."</i></p>
E1.5	Assessment of Strategic Site Alternatives	<p>RSP's response does not answer the question posed.</p> <p>Section 5, volume 1 of the Azimuth report (APP-085) is not a review of strategic alternatives, it is a partial and outdated assessment of capacity at existing airfields.</p> <p>SHP's Written Representations (from paragraph 6.4) (REP3-025) provides an up to date assessment of capacity at existing airports by reference to the detailed updated analysis provided by York Aviation and Altitude Aviation. For the reasons set out there, there are a range of existing alternatives with significant current and planned capacity better located and more capable than meeting any identified need.</p>
E1.7	Planning Statement and dDCO – EIA assessment	<p>Please refer to AQ 1.18 in relation to the consequences of the movement cap.</p> <p>Whilst RSP now commits to a movement cap it does not address the gross inconsistency between the cap and the scale of facilities proposed in the application.</p>
F1.2	The Undertaker and availability of funds	<p>The information provided by the Applicant in response to this question does not provide the reader with any understanding of the ownership and structure of the Applicant (and its subsidiary companies) or the availability of</p>

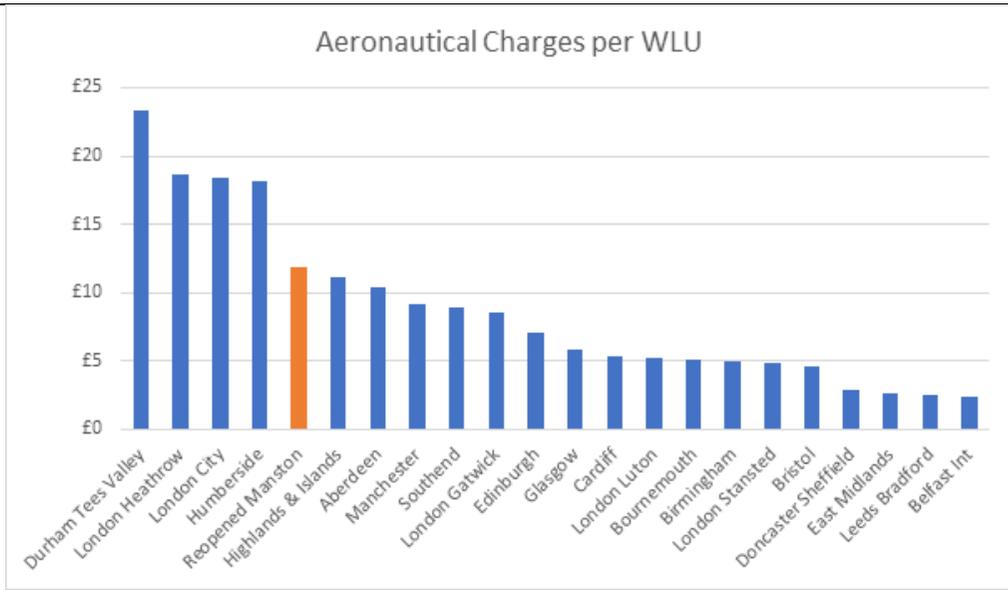
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		<p>funding. It is noted that the information contained in the appendix relates only to RiverOak Operations Ltd for the financial period ending 31 August 2017.</p> <p>Note 12 to the financial statements confirms “[T]he ultimate controlling party is MIO Investments Limited, a 90% shareholder in the parent undertaking.” Despite previous assurances that it would identify its “investors”, the Applicant has refused to disclose any information about MIO Investments Ltd. As the company is registered in Belize, this information (on beneficial ownership, directors, financial statements etc) is not publically available.</p>
F1.3	The Undertaker and availability of funds - Joint venture agreement	<p>The Applicant’s response to the ExA’s request to provide the Joint Venture agreement and the identities of the parties to it, is deeply concerning.</p> <p>The Applicant has refused to provide the information requested by the ExA on the stated basis of there being an ongoing restructure of its ownership and funding arrangements and that as a result of which the previous Joint Venture Agreement has now been terminated.</p> <p>This raises the very pertinent question that if the Applicant’s previous Joint Venture agreement from which they were going to fund its project has now been terminated, does the Applicant currently have access to funding to complete the DCO process?</p> <p>The repeated requests made of the Applicant to provide details of its financial structure, its funding arrangements and the identities of its sponsors by both the Planning Inspectorate and the ExA have been ignored. This is despite the clear advice to the Applicant in the S51 letter of 14 August 2018 (PD-002) that <i>“the Funding Statement poses substantial risk to the examination”</i></p> <p>The Applicant’s reluctance to provide the requested information and transparency to the ExA at a point when significant Public and Private resources are being expended on the DCO is unacceptable.</p>

F1.4	The Undertaker and Availability of funds	<p>ii. The Applicant has not answered the question posed by the ExA.</p> <p>Instead the Applicant has provided a list of unidentified and unevidenced parties that they claim they have had discussions with at some point in the past.</p> <p>It would be entirely normal in a funding process that seriously interested institutional funders would be prepared to publicly provide conditional support letters at least, “letters of comfort” in relation to project finance opportunities where there was a real interest in them providing funding.</p> <p>It is telling, but not surprising, that the Applicant has not provided the requested information.</p> <p>There should be no reason that commercially redacted correspondence from all the institutions mentioned could not have been provided to the ExA. Logically, if these funders are interested in Manston a becoming successful cargo hub why would they not lend their support to the Application?</p> <p>The Applicant goes on to claim that their team has extensive experience in Capital Markets in both debt and equity raising. Given this experience can they point at any successful privately funded start up airport that is analogous to Manston and identify which entities have funded the development? We have not been able to identify any comparators.</p> <p>The Applicant seeks to further justify their continued refusal to comply with the ExA’s request for detailed information with reference to statute and guidance. By providing no information at all, it is clear that the Applicant has not complied with either statute or guidance. Given the lack of evidence of any available funding there can be no certainty that if the DCO was granted that the project could be delivered, or even that the costs of the DCO process can be met by the Applicant.</p> <p>The Applicant’s updated Capex plan whereby the costs to re-open the airport are claimed to have now increased from £100m to £186m since the Acceptance of the DCO Application is not indicative of a business or funding plan that had been fully thought through and will have material implications on both funding and project viability.</p>
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		<p>This change in funding profile means that in order for the development to proceed (should the DCO be granted) the Applicant would have to secure committed capex funding of £186m, plus significant additional funding for land acquisition and related costs.</p> <p>The Altitude Aviation report included as Appendix 5 to SHP’s written representations (REP3-025) set out in detail the challenges facing the Applicant. Paragraphs 13-15 of the Executive Summary, comment as follows;</p> <p><i>“13. RSP has not provided any detailed business plan / financial forecasts that would be necessary to support either debt and/or equity raising processes. As a start-up business with no track record of performance or profitability, it should be noted that there would be a much higher threshold of information required by funders. With RSP stating that construction will be underway in 2020, it is highly surprising that this information has not been shared with the Examination</i></p> <p><i>“14. Based on the analysis of lower throughput UK regional airports and our experience of the UK airport funding market, we would expect RSP to struggle to secure material levels of debt or equity investment for its project.</i></p> <p><i>“15. Furthermore, based on our experience and taking into account the very high-level information provided on capital investment, we are of the opinion that the airport is unlikely to be economically viable even if RSP could deliver on its optimistic forecasts.”</i></p> <p>In order to recommend granting of the DCO the ExA must to be satisfied that there is a reasonable prospect of such a material amount of funding being raised and committed. This conclusion is currently impossible to reach given the lack of information provided by the Applicant and the fundamental flaws in the Applicant’s need and viability cases.</p>
F1.5	Resource Implications – Implementation of the Project Business plan / costings	<p>The Applicant has not answered the ExA’s question.</p> <p>What has been provided raises more questions that it answers.</p> <p>What the Applicant has provided is not a Business Plan. It provides insufficient details of revenue and costs to even establish the right questions to ask in relation to the project’s viability. Nor does it demonstrate what levels of</p>

		<p>financial support/cross subsidy between the various business steams identified in the DCO Application which will be essential in considering the position with regard to Associated Development.</p> <p>In the absence of any assessment of the Business Case within the RSP Application Documents, York Aviation had undertaken an assessment of the potential viability of re-opening Manston Airport based on the traffic ‘forecasts’ that underpin RSP’s proposals, notwithstanding that they lack any credibility. This was presented in section 7 of its updated report which was included as Appendix 4 to SHP’s Written Representations (REP3-025).</p> <p>York Aviation’s analysis showed that the RSP proposals for Manston Airport are not commercially viable even based on their unreasonably optimistic traffic ‘forecasts’ and taking a number of optimistic revenue assumptions.</p> <p>York further commented that <i>“Fundamentally, the analysis of potential viability strongly suggests that no rational private sector investor would fund the re-opening of Manston Airport on the basis proposed by RSP. The Airport was never previously a financially viable operation and we see no reason for this to be any different in future. When properly analysed, there is little prospect of the operation generating sufficient revenues to cover the costs for the investors nor deliver any returns on the investment for the foreseeable future.”</i></p> <p>We would further note that based on the Applicant’s numbers in its 5<sup>th</sup> year of flight operations the reopened Manston would generate an EBITDA of £27.5m from 16,846 aircraft movements (a combination of 10,144 freight movements and 6,702 passenger movements – carrying 0.97m passengers). For comparison, East Midlands Airport (in the twelve months to the end of March 2018) had an estimated EBITDA of £18.5m (reported Operating Profit of £6.9m added back a reported depreciation charge of £11.6m). East Midlands achieved this level of EBITDA with 56,665 flights in 2017 (21,286 cargo flights and 35,369 passenger flights - carrying 4.88m passengers).</p> <p>How realistic can it be to assume that Manston would be 49% more profitable than East Midlands from only 30% of the flights and 20% of the passengers?</p> <p>We would also refer the ExA to the following extracts from the York Aviation note (see Appendix 1):</p> <p><i>“The Applicant has appended a summary table of income and expenditure which it claims is the Business Model underpinning the whole investment of over £300m. For the reasons well explained in the 2019 Report from Altitude</i></p>
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		<p><i>Aviation Advisory, this level of information will be wholly inadequate for any investor to contemplate investment in an airport, let alone such a high risk enterprise as the re-opening of Manston Airport. This cannot be considered as a Business Model without substantial further detail of the costs and revenues by specific line item (landing fees, passenger charges, freight throughput charges, handling charges, fuel income, commercial passenger income, rentals, car parking etc) and without detailed explanation and justification for the assumptions used line by line. This has not been provided by the Applicant.</i></p> <p><i>Based on the information provided by the Applicant, Aeronautical Revenues per Workload Unit (WLU) are projected as £17.27 in Year 1 falling to £11.29 in Year 20. This means that on average the expected aeronautical charges per WLU are around £12 over the period. This would imply a charge per passenger of around £12, which is much too high for a Ryanair/low fares airline dominated airport, or revenue per tonne of cargo of around £120. This is over 2.5 times higher than the airport is previously achieved when operational. To the extent that the effect of low fare airlines is to reduce the contribution of passenger revenues overall, then charges for cargo operations will be higher and are more likely to be around the £180 per tonne mark assumed for Year 1 before passenger operations are assumed to commence. This would be approaching 4 times what Manston previously earned per tonne of cargo.</i></p> <p><i>It is also worth comparing these charges to those observed elsewhere at UK airports using the UK Airports Performance Indicators 2016/17 produced by Leigh Fisher. This suggests that Manston would have amongst the highest aeronautical charges in the UK, substantially above a wide range of major and established UK airports. We note particularly that charges would be 4.5 times higher than what RSP consider to be the nearest comparator, East Midlands. It is important to note that aeronautical income per WLU figures are distorted at very small airports, such as Durham Tees Valley and Humberside, which have limited commercial passenger and freight operations but more substantial general aviation activities, including in the latter case helicopter operations serving the North Sea gas rigs. In both cases, the main airline operator carrying passengers is KLM, which will be willing to pay substantially higher airport charges than a low cost airline as many of the passengers will be transferring globally at Amsterdam and paying relatively higher fares to the airline overall. The only other airports which are projected to have higher charges than RSP propose for Manston are Heathrow and London City. This illustrates the extent to which the income assumed by RSP is unreasonable as Manston could not be expected to command the level of charges levied at the UK's main hub airport or at London City Airport, with its unique position serving the City and Canary Wharf.</i></p>
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*As we made clear at para. 7.36 of our 2019 Update Report, charges at this level would make Manston totally uncompetitive, with the obvious implication that it would struggle to attract any users at all. Given the expected mix of traffic, it will need to charge at the levels seen at Stansted, Doncaster Sheffield and East Midlands to have any hope of attracting cargo operators and low cost airlines. Charges at this level would certainly not factor in any compensation to the airlines for switching costs or other cost factors identified by Azimuth as we discuss at para. 3.27 of our 2017 Report.*

*Total Revenue per Workload Unit is forecast as £27.39 in Year 1 falling to £18.82 in Year 20. This can be compared to East Midlands Airport, which is a highly successful air freight hub with passenger operations by mainly low cost airlines, which earned total revenue per WLU of £6.82 in 2016/7, the latest year for which data is available in the Leigh Fisher Airport Performance Indicators. The revenues assumed to be attainable in the 'Business Model' submitted by the Applicant are wholly unrealistic for a largely cargo/low cost airline operation. We would note that Aeronautical Revenue comparisons generally are more robust as the total revenues per WLU recorded for smaller*

		<p><i>airports can be heavily impacted by the extent to which broader property revenues may be included so creating a false picture of true airport related earnings.</i></p> <p><i>It is unclear how the remaining revenue streams have been divided between ‘Commercial Net Income’ and ‘Other Income’ in terms of revenue from passengers and revenue derived from letting property on the Northern Grass.”</i></p>
F1.6	Resource implications– Implementation of the Project	<p>i. Again, the applicant has not answered the ExA’s question.</p> <p>ii. The Applicant has provided a capex plan at Appendix F 1.6. However, what seems to have been provided is a very high level and un-costed bill of quantities with a summary total costs.</p> <p>No detail or breakdown of the underlying cost elements or components of the DCO application has been provided. No allowance has been included for the land acquisition, blight costs and noise mitigation costs. No costs have been included for the incentives and relocation costs that Azimuth claim have been accounted for in Paragraph 2.2.10 of Volume III of the Azimuth Report (APP-085). No S106 costs have been included. We would note that paragraph 15 of the Applicant’s Funding Statement (APP-013) claimed it had taken expert advice from RPS on the cost estimate for the project and that the initial phase 1 costs were £100m.</p> <p>Given that the Applicant has managed to identify an £86m error in their initial estimated costs to re-open Manston <i>“following a more detailed analysis”</i> the requested breakdown of costs must exist and there can be no justification why it cannot provide the requested level of financial detail to the ExA. We would also note that the costs for Phases 2-4 have reduced by £80m.</p> <p>We would further note that the Applicant was required to respond to the s51 advice in its Deadline 1 submission (REP1-001). In response to the ExA’s request to provide <i>“Further details of how the costs set out in the Funding Statement at paragraph 15 have been estimated”</i> the Applicant stated;</p> <p><i>“The costings have been put together by a major project manager with over thirty years’ experience, who has been working with key advisors from RPS, Wood, Osprey and Northpoint as well as with major construction companies.”</i></p>

		<p>The ExA will note that the Applicant elected not to disclose the material change in the project’s funding requirements at Deadline 1. Perhaps it was not aware of the change in phase 1 costings at that point, however the lack of credibility and transparency in the Applicant’s submissions is highly concerning.</p> <p>We would also refer the ExA to the following extracts from the York Aviation note (see Appendix 1):</p> <p><i>“We note that the Applicant has now provided an updated assessment of the capex requirements to bring the Airport back into use. Although a more detailed schedule of areas is now provided, this remains inadequate to understand the costs involved in individual elements of the project. Nonetheless, it is significant that the Applicant now acknowledges that the cost involved in bringing the Airport back into use and for the initial two phases of capital investment are substantially greater than originally stated. The Phase 1 costs have risen from £100m to £186m and the Phase 2 costs from £45m to £69m, i.e. early years expenditure has increase from £145m to £255m.</i></p> <p><i>“Of course, if the uses proposed for the Northern Grass are now assumed to be strictly airport-related, these uses would not be expected to generate significant commercial property income and so the net effect of allowing for the investment required to open up the Northern Grass is likely to materially worsen the financial position compared to more general business park uses which might have provided some element of cross subsidy to airport operations.”</i></p> <p><i>“Overall, the increased upfront costs have significant implications for the cumulative cashflow based on more realistic revenue assumptions as set out in Section 7 of our 2019 Update Report, even assuming RSP’s demand ‘forecasts’ could be realised. We have updated <b>Figure 7.2</b> from our 2019 Update Report. This shows that on a cumulative cash flow basis, the amount of funding required from debt and equity is likely to reach £250m in around Year 16 before there is any possibility for debt to start to be repaid. It is important to note that interest charges are excluded from this analysis.”</i></p>
F1.7	Resource Implications – Implementation of the Project	<p>i. Again, the ExA’s request for evidence to support the Applicant’s assertions that it has the capacity to raise the necessary finance has been ignored. Instead the Applicant has made some generic assertions and claims rather than provide proper evidence of capability and successful track record. We would query why the Applicant is unable, or has chosen not to, provide CVs and capability statements for its directors, in a form similar to that provided for some of the advisers in Appendix CA.1.14 – this could allow the Applicant’s claims to be at least</p>

		<p>partially evidenced and tested. It is highly surprising that the evidence of the purported debt financing projects related to aviation development have not been shared with the examination.</p> <p>It is now over 6 months since the Applicant received the warning in s51 advice (PD-002) that <i>“the Inspectorate considers that the Funding Statement poses substantial risk to the examination of the application”</i>, yet it continually fails to meet the deadlines set. These failures must only increase the concerns of the Applicant’s ability to raise further debt and equity finance.</p> <p>ii. Similarly, the ExA’s request for evidence of the probability of being successful in raising the necessary funding to deliver the DCO has also been ignored.</p> <p>The Applicant expresses a view that the probability of successfully raising the necessary finance is “very high”- no evidence is provided for this.</p> <p>We would also refer the ExA to our comments on question F.1.5, where we refer to the Altitude Aviation report (Appendix 5 to SHP’s written representations – (REP3-025)) and its conclusions about insurmountable challenges facing the Applicant in raising debt and equity financing. This is covered in depth in section 5 of the Altitude report.</p> <p>Given the Applicant’s cavalier approach it would be fair to ask them the following questions;</p> <ul style="list-style-type: none"> <li>• What other “start-up” airports akin to the Applicant’s proposals have been similarly funded?</li> <li>• What were the funding structures used?</li> <li>• What were the return expectations?</li> <li>• What level of public subsidy was provided?</li> </ul>
F1.8	Resource Implications - Acquiring the land	<p>i. The Applicant has confirmed that it has not provided any detail of how the figure of £7.5m has been arrived at.</p> <p>ii. Again, the Applicant has not provided the information requested by the ExA seeking instead to hide behind a cloak of “commercial confidentiality”. However, it is noted in its answer to question F.1.13, the Applicant confirms that the figure of £7.5m included £500,000 in relation to blight cost. This leaves only £7m “allocated” to the cost of acquiring the land, and is uncertain whether this still includes an “allowance” for the costs of acquiring the Jentex land, which the Applicant is understood to have acquired at a cost of £2.3m.</p>

		<p>The Applicant has claimed that its property cost estimate is <i>“founded on the statutory compensation code position in the “no scheme world” and with appropriate planning assumptions made.”</i> However, as stated in Appendix 6: Compensation Assessment (Avison Young) to SHP’s Written Representations (REP3-025), the Applicant has completely failed to discharge its duties and has materially understated the costs associated with acquiring the land.</p> <p>The Avison Young report concludes as follows;</p> <p><i>“8.1 Offers to acquire made by CBRE on RSP’s behalf materially fail to discharge the promoter’s duty to undertake reasonable negotiations. As identified at para 6.1 SHP’s master planned, residential led, mixed use redevelopment of Manston Airport represents a realistic and deliverable scheme developed in consultation with key stakeholders. This or a similar comprehensive residential scheme represents the appropriate basis on which to assess the value of the site.</i></p> <p><i>8.2 The compensation provision made in RSP’s funding statement is insufficient to meet the compensation obligations resulting from a made DCO. It is important to note that RSP’s most recent offer of £20m excludes any value associated with residential development potential, demonstrating the need for RSP’s funding provision and business case to be reassessed to reflect significantly higher compensation liabilities.</i></p> <p><i>8.3 Offers to acquire and the compensation budget should reflect the potential for and value associated with comprehensive redevelopment. The alternative approaches to assessing compensation such as piecemeal development do not represent an appropriate basis on which to calculate the claim. However they do demonstrate RSP’s significant and material under estimate of the compensation obligations resulting from the DCO. Value assessed on any of these approaches (including comprehensive residential, piecemeal development or agricultural) significantly exceeds RSP’s funding statement position and CBRE’s offers to acquire.</i></p> <p><i>8.4 This material underestimate of compensation costs further undermines RSP’s case that there is a reasonable prospect of its scheme being delivered, as it appears that the promoter has not taken account of the true level of the DCO’s compensation obligations.</i></p>
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		<p><i>8.5 There is significant and concerning conflict in RSP’s DCO case. It claims that special characteristics offered by the site as an airport with an extant permission and desired location are key to the business case underlying and justifying its scheme. On the other hand, it argues the site’s value is minimal and does not reflect any of the claimed special characteristics. In this case, as the site is an airport with a lawful planning use as an airport, the Code requires any value associated with airport use and characteristics, as well as all other matters set out above, to be reflected in compensation.”</i></p> <p>The Applicant’s own so-called “business plan” submitted at Deadline 3 estimates that a reopened airport will generate an annual EBITDA in excess of £20m by its 4<sup>th</sup> year of operations rising to in excess of £50m from the land owned by Stone Hill Park. As with many aspects of its Application, RSP is trying to have its cake and eat it, as Avison Young explain in paragraph 5.5 of its report;</p> <p><i>“Should the Panel and Secretary of State agree with the promoter’s case and conclude that the DCO scheme is commercially achievable on account of the airfields claimed special characteristics, then, by implication they must also conclude that the site as it stands, with its extant certificates of lawfulness constitutes a commercially viable airport with special characteristics the market in general would attribute value to. In such a scenario, the Panel and Secretary of State could only conclude that reasonable attempts to acquire by agreement have occurred if offers to acquire have been made on the basis of the site being a viable airport with special characteristics. On the other hand, if the Panel and Secretary of State conclude it has been reasonable to undertake negotiations which apply no special value to the extent airport use and characteristics, they must also conclude that RSP’s scheme proposals are undeliverable. To conclude otherwise would be illogical.”</i></p> <p>It is clear from both the Avison Young report and the RSP written offer of £20m (referred to in paragraph 8.3 and further explained in SHP’s answers to the written question CA.1.17), that the Applicant’s cost estimate lacks any credibility.</p>
F1.10	Resource Implications – Blight	<p>i. Again, the Applicant has avoided answering the question asked of them.</p> <p>ii. In view of the flawed advice provided by CBRE in respect of land acquisition costs, the Applicant should be required to disclose the advice from CBRE that it claims shows no blight claims are likely to be successful.</p>

		<p>iii. In their Application, as identified by the ExA, RSP state that they have “drawn down £500,000 from their investors” at the time of making the application. There can be no logical reason that this, if true, could not have been properly demonstrated to the ExA in response to the question.</p> <p>iv. Again, the Applicant hides behind the restructuring that is taking place. On the basis that the joint venture agreement has been terminated and the restructuring has not completed, is it the case that the Applicant has no source of funding?</p>
F1.11	Potential shortfalls.	<p>Again, there is no attempt to answer the question.</p> <p>It seems clear that the Applicant no longer has access to funding it claimed at the point the Application was made and is now refusing to either (i) identify the outgoing investors who are no longer supporting the project or (ii) the incoming investors who they claim to be negotiations with.</p> <p>Given, that RSP is still 90% owned by a Belize based entity this it is not in any way clear what RSP’s current resources are or who is actually controlling the Applicant. Indeed, it is not clear that they have sufficient resources to complete the examination process.</p>
F1.12	Timing and availability of funds	<p>SHP’s previous comments apply. No evidence of current funding or the ability to raise future funding has been provided. As noted in our comments on SHP’s response to written question F.1.8, the Applicant has grossly understated the costs of acquiring the land. The Applicant has also failed to disclose the offer of £20m, which is wholly incompatible with the Applicant’s claims regarding the level of the compulsory acquisition costs.</p>
F1.13	Guarantee	<p>Please refer to our comments on the Applicant’s answer to written question F.1.12.</p>
F1.14	Guarantee	<p>The Applicant’s answer fails to demonstrate how Article 9 of the dDCO provides sufficient security for SHP and others. The lack of transparency shown regarding its funding and the identity of its investors (as noted in earlier comments), demonstrates that affected parties would be offered inadequate protection by the current drafting of Article 9.</p>

		<p>The Applicant’s project has already had a blighting effect on SHP’s plans for the site for a number of years. It is unacceptable that the Applicant could be granted powers of compulsory acquisition yet not be required to provide security until it commences the development. The Applicant is effectively seeking a 5 year option to acquire the land without having to provide any security whatsoever until development commenced.</p> <p>As the Applicant is not a public sector body or a company of substantial (or even any) financial standing, affected parties could have no confidence that the Applicant would be in a position to grant security to cover its liabilities. Should the DCO be granted, the Applicant must be required to provide security (in the form of funds placed in escrow) prior to any decision, and such security must provide absolute certainty that sufficient funding is available to meet all the liabilities. Otherwise, the DCO powers would not comply with the European Convention on Human Rights and the Human Rights Act 1998.</p>
F1.15	Cost efficiency and sustainability	<p>It is notable that RSP seeks to rely upon the Airports NPS (ANPS) where it considers the NPS may suit its case but to quickly distance itself from the ANPS where its policies create a difficulty for the current application.</p> <p>Paragraph 4.39 of the ANPS demonstrates the Government’s concern to ensure that airport investment minimises costs to airlines, passengers and freight owners – not because that is a particular requirement for Heathrow Airport but because those matters are of obvious public interest.</p> <p>There has been no suggestion that Heathrow Airport may not be able to raise funds for expansion. The Government’s concern has been to ensure that the interests of passengers and airlines are protected.</p> <p>RSP’s response (and its application) shows no regard for these issues. In particular, there is no assessment anywhere within the application documents how the proposed investment of £300 million would translate into landing charges for airlines (or passengers). This is perhaps un-surprising. Whilst it is impossible to believe that funds could be raised to invest £300 million in a failed airport which has no positive business case, the analysis set out by York Aviation at Section 7 of its updated response (provided as Appendix 4 to SHP’s Written Representations) demonstrates (from paragraph 7.31) the likely consequences of such investment. In particular:</p> <ul style="list-style-type: none"> <li>• even taking RSP’s information at face value, charges would need to very substantially exceed charges at the much better located East Midlands and Stansted airports (see paragraph 7.36);</li> </ul>

		<ul style="list-style-type: none"> <li>• if RSP’s forecast demand was taken up by airlines and freight operators, therefore, the consequence would be increased costs which would adversely impact their economic performance and pass costs onto consumers; however</li> <li>• more realistically, the investment could never be recovered because those costs would not be paid – airlines could not be attracted to such a poorly located airport which was additionally handicapped by severe cost penalties.</li> </ul> <p>The claimed investment is neither sustainable nor cost efficient.</p> <p>We would also refer the ExA to the following extracts from the York Aviation note (see Appendix 1):</p> <p><i>“As we noted in our 2019 Update Report (para. 7.4), RSP has committed to adhering to the principles set out in the Airports NPS of ensuring that its development is cost efficient and sustainable so as to minimise costs to airlines, passengers and freight users, albeit we recognise that these provisions of the Airports NPS may not be directly applicable other than to consideration of the 3<sup>rd</sup> runway at Heathrow. They are, nonetheless, highly relevant to the consideration of whether any airlines would actually choose to operate from Manston. The answer given by RSP is that “The Business Model is predicated on being able to offer airport users competitive terms.” However, as we have demonstrated in Section 7 of our 2019 Update Report and in commenting on the response to Question F.1.5 above, this is far from the case and the anticipated revenues in RSP’s Business Model are far in excess of what users would be willing to pay. There are two possible outcomes; either airlines will not operate to Manston and the expected passenger and freight volumes will not materialise, or the revenues earned will be materially less than set out in the submitted Business Model. Either way, the implication is that the development will not be cost efficient or viable and the operation is highly unlikely to be sustainable, as was the case with previous attempts to operate a commercial airport at Manston. Although the answer claims that there will be net benefits to users, these benefits have not been set out or quantified anywhere in the Application Documents.”</i></p>
F1.16	Economic licence?	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“The economic licensing regime referred to in the Airports NPS applies only to Heathrow and Gatwick currently. The application to other airports is subject to market power assessment. Based on our assessment of the likely market for Manston it is not plausible to assume it would attain a position of substantial market power.”</i></p>

F1.17	CAA Regulatory Process	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“It is important to note that the provisions of the Civil Aviation Act 2012 apply principally in relation to the economic licensing of airports with substantial market power. As this will not apply to Manston, the process of seeking an economic licence will not apply. In the response, the Applicant appears to confuse the process of applying for an Aerodrome Licence/EASA Certificate with the separate requirements of the Civil Aviation Act 2012.</i></p> <p><i>Schedule 8 of the Civil Aviation Act 2012 makes provision for airports with a turnover of greater than £1 million in two consecutive years to obtain a certificate conferring the status as a Statutory Undertaker. RSP will not be able to apply for such a certificate until they have been operational for 2 years and can demonstrate that the turnover threshold has been exceeded.”</i></p>
F1.18	Other costs	<p>We would refer the ExA to our comments on the Applicant’s responses to F.1.8 and F.1.10. The Applicant has made a number of assertions which claims are supported by “<i>advice from CBRE</i>” yet has not submitted any reports from CBRE to support its claims. This “<i>advice</i>” that the Applicant purports to rely on has been shown to be deeply flawed, and the entirety of the CBRE advice must be submitted to the examination so that its merits can be properly assessed.</p>
LV.1.31	Design – customs, immigration and security	<p>The Applicant made reference to the CAA certification process. We would note that the CAA will not be able to progress the Certification process until the Applicant can demonstrate that it is the landowner or has an agreement with the landowner. It is noted that the Applicant is seeking the ability to compulsorily acquire land up to 5 years after a grant of a DCO, which raises serious questions about when it would propose to start the Certification process.</p>
ND1.1	Planning Statement - Airport’s Commission	<p>The Applicant’s response is partial and mis-leading.</p> <p>The CAA’s response to questions helpfully provides the submission made on behalf of Manston Airport to the Airports Commission, which proposed that Manston should be identified as a major freight airport –a proposition that was not accepted by the Airports Commission. These matters are dealt with at paragraph 2.21 of the updated York Aviation report provided as Appendix 4 of SHP’s Written Representations (REP3-025).</p>

		<p>We would also refer the ExA to the following extracts from the York Aviation note (see Appendix 1):</p> <p><i>“The response to this question claims that the Airports Commission did not consider the potential role that Manston might play as a freight airport. In its response to the ExA’s questions, the Civil Aviation Authority helpfully provides the submission made by the previous operator of the Airport to the Airports Commission. It is clear here that the proposition submitted by Manston was for a major freight airport (point b) of the submission, which we note was written by the Aviation Strategy and Policy Consultancy now part of Northpoint and one of RSP’s current advisers. In the light of this, it is not credible to suggest that the Airports Commission did not consider Manston other than in terms of a role in meeting passenger demand. It is also disingenuous to say that the Airports Commission’s Interim Report and shortlisting did not consider freight as benefits to freight users were extensively discussed throughout the Commission’s Interim Report (Section 3) and formed part of the consideration of benefits, albeit these could not be specifically quantified (AC Interim Report, para. 3.100). The inclusion of air freight benefits as part of the Commission’s Sift criteria is made clear at para. 3.7 of their Guidance Document 02: Long Term Capacity Options: Sift Criteria May 2013. Whilst there may have been further submissions on air freight by TfL on behalf of the Mayor of London (Ramboll/Oxford Economic Report Impacts on the Air Freight Industry, Customers and Associated Businesses 2013) later in the process, it is clear that the Airports Commission gave full consideration to the implications for the air freight sector in its shortlisting process.</i></p> <p><i>The proposal that Manston could act as a major freight airport to relieve congestion at the other airports was not followed through/rejected by the Airports Commission, which only mentioned Manston as a possible reliever airport for General Aviation (see our 2019 Update Report para. 2.21). RSP have added reference to passenger capacity in square brackets to quotation from Appendix 2 to the Airports Commission’s Interim Report. This is not correct and seeks to mislead the reader. The quotation needs to be read in context of proposition submitted by the operator of Manston which put forward a major freight role.</i></p> <p><i>The Applicant also makes reference to the recent policy support for all airports making best <u>use</u> of their existing runways alongside the development of a 3<sup>rd</sup> runway at Heathrow. This policy still requires the case to be made for each specific airport. As we make clear in our 2019 Update Report (paras. 2.16, 2.17), this requires a realistic assessment to be made of the usage of each runway and the benefits deriving from that usage which can be balanced with any environmental harm that might arise. The policy cannot be taken in isolation without considering</i></p>
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		<i>the extent to which there are net benefits from the level of usage proposed. The policy does not support safeguarding runways in perpetuity against some prospect of future use.”</i>
ND1.2	Draft Government Aviation Strategy	The Applicant’s response is incomplete. It fails to report that the freight analysis in the Green Paper identifies the role of Heathrow, East Midlands and Stansted in meeting freight demand (and stresses the key role that night flying plays in the air freight industry). Again, this matter is accurately reported in the updated York Aviation report (paragraph 2.18), provided at Appendix 4 of SHP’s Written Representations (REP3-025).
ND1.3	Assessment of Strategic Site Alternatives NTS	Please see SHP’s comments above in relation to E1.5 – exactly the same applies here.  We would also refer the ExA to the following extracts from the York Aviation note (see Appendix 1):  <i>“We note that the answer given here simply refers back to previously submitted Azimuth material. If the ExA had considered this sufficient, we presume that the question would not have been put. It is clear that the Applicant has not given adequate consideration of the alternatives for handling demand for air freight services across the UK.”</i>
ND1.4	Alternative Sites	Similar considerations arise in relation to RSP’s response to this question. The response fails to provide accurate updated information about available capacity at existing airports, the significance of which is explained at Section 8 of SHP’s Written Representations (REP3-025).  We would also refer the ExA to the following extracts from the York Aviation note (see Appendix 1):  <i>“The Applicant’s response completely fails to mention the clear position of Government that the requirement for more air freight capacity will principally be met by the provision of the new Northwest runway at Heathrow and through greater use of existing facilities, principally at East Midlands and Stansted. The analysis of the contribution of Heathrow at Section 5.2 of Azimuth’s Vol I appears to proceed from the assumption that the new capacity will principally be used for low cost airlines offering little bellyhold capacity. This is completely at odds with the Airports NPS, which especially sees the 3<sup>rd</sup> runway as offering the potential for more global connectivity, including to points not currently served, and a doubling of capacity for air freight. Specifically, the Government sees the 3<sup>rd</sup> runway at Heathrow as: “expected to lead to more long haul flights and connections to fast-growing economies, helping to</i>

		<p><i>secure the UK’s status as a global aviation hub, and enabling it to play a crucial role in the global economy” (Airports NPS, para. 3.18). It is these flights that will enable Heathrow to double its freight handling capability.</i></p> <p><i>Azimuth erroneously adopt a set of criteria for considering alternative airports in terms of their own asserted requirements for a freight focussed airport. The need for a new freight focussed airport is unsubstantiated by evidence, as we make clear in Section 4 of our 2019 Update Report. In our 2017 and 2019 reports, as well as our 2015 Report for TfL and the Freight Transport Association that Azimuth persist in wrongly interpreting, we make clear that the principal alternative likely to be used for any cargo that could not be accommodated at the Heathrow hub is bellyhold capacity at alternative airports.”</i></p>
ND1.5	Airfreight Capacity	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“Examination of the Air Cargo World article cited by Azimuth at footnote 5 strongly suggests the information provided relates to rates for scheduled and bellyhold cargo in the run-up to Christmas. This is a transient phenomenon associated with the shipment of goods for Christmas. In any event, even if freight rates for bellyhold rise on a temporary basis, this may still be below the equivalent cost of a dedicated freighter operation as we set out at para. 4.7 of our 2019 Update Report. Given the difference in cost of dedicated freighter operations, these would not solve the problem. We note that the article at Footnote 6 makes clear that this problem was not just confined to the UK or Europe but affected routes between the Far East and the US suggesting that the high seasonal freight rates are a global issue rather than specific to the air freight sector in the UK. Increased bellyhold capacity at Heathrow is likely to be an effective means of ameliorating the seasonal issue in terms of freight rates to and from the UK.”</i></p>
ND1.6	Bellyhold’s Dominant position	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“This response seeks to compare the situation at Frankfurt with that at Heathrow in terms of the number of freighter services operated/the proportion of freight handled on dedicated freighter aircraft rather than bellyhold. The proportions for Paris and Amsterdam are also stated. These four airports are the principal hub airports in Europe. The context for the greater number of dedicated freighter aircraft operated to these airports is easily explained by the difference in bellyhold capacity offered for sale to non-European points at each of these airports.</i></p>

		<p><i>Based on the Official Airline Guide database (OAG), the tonnage capacity offered in bellyholds of departing passenger aircraft in the week beginning 4<sup>th</sup> March 2019 was:</i></p> <ul style="list-style-type: none"> <li>• <i>Heathrow - 41,275 tonnes</i></li> <li>• <i>Paris - 25,382 tonnes</i></li> <li>• <i>Amsterdam - 20,707 tonnes</i></li> <li>• <i>Frankfurt - 17,122 tonnes</i></li> </ul> <p><i>The relative share of freight carried in dedicated freighter aircraft is in inverse proportion to the amount of bellyhold capacity available at each of the airports.</i></p> <p><i>An important feature of these hub airports is that they have well developed freight forwarding infrastructure concentrated around them given the global connectivity offered by the hubs and the national airlines based there. This consolidation is driven in the first instance by the hub connectivity offered in the bellyhold of passenger aircraft but the existence of the freight forwarding and consolidation centres makes these airports the first choice for dedicated freighters to operate to the extent required to supplement any gaps in the network of bellyhold services available. These conditions are not replicable at other non-hub airports, other than for express freight/integrator operations for which Germany like the UK has specialist airports where such operations are based. Leipzig and Cologne serve as hubs for such operations in the same way as East Midlands serves as the UK main integrator hub. It is notable that, despite handling 44 million passengers a year with major global connections, Munich Airport only handled 3,807 freighters in 2018, despite Bavaria being a major manufacturing economy. This only serves to highlight the special circumstances which make Frankfurt attractive for dedicated freighter operations, notwithstanding its night closure period, and so long as it has available slots. Just as with Heathrow, the attraction of Frankfurt for freighter handling is simply not replicable elsewhere in Germany.</i></p> <p><i>There are also important scale factors that apply to the position of Germany in terms of the total air freight market:</i></p> <ul style="list-style-type: none"> <li>• <i>the economy is around 30% larger than the UK;</i></li> <li>• <i>of which manufacturing's share is over 20% compared to 9% in the UK;</i></li> </ul>
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		<ul style="list-style-type: none"> <li>• <i>the population is around 25% higher than the UK driving imports</i></li> </ul> <p><i>Hence, it is unsurprising that the need for air freight capacity is greater to and from Germany than to and from the UK. Furthermore, Germany’s central location within Europe means as it acts as a distribution hub for much of Central Europe, well beyond its borders, in a manner that the UK could not hope to replicate. Hence, given the more limited bellyhold capacity available at Frankfurt, the need for more dedicated freighter operations is hardly surprising. The fact that they choose to operate to Frankfurt despite the night closure period is a sign of the power of the hub.</i></p> <p><i>When the economic factors are properly considered, alongside recognition of the special characteristics that give rise to demand for cargo services to major national hub airports, the relative performance of Frankfurt and Heathrow is easily explained. The UK is currently adequately served by the existing combination of bellyhold capacity and freighter capacity available at Heathrow, East Midlands, Stansted and other existing airports, as shown in Figure 4.7 of our 2019 Update Report. The situation at Frankfurt is simply not a relevant comparator with the key requirement being increased global connectivity at Heathrow that the 3<sup>rd</sup> runway will provide rather than an increase in capacity for dedicated freighter aircraft at a remote location.”</i></p>
ND1.7	Diversion outside the south-east.	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“This response continues to rely erroneously on our work for TfL and the FTA. We previously corresponded with Dr Dixon of Azimuth Associates regarding their misinterpretation of this work (see correspondence attached at Appendix A.) Azimuth’s response explains our use of a gravity model approach to look at how any excess demand for air freight capacity might be dispersed in the event of there being a shortage of capacity across the main London airports. What the response fails to recognise is that the expected distribution of any air freight which could not use the London airports (see page 23 of our report for TfL and the FTA attached as Appendix B) was based not solely on access times but on the attractiveness of alternatives in terms of bellyhold and freighter capacity available. The share of the main European hubs is, thus, a reflection of the relative strength of their networks including bellyhold capacity, offering capacity at competitive freight rates; a competitive position that Manston would simply not be able to replicate. A dedicated freight airport would be expected to intercept no more than a small fraction of any displaced demand.</i></p>

		<p><i>The response goes on to wrongly ascribe diversion to Europe to lack of facilities at UK regional airports but the real issue is bellyhold capacity on long haul services coupled with the structural focus of the forwarding and consolidation sector adjacent to the main hub airports, including Heathrow. Manston would not address this structural issue, which is, indeed, one of the main reasons why Manston would fail. It should be noted that Heathrow is addressing the congestion in its cargo centre (See para. 4.21 of our 2019 Update Report) and there is no evidence that other UK airports have suffered from equivalent congestion issues such as to impact on their attractiveness.”</i></p>
ND1.8	Truck times compared with East Midlands and Stansted	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“We would note that the response perhaps wrongly assumes, as Azimuth does throughout its reports, that air freight using the London airports is necessarily destined for London and the South East only. This table of comparative journey times set out in the response might be relevant for the fresh fruit and flowers market that Manston used to handle and might recapture if the price charged to airlines was low enough but it is not relevant for the bulk of cargo that Manston would need to attract if it were to seek to achieve the share of the UK market asserted by Azimuth. Our analysis, set out in Figures 4.4 and 4.5 of our 2019 Update Report show how widely dispersed across the UK the market for air freight is. Our analysis would suggest that only around half of UK air freight is destined for or originates in London and the South East but, despite this, regional airports handle only 23% of freight tonnage. This analysis would point to at least 1/3 of freight using London airports as having an origin or destination elsewhere in the country. Hence, the relevant journey times are not to specific distribution centres serving London (such as Sainsbury’s local distribution centres) but to Heathrow where much of the total UK air freight is consolidated into economic loads and to the ‘Golden Triangle’ for UK distribution in the vicinity of East Midlands and the M1/M6 junction. Manston has no real advantage in the former case and is not an option in the latter. We would suggest that the contour maps provided by the Applicant in the appendices only serve to make this point.</i></p> <p><i>This response also contains the extraordinary claim that Stansted does not have a dedicated freight facility. The cargo facilities at Stansted are described at <a href="https://www.stanstedairport.com/about-us/cargo/">https://www.stanstedairport.com/about-us/cargo/</a>. This states that Stansted has a ‘World Cargo Centre’ with 55,000m<sup>2</sup> of warehouse and office space. This facility is currently split over two warehouse units, the larger of which has been in operation since before 2000 with the second being added around that time. The second and smaller unit has been recently been extended and it is clear that Stanstead has significant space safeguarded adjacent to the cargo facilities and cargo aprons to expand further. Stansted’s</i></p>

*dedicated cargo stands can simultaneously accommodate 4 x A380, 3 x B747-8F, 1 x B747-400F and 1 X B767-300 or up to 15 smaller code C aircraft. The scale of facilities is substantial as illustrated in the satellite picture below.”.*



ND1.9

Integrator Model

Comments extracted from York Aviation note (see Appendix 1):

*“We note the explanation given regarding the difference between express freight or integrator operations and the more general air freight model. There is no evidence that the UK needs a dedicated freight hub for general air freight given the substantial bellyhold capacity available at Heathrow and growing bellyhold capacity at UK regional airports. Any growth in freighter aircraft movements in the UK in recent years is almost entirely within the integrator model.”*

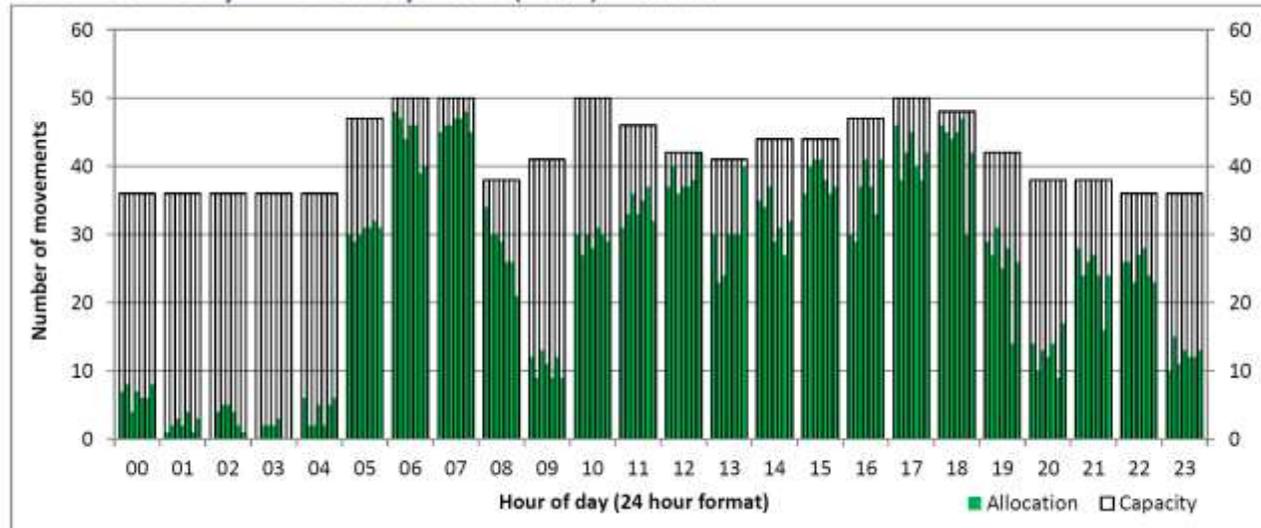
ND1.10	Capacity proportions	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“It is important to note that the table reproduced in the Azimuth Reports from the DfT’s 2017 UK Aviation Forecasts reflects the position on the basis that no additional capacity is provided at any of the London airports. To a large extent, the identified constraints relate to passenger capacity defined in planning conditions. The table takes no account of consented increases in passenger capacity at Stansted, the third runway at Heathrow and any other capacity developments in the pipeline. Hence, this chart is of no relevance to considering the extent to which there would be capacity for more freighter movements across the London airports.</i></p> <p><i>Part ii) of the response contains another extraordinary statement that little additional terminal or runway capacity has been added at UK airports for decades. This appears to ignore the development of a second runway at Manchester, Terminal 5 at Heathrow, expansion at Gatwick and Stansted, Luton’s expansion to 18 million passengers a year. The response claims that Manston is required because further expansion elsewhere will take time. However, as we have identified in our 2019 Update Report, there is no immediate shortage of air freight capacity. Even on the basis of the table referred to at i) of the answer, Stansted Airport would not be expected to be full until 2040 by which time R3 at Heathrow will have been in place for some time.”</i></p>
ND1.11	Bellyhold versus freighter	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“The Applicant gives another extraordinary response that most freighter movements do not operate to a timetable and are ad hoc based on demand. This is wrong and misleading. Integrator operations all operate to timetables but these are not usually published in a central database. At Frankfurt, 18,000 of the 28,000 dedicated freighter movements in 2018 operated to a published timetable; of the rest, we would expect a substantial proportion to have been integrator movements also operating to a timetable but not published as such. The published freighter schedule is already in place for much of the next 12 months with over 15,000 movements are already timetabled (see timetable information extracted from OAG at Appendix D). The number of scheduled freighter movements in the UK is lower at over 7,000 dedicated freighter movements already scheduled for the next 12 months. It is important to note that the schedule will not be complete for the winter scheduling season (from Nov) at this point in time, so the final total of annual scheduled freighter movements will be greater.</i></p>

		<p><i>In the response, Azimuth Associates wrongly interprets the increase in cargo tonnage between Frankfurt and China as indicating an increase in trade. This is not necessarily so. Similarly, the Manchester study looked at increased cargo export figures from Manchester Airport once Hainan Airlines commenced the operation of a passenger flight offering bellyhold capacity but, whilst exports flown from Manchester to China increased, the total of UK exports fell negating the effect of any increase in exports flown to/from Northwest England. It is also relevant to note the Cathay Pacific example cited in our 2019 Update Report (para 4.19), where a dedicated freighter operation was replaced by bellyhold capacity as a more cost effective operation. The ability to carry bellyhold freight is integral to a route's viability but the overall route economics enable cargo capacity to be sold at a lower rate per tonne than dedicated freighter operations (see 2019 Update Report para. 4.7).</i></p> <p><i>The thrust of this response ultimately describes ad hoc freighter operations, which are largely charter operations, which made up around 36% of all freighter movements in the UK in 2017, i.e. c.19,000. Of these, over half are within the UK. This again serves to indicate the small scale of the market from which Manston hopes to attract a share.</i></p> <p><i>We have addressed the low probability of Manston attracting operations by Amazon's dedicated freighter fleet in our Update Report at para. 3.10."</i></p>
ND1.12	Freighter demand	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>"We note that the sample routes used in the freight rate graph do not relate to the UK. Indeed the market where rates show the most volatility is Hong Kong-North America where there is no suggestion that lack of airport capacity drives rates higher. The volatility in the rates on the European markets illustrated is less. Even so, the range of volatility looks to be around 2.5x, less than the 4.5x estimated cost differential of using a dedicated freighter compared to bellyhold capacity. Hence, these examples do not provide evidence that there is a role for dedicated freighters to be operated, even on an ad hoc basis at times of seasonal demand. Any relief role for Manston as asserted is likely to be limited.</i></p> <p><i>The Heathrow quotation referenced in the response points to the need for more bellyhold capacity on passenger routes, which R3 will permit, rather than a need for dedicated freighter aircraft."</i></p>
ND1.13	Freight at Stansted	Comments extracted from York Aviation note (see Appendix 1):

		<p><i>“Much of the response simply repeats material already contained in the Azimuth Reports. As we have addressed in some detail in both of our reports, Azimuth’s interpretation of UK air freight statistics is flawed and betrays a lack of understanding of the market dynamics. The fact that the UK is now experiencing strong air freight tonnage growth suggests that the performance of the sector is less related to congestion and more to underlying economic factors. There has been no shortage of capacity for freighters at airports other than Heathrow, specifically Stansted and EMA so, if anything, any restrictions in freighter growth reflect Heathrow specific issues, rather than a general constraint, which Manston cannot address any more than the already well established airports. As we have pointed out in response to ND.1.6 above, the reason that a greater proportion of freight is carried in dedicated freighter aircraft at the Frankfurt hub is a result of the substantially lower volume of bellyhold capacity available rather than any constraint on dedicated freighter operations at Heathrow.</i></p> <p><i>In terms of whether Stansted operates under capacity constraints for cargo aircraft, the Applicant tries to infer from growth in passenger aircraft movements (ATMs) and a fall in cargo ATMs that this can only be due to passenger aircraft crowding out cargo aircraft. First of all, as we have pointed out in response to ND.1.8 above, Stansted operates with dedicated freight aprons and so there is no conflict between the stand occupancy requirements of low cost carriers and those of cargo carriers. The quotation from Schiphol appears entirely irrelevant in this regard. The Applicant wrongly uses the initial raw slot demand at Stansted in the answer to ND.1.18 to suggest that Stansted Airport is more constrained than it actually is. The correct information to use is the pre-season allocation of slots which we illustrate below for Summer 2018 taken from the Airport Coordination Ltd Pre-Season Report <a href="https://www.acl-uk.org/wp-content/uploads/2018/03/STN_S18_SOS.pdf">https://www.acl-uk.org/wp-content/uploads/2018/03/STN_S18_SOS.pdf</a>.</i></p>
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Combined Hourly Arrival & Departure (Total) Allocation

Time: UTC

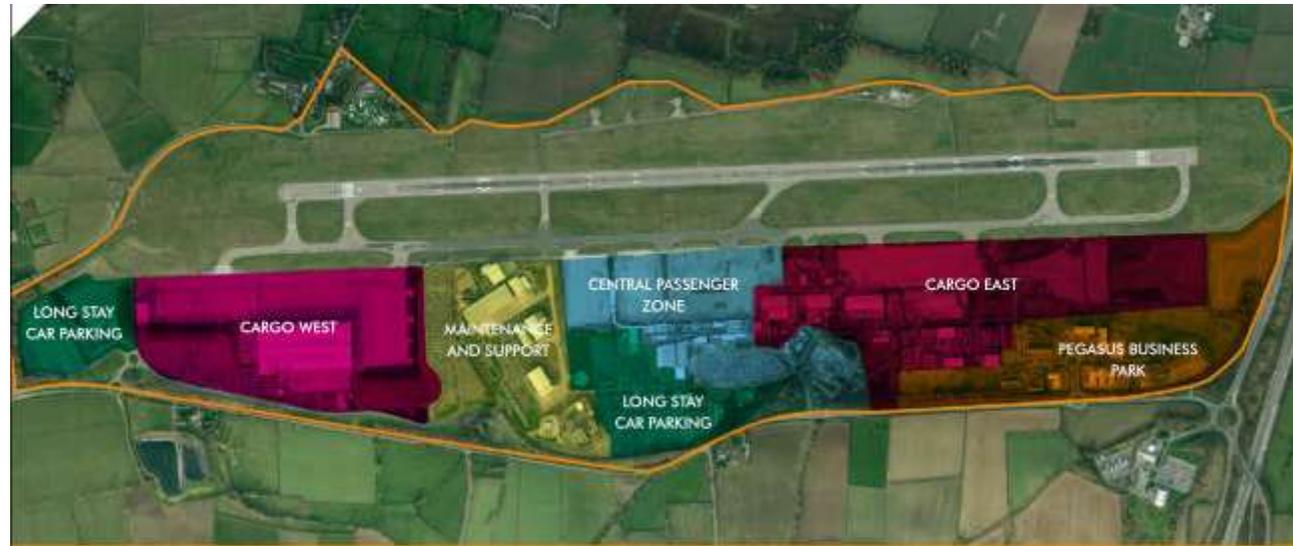


*The graph above shows the actual spare runway capacity to accommodate additional freighter movements at Stansted at the start of the summer season in 2018. As can be seen there is ample spare capacity for additional ad hoc freighter movements to be scheduled if required (the already timetabled operations will be included in the chart).*

*The response also cites the recent Steer 2018 report for Airlines UK (see para. 4.6, 4.16-4.19 of our 2019 Update Report) in relation to recent airfreight growth to and from the UK compared to faster growth across Europe and, whilst acknowledging that this may be in part due to underlying economic factors, attempts to assert that it is somehow due to constraints on dedicated freighter operations at Stansted. The evidence shows this to be simply nonsense.”*

ND1.14	DfT freight forecasts	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“The Applicant has appended to this response its correspondence with the Department for Transport. Unsurprisingly, Azimuth Associates repeats its view that the Department’s assumption that there will be no growth in dedicated freighter movements to and from the UK is wrong. Contrary to what is inferred in the response, the Department has not promised to produce a forecast of dedicated freighter movements, notwithstanding the current growth in cargo tonnage. What the Department actually said was: “The Department is currently reevaluating air freight policy as part of the developing Aviation Strategy, and you may have seen last July’s Call for Evidence and the recent (April 2018) Next Steps response documents which set out some initial options.....We take your suggestion of conducting more detailed modelling of air freight on board and will consider it along with the other suggestions we have received as part of the strategy.” It is evident from the section on the Supporting Freight at paragraphs 4.45 to 4.50 of the Green Paper that the Department has not taken up the suggestion that detailed forecasts of dedicated freighter movements should be produced. Rather as covered in earlier responses, the Department has placed particular emphasis on the role of the existing airports Heathrow, East Midlands and Stansted and stressed the expected doubling of air freight capacity at Heathrow. In the context of the emphasis that the Department is placing overall on ensuring that the UK has sufficient airport capacity in the right places to support the broader economic growth agenda, it is inconceivable that they would not have factored into their analysis of the capacity requirements, as set out in the October 2017 UK Aviation Forecasts, the need for more dedicated freighter aircraft if they believed it to be a likely requirement. In our discussions with the Department, we are not aware of any intention to produce forecasts of freighter aircraft movements in the near future.”</i></p>
ND1.15	Easy Midlands capacity	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“In this response, the Applicant attempts to assert that capacity for dedicated freighter aircraft at East Midlands Airport (EMA) is somehow constrained by capacity. At 76,000 annual aircraft movements in 2018 according to CAA Airport Statistics, EMA has ample spare runway capacity. A single runway can typically support well over 200,000 aircraft movements a year before significant constraints start to arise. The Airport’s 2015 Sustainable Development Plan (<a href="https://live-webadmin-media.s3.amazonaws.com/media/2934/ema-sdp-2015-land-use.pdf">https://live-webadmin-media.s3.amazonaws.com/media/2934/ema-sdp-2015-land-use.pdf</a> ) identifies land and facilities to support 10 mppa (up from 4.9 mppa) and 1.2 m tonnes of cargo (from 360,000 tonnes). The forecast</i></p>

tonnage is 700,000 tonnes by 2040, which the Applicant appears to have incorrectly construed as a capacity constraint. Land is clearly zoned for expansion in Cargo East and West as illustrated below.



The reason why the EMA plan places emphasis on meeting integrator demand is because this is where there is demand for growth in dedicated cargo services. More general freighter movements could be accommodated if there was demand. Given the position of the Airport next to the East Midlands Gateway logistics park (<https://www.slp-emg.com/c/location.php>), it is highly unlikely that further expansion of cargo facilities at the Airport would be refused. Specifically policy EC4 of the North West Leicestershire Local Plan supports growth at the Airport in line with its Master Plan (subject to environmental assessment):

**“Policy Ec4 – East Midlands Airport**

(1) The growth of East Midlands Airport will be supported provided development that gives rise to a material increase in airport capacity or capability:

(a) Is limited to that necessary to support an airport capable of handling up to 10 million passenger and 1.2 million tonnes of cargo per year; and

		<p><i>(b) Incorporates measures that will reduce the number of local residents affected by noise as a result of the airport's operation, as well as the impact of noise on the wider landscape; and</i></p> <p><i>(c) Incorporates measures to ensure that local air quality satisfies relevant standards; and</i></p> <p><i>(d) Is accompanied by improvements in public transport access to the airport and other measures that will reduce the level of airport-generated road traffic (per passenger); and (e) Will protect and enhance heritage assets within the vicinity of the airport."</i></p> <p><i>In the light of this policy support, it is simply unreasonable to assert that EMA operates under any real or prospective constraint on its air freight operations for the foreseeable future.</i></p> <p><i>The Applicant claims that it has taken the potential for EMA to increase from 360,000 tonnes of cargo to 1 million tonnes in its forecasts. It is totally unclear how this scale of growth has been factored in (see Figure 4.7 of our Update Report) as the Applicant's methodology for forecasting freight movements and tonnage is totally opaque."</i></p>
ND1.16	Night flights and integrators	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>"In this response, the Applicant claims night flying by integrators due to passenger flights crowding out movements during the day. This is patently untrue as the pattern of operation at EMA shows (see Table 3.2 of our 2019 Update Report).</i></p> <p><i>The response goes onto claim that it is not proposed for Manston to have an integrator base, yet the information provided in Appendix 3.3 to the ES shows that 48% of freighter aircraft movements in Year 20 (more in the earlier years) are expected to be operated by the integrators DHL or Fedex, including feeder flights by small aircraft which clearly implies the expectation of an integrator hub operation. At 8,327 integrator movements in Year 20 (as shown in the ES), Manston would be expecting to operate around 60% of the total number of integrator flights at East Midlands. By any measure, this implies some form of base or hub operation. Such an operation would only be possible if the airlines could operate a similar pattern of day/night movements as seen at EMA, as we outline at paras. 3.37-3.44 of our 2019 Update Report. Even if the operation was on a non-based basis, the pattern of day night movements would be very similar as it should be noted that EMA operates partly as a hub but also as a spoke</i></p>

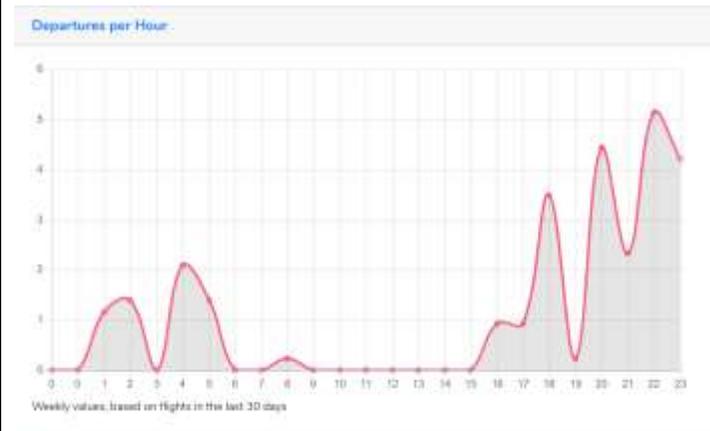
		<p><i>to DHL's main operation at Leipzig. These movements would have to operate with timings based on late evening arrivals from the main hub and early hours' departures.</i></p> <p><i>The Applicant should be asked to clarify as a matter of urgency the intentions regarding integrator operations as, if these movements are removed from the forecasts, the number of predicted freighter aircraft movements is below the threshold for an NSIP (see para. 3.46 of our 2019 Update Report)."</i></p>
ND1.17	Trucking	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>"The respondent does not actually answer the question posed. The answer deals with trucking of food, which is not an indication of high value air freight potential. As explained in Section 4 of our 2019 Update Report, trucking of freight between hubs is an integral part of the air freight system. The DfT figures referred to by the Applicant are travelling under an airway bill and will meet required delivery times for the high value/low weight model. Such freight is not a separate category of air freight and would normally be considered as part of the general air freight sector -see Steer Report for Airlines UK (<a href="http://airlinesuk.org/wp-content/uploads/2018/10/Assessment-of-the-value-of-air-freight-services-to-the-UK-economy-Final-Report-v22-Oct-2018-b-SENT.pdf">http://airlinesuk.org/wp-content/uploads/2018/10/Assessment-of-the-value-of-air-freight-services-to-the-UK-economy-Final-Report-v22-Oct-2018-b-SENT.pdf</a>) para 2.8ff for a description of different types of freight operation. This explains that the role of trucking is integral to general air freight handling (paras. 2.17-2.19 and not of itself any indication of capacity constraints but is simply a manifestation of how the market works."</i></p>
ND1.18	Stansted operations at night	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>The answer refers to Stansted's previous passenger cap of 35 mppa but fails to recognise that this has been increased to 43 mppa. The response again confuses the DfT's 2017 presentation of the limiting capacity at each airport as being a movement limit not a passenger limits. It is clear from reading the DfT 2017 UK Aviation Forecasts, specifically Tables 63, 64 and Fig 7.4 (as reproduced at Fig 2 of Azimuth Vol I), that the limits reflected, particularly for Stansted, are based on passengers. Table 66 of the DfT UK Aviation Forecasts 2017 shows clearly that Stansted's peak forecast number of ATMs is 212,000 ATMs, i.e. the Airport is not projected to fully use its consented movement capacity of 274,000 ATMs, of which the limit for cargo flights is now 16,000 per annum as per new permission, i.e. 60% growth in cargo flights above current levels. It is simply wrong to assert any form of imminent constraint on the overall number of freighter aircraft movements at Stansted. The concept that MAG is favouring low cost airlines</i></p>

*over freight at Stansted is pure speculation and without any foundation. Nor would air traffic control delay freighter operations to favour passenger flights but they would adhere to air traffic flow management slots as issued by Eurocontrol based on filed flight plans. In truth, there is no evidence that freighter operations are restricted at Stansted. Any short term fall in freight tonnage is almost certainly coincidental and related to underlying economic factors. As illustrated in response to ND.1.13, Stansted has recently extended its cargo facilities, which it would not have done so had it intended to force out freighter activity.*

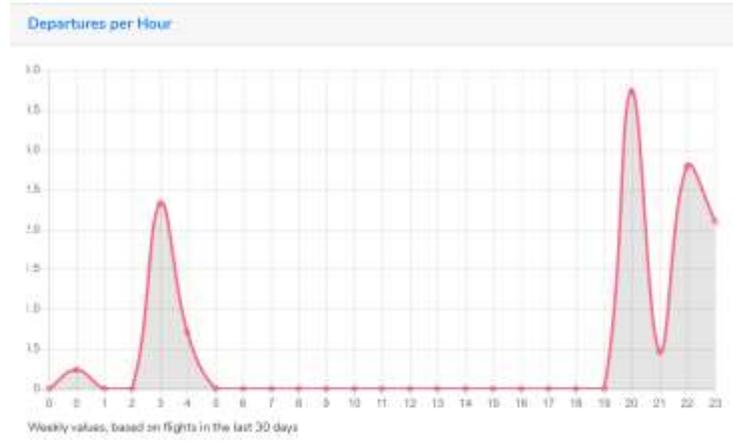
*As we have noted in response to ND.1.13 above, the Applicant uses the Stansted raw demand graph rather than the correct allocation chart. There is currently plenty of spare runway capacity at the times when the freight operators want to fly.*

*We have looked at the times when the airlines currently want to fly (on the basis that there is no evidence that airlines are currently constrained from operating at the times they wish by any current capacity constraint at Stansted). The full details are given in Appendix E. Summary graphs are shown below:*

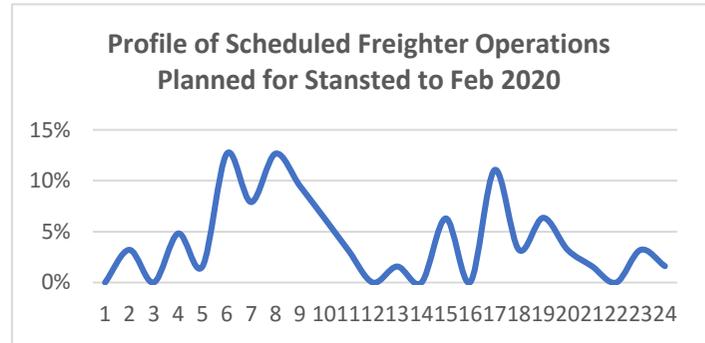
**Fedex**



**UPS**



**Scheduled Freighter Operations**



*It is clear that the integrators operate primarily at night with c.36% of all departures at night and a similar pattern for scheduled freighter operators. In overall terms, we estimate that around 45% of all non integrator freighter aircraft movements at Stansted operate with either an arrival or departure in the night period. If these operators*

		<p><i>had to move from Stansted due to the effect of night constraints, they would only do so to an airport that could provide the flexibility to maintain current schedules, i.e. for Manston to be a candidate it would require to be able to operate a substantial number of night flights, well in excess of the proposed night quota in the Noise Mitigation Plan.</i></p> <p><i>The situation at Amsterdam has also been misinterpreted by the Applicant. The 80% use it or lose it rule for slots has been in place under EU Regulation 95/93 for many years. This means that systematic off-schedule operations by any airline may result in some airlines losing their grandfathered slots and, with an airport at its overall annual movement limit, alternatives at a different could not be allocated as would have been the case before the limit was reached. This is not some new rule aimed at cargo carriers specifically but a part of EU law.”</i></p>
ND1.19	Heathrow capacity	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“It is interesting to note that the Applicant does not expect the position of most freight at Heathrow being carried bellyhold in long haul passenger aircraft to change once R3 opens. In terms of the balance of slot usage with R3, it is Government policy that the use of R3 should be focussed particularly on securing global connectivity and in ensuring improved regional domestic connectivity through the ringfencing of some slots (see Aviation Strategy Green Paper para. 3.52). On this basis, the Applicant’s estimate of 85,000 of new slots being for long haul services is almost certainly conservative but would still represent an increase of c.50% in global connectivity compared to 2018 (c.175,000 long haul flights based on OAG data). The current bellyhold capacity offered for sale at Heathrow on long haul routes is c. 14 tonnes per sector on average (OAG). On this basis, 85,000 additional flights would equate to 1,200,000 tonnes, i.e. taking Heathrow to the 3 million tonnes total. It should be noted that this is a throughput estimate not a formal constraint so the tonnage achieved could be higher. Contrary to assertions made by Azimuth in its reports, newer aircraft types carry more tonnage per flight meaning that the future bellyhold capacity is likely to be greater on average per aircraft than today. Hence, Heathrow might well achieve more than 3 million tonnes of cargo once R3 is operational. We have extracted bellyhold tonnage capacities being offered for sale on average by aircraft type on 28<sup>th</sup> Feb 2019 to illustrate the high capacity offered by some newer types, in particular the Boeing B787:</i></p>

		<table border="1"> <thead> <tr> <th><b>Type</b></th> <th><b>Bellyhold Tonnage</b></th> </tr> </thead> <tbody> <tr> <td>Airbus A330</td> <td>11.0</td> </tr> <tr> <td>Airbus A340</td> <td>12.7</td> </tr> <tr> <td>Airbus A350</td> <td>20.0</td> </tr> <tr> <td>Airbus A380 Passenger</td> <td>20.2</td> </tr> <tr> <td>Airbus Industrie A330</td> <td>13.5</td> </tr> <tr> <td>Airbus Industrie A350</td> <td>20.0</td> </tr> <tr> <td>Boeing 737 Passenger</td> <td>5.4</td> </tr> <tr> <td>Boeing 747 (Passenger)</td> <td>15.2</td> </tr> <tr> <td>Boeing 757 (Passenger)</td> <td>7.1</td> </tr> <tr> <td>Boeing 767 Passenger</td> <td>13.9</td> </tr> <tr> <td>Boeing 777 Passenger</td> <td>23.2</td> </tr> <tr> <td>Boeing 787</td> <td>38.2</td> </tr> </tbody> </table> <p>We would also highlight that the Boeing industry reports, on which Azimuth seek to place substantial reliance throughout their reports, quotes lower (belly) hold capacity growth on passenger aircraft of 6% in their World Air Cargo Forecast 2018-2037 (Executive Summary page 7) so Azimuth are simply wrong to speculate that the ability to carry bellyhold is reducing not increasing.</p> <p>We would reiterate para. 2.15 of our 2019 Update Report that Heathrow with R3 provides for growth for 31 years.”</p>	<b>Type</b>	<b>Bellyhold Tonnage</b>	Airbus A330	11.0	Airbus A340	12.7	Airbus A350	20.0	Airbus A380 Passenger	20.2	Airbus Industrie A330	13.5	Airbus Industrie A350	20.0	Boeing 737 Passenger	5.4	Boeing 747 (Passenger)	15.2	Boeing 757 (Passenger)	7.1	Boeing 767 Passenger	13.9	Boeing 777 Passenger	23.2	Boeing 787	38.2
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ND1.20	Additional capacity at Heathrow	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p>“This response seems to proceed from the premise that Heathrow could only attain 3 million tonnes of cargo per annum through extensive introduction of freighter flights. As we have demonstrated in response to ND1.19, this is easily deliverable from bellyhold capacity. Once again, the response is littered with speculation about the need to demolish Terminal 4 to provide more cargo aircraft stands, which is without substance. The fact that slots to use R3 may be released incrementally is not an issue as the release will be in line with demand.</p>																										

		<p><i>The Applicant again claims that it has taken account of growth in air freight capacity at Heathrow in its forecasts for Manston. Once again, this is totally opaque in the methodology. Our assessment (see Section 3 of our 2019 Update Report) is that there will be ample spare capacity.</i></p> <p><i>The remainder of the response asserts that, notwithstanding growth in capacity at Heathrow and elsewhere, there will be 400,000 tonnes of freight by 2050 which will require a dedicated freighter operation. This appears to be estimated by growing the current tonnage on dedicated freighters at the London airports by c.2% p.a. However, it does not follow that this freight would not be better suited to using the increased belly hold offer from Heathrow with a 3<sup>rd</sup> runway. As we have pointed out at paras. 4.4 and 4.19 of our 2019 Update Report, there is clear evidence of airlines discontinuing dedicated freighters when increased bellyhold capacity is available. Comparisons between Heathrow and Frankfurt (see ND.1.6) reinforce the point. Freighters, other than integrator operations and a small number of niche ad hoc/charter operations, fill the gap when bellyhold is not available rather than being a distinct market as the Applicant’s response appears to suggest.”</i></p>
ND1.21	Gatwick – Applicant’s Experience of Freight Operations	<p>The Applicant has again not answered the question directly.</p> <p>The Applicant claims that members of its team have extensive experience in relation to the management and operation of freighter cargo, giving Viscount Aviation and Northpoint Aviation as examples. However, in its answer to question CA.1.14, the Applicant states that these parties are being relied upon for “<i>developing and constructing the airport</i>” but make no reference to either Viscount Aviation or Northpoint being employed/contracted to assist with operating the airport.</p> <p>The Applicant has provided no evidence that it, or any of its directors, has experience or expertise in freight operations. In its answer to CA.1.41, the Applicant only notes that, should the DCO be granted, it would make appointments to manage the operations. It is highly revealing that the Applicant again fails to mention the track record of RSP director, Tony Freudmann, in relation to freight operations.</p>
ND1.22	Road congestion at East Midlands	<p>The Applicant’s response describes well the reasons why EMA is the main UK freight hub. It is ideally located to serve the UK as a whole, including the south-east. For the reasons set out above (in our comments to the answer to question ND.1.8) it is wrong to assume that all goods are destined for London or the south-east.</p>

		<p>In this respect, some parallel can be drawn with the location of Strategic Rail freight interchanges (SRFI). For similar reasons, existing SRFI are concentrated in the East Midlands (DIRFT) and East Midlands Gateway, whilst additional proposals for SRFI are principally concentrated also in the East Midlands (current proposals at East Midlands Intermodal Park, Northampton Gateway and Rail Central at Northampton). Rail hubs have similar locational requirements and a similar reliance on the road network. Alleged traffic issues in the East Midlands have not deterred either the success of East Midlands Airport or of rail freight interchange development. By contrast, there has only been one proposal for a rail freight interchange in Kent. The Kent International Gateway proposal was dismissed at appeal by the Secretary of State in August 2010 (reference APP/U2235/A/09/2096565). The sub-optimal location (near Maidstone) was one of the factors weighing against the proposals. The Secretary of State’s conclusions included the following:</p> <p><i>“the Secretary of State agrees with the Inspector that the policy intends that sites should be well located to serve both the London and south-east markets, but that the location of the appeal site is plainly well below optimum with respect to the London market. He agrees that this reduces significantly the policy supports that the proposal should otherwise be afforded by the Strategic Rail Authority’s SRFI policy. (paragraph 29).</i></p> <p><i>...The Secretary of State agrees with the Inspector’s reasoning and conclusion that there needs to be some reasonable assurance that the development would indeed function as the appellants suggest...He agrees (with the Inspector) that he cannot be reasonably assured that sufficient traffic from Europe would be attracted to the site to make onward journeys by rail to other regions of the UK viable, and thus nor can he be reasonably assured that the proposed development would function as an SRFI.” (paragraph 30).</i></p> <p>Each proposal, of course, is different and rail has different characteristics from air freight. Nevertheless, the Secretary of State found that a site located significantly closer to London was not well located as a freight hub to serve London, let alone the wider south-east or the UK as a whole.</p> <p>We would also refer the ExA to the following extracts from the York Aviation note (see Appendix 1):</p> <p><i>“Again, this answer appears to assume that freight is necessarily destined for Central London. Whilst this may be true for urgent documents carried by the integrators, is it not the case for the vast bulk of air freight. Otherwise, the Applicant’s answer describes well the reasons why EMA is the main UK freight hub.”</i></p>
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ND1.23	Brexit friction	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“We do not dispute that a ‘No Deal’ Brexit could lead to delays at the border for trucks in the short term until new systems and processes are put in place.</i></p> <p><i>However, the bigger issue with a ‘No Deal’ Brexit is likely to be the overall impact on the economy. Forecasts suggest that the economy could be up to 9.3% smaller than it would otherwise be in the event of ‘No Deal’ (<a href="https://www.bbc.co.uk/news/uk-politics-46366162">https://www.bbc.co.uk/news/uk-politics-46366162</a> ). There would simply be less demand for freight transport so reducing any market that Manston might avail of. This is likely to be a much more significant factor in terms of the prospects for dedicated freighter operations at Manston than short term issues of customs clearance at the Channel crossings.”</i></p>
ND1.25	Bellyhold versus freighters	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“The advantages of dedicated freighter operations cited by the Applicant come at a cost which few shippers of general cargo are willing to pay. There is always an economic trade-off between time and cost so, for most air freight, the hub and spoke system works well as it does for passengers. Whilst Azimuth quotes Boeing 2016 World Air Cargo Forecast as saying 80% of cargo between Asia and Europe used dedicated freighters, the latest Boeing 2018 report (referred to earlier) shows this proportion has fallen to 75%. Hence, it is completely wrong for the Applicant to claim that there is not a general trend to a reducing share of cargo carried on dedicated freighter aircraft. The trend is clear and relates to the overall cost effectiveness of transporting goods. Boeing, in its 2018 report, stresses that dedicated freighters tend to concentrate on the main trade routes whilst bellyhold and hubbing provides the global reach. This contrasts with the view of the Applicant that somehow dedicated freighters offer more flexibility to get goods from A to B.</i></p> <p><i>The response appears to cling to the belief that decline in freighter use is due to the lack of a dedicated freight airport, citing Leipzig and Liege as having few passengers and seeking to dismiss East Midlands and Stansted as freight airports because they handle more passengers than Leipzig and Liege. At 4.9 mppa, East Midlands is still a relatively small airport in passenger terms and remains able to focus largely on freight. It is frankly ludicrous to</i></p>

		<p>liken East Midlands Airport to Amsterdam Schiphol, which handled over 71 million passengers and nearly 500,000 ATMs in 2018.</p> <p>Reference again made to the potential for Amazon dedicated freighter operations. It is important to understand the purpose of Amazon's freighter operations in the context of the US market. The operation of their own aircraft is about feeding their distribution centres to keep them stocked with product <a href="https://aviationweek.com/commercial-aviation/amazon-air-seen-little-threat-incumbent-package-carriers">https://aviationweek.com/commercial-aviation/amazon-air-seen-little-threat-incumbent-package-carriers</a>. The circumstances in the US are very different and distances in the UK much shorter so delivery times can be met from depots in the centre of the country without the same need to fly between distribution centres."</p>
ND1.26	Stansted and East Midlands constraints and capacity.	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p>"This answer again seeks to draw comparisons between Stansted, East Midlands and Amsterdam Schiphol Airports. We note that this answer correctly quotes the planning conditions at Stansted which were inaccurately cited earlier in the Applicant's responses. The response also states that constraints at East Midlands will be overcome when the new UPS handling facilities are operational. Whilst these facilities will enable UPS to grow to a scale to match DHL, we are not aware of any evidence that activity at East Midlands has been constrained to date."</p>
ND1.27	Decrease in cargo ATMs	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p>"The response continues to assert that the decline in dedicated freighters in the UK is due to day and night time slot constraints. This is not borne out by experience at the UK's unconstrained airports albeit this may have been a factor, in part, at Heathrow. However, to the extent that there has been any constraint at Heathrow, this has not manifested itself in growth in dedicated freighter movements elsewhere, despite both Stansted and East Midlands having ample spare capacity. There is no reason why the re-opening of Manston would make any difference to the clear trend.</p> <p>It should be noted that globally Boeing (2018) forecasts growth in freighters operating globally of 70% but 100% growth in freight. This suggests a global decline in the freighter share of the market of at least 17.5% over 20 years (and more if capacity of dedicated freighter aircraft were to increase relative to increase in bellyhold capacity). The</p>

		<i>decline in freighter operations is likely to be strongest in markets where there is strong growth in bellyhold capacity, as would be the case with a 3<sup>rd</sup> runway at Heathrow.”</i>
ND1.28	Forecast daytime flights at Manston	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“This response again says that the focus of Manston will not be on integrator operations, yet such operations make up 48% of the Year 20 freighter movements (more in the early years) as set out in Appendix 3.3 of the ES. The Applicant appears not to understand its own evidence. The response says that other than the integrators, dedicated freighter operators do not depend on night flying. However, our analysis of non-integrator freighter operations at Stansted (see ND.1. 18) shows around 45% of operations were dependent on a night movement when either arriving or departing. Hence, the ability for airlines to operate a substantial proportion of their flights at night would be essential to Manston being able to attract such operations.”</i></p>
ND1.30	Avia Solutions conclusions on viability	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“This response is wrongly dismissive of the work of Aviasolutions for Thanet District Council (see Section 6 of our 2017 Report). The response also refers erroneously to a footnote on page 14 of Avia’s 2017 commentary on Local Plan Consultation Responses, whereas the question refers to Aviasolutions earlier 2016 Report. As we point out in our 2017 Report (paras. 6.8 and 6.16), Aviasolutions correctly interprets our report for TfL and the FTA in 2015. Despite having been told in 2017 that they were misconstruing the meaning of the analysis contained in this report (see ND.1.7), the Applicant clings to its erroneous interpretation of our 2015 Report and quotes in this answer a claimed freight capacity shortfall of 2.1million tonnes without any new runway or capacity across the London airports as the basis for its claim that Aviasolutions got it wrong. Our views and those of Aviasolutions do not diverge as the Applicant claims, they are in essence the same. The Applicant’s view is where the error lies.</i></p> <p><i>It is important to note in relation to the role of trucking in the market that this is a matter of cost as well as speed. Dedicated freighter services would not address this issue.</i></p> <p><i>The Applicant continues with further criticisms of the Aviasolutions analysis and claims that out of date data has been used because Southend Airport is excluded from the analysis. As any experienced aviation consultant would be aware, Southend has not been included in the CAA Departing Passenger survey in the whole period since 1990,</i></p>

		<p><i>albeit it is being surveyed in 2019. Whilst we noted the Aviasolutions work in our 2017 Report, we have conducted our own analysis of the market from first principles. The Applicant asserts that, somehow, the performance of Manston will be different and claims to use more up to date data than used by Aviasolutions. However, this is not so as much of the analysis set out in the Azimuth Reports relies on data and analysis used by the Airports Commission in 2013-2015 and fails to take into account subsequent developments and decisions. Once again, the answer states that the London system will be full by 2030 but, as pointed out numerous times in our Reports and responses, this relates to the circumstance where a 3<sup>rd</sup> runway is not built at Heathrow.</i></p> <p><i>Given that the question from the ExA relates to the Aviasolutions 2016 Report which did specifically address viability, it is important to note the conclusion of that report:</i></p> <p><i>“7.3.9. Conclusion - The asset would require significant long term investment but would only generate a marginal return on the capital invested. These returns are also predicated on a large number of external variables over which the owner of Manston Airport has limited influence. It is AviaSolutions’ view that based on this scenario there is no viable long term prospect of an economically viable airport being established at Manston.”</i></p>
ND1.31	Stansted capacity	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“This answer largely repeats earlier answers (ND1.18) that MAG has made a strategic choice to favour passengers over freight at Stansted. Nowhere in Section 5.1 of Azimuth Volume I does it quote MAG as saying it prefers passengers over freight, albeit Azimuth construes this to be the case. Paras 2.52, 2.53 of the Stansted Airport Ltd (STAL) Planning Statement (<a href="https://www.uttlesford.gov.uk/media/7748/Stansted-Airport-application-planning-statement/pdf/35_Planning_Statement_final_.pdf">https://www.uttlesford.gov.uk/media/7748/Stansted-Airport-application-planning-statement/pdf/35_Planning_Statement_final_.pdf</a>) for its recent planning application makes clear there are substantial aspirations for cargo growth:</i></p> <p><i>“2.52 Today, Stansted is the third largest air freight centre in the UK, handling around 10% of the UK’s air cargo market. In 2017, 260,000 tonnes of freight, worth over £12bn, were handled on c.12,000 dedicated freighter flights. This helps connect local firms, small and medium sized enterprises in Essex and hi-tech companies in Cambridge, to global markets. In addition to dedicated air freight, the flights of DHL, FedEx, UPS and Royal Mail provide London with an express cargo hub for time critical, often overnight, deliveries.</i></p>

		<p><i>2.53 Long haul services, such as those recently announced to the Middle East and North America, also bring trading benefits through the capacity to carry air freight. Belly-hold cargo is an important factor in maintaining the viability of long haul services, as well as giving local businesses easier access for importing or exporting goods. This new cargo capability will complement the existing ‘all freight’ services to, for example, Memphis and Qatar.”</i></p> <p><i>It is important to note, however, that STAL anticipates that more long haul scheduled services will be the principal means to drive throughput of cargo.</i></p> <p><i>We would further note in response to the Applicant’s answer that there is no evidence that there was ever a shortage of capacity at Manston nor that its limited operations in the past were due to any shortfall in facilities. The past performance was reflective of market realities, which have not fundamentally changed.”</i></p>
ND1.32	Imports and exports	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“This response claims there were no facilities for handling outbound export cargo at Manston, which is absolutely incorrect.</i></p> <p><i>The response also restates unsupported expectations of cargo services by type of airline. As we note at para. of our 2019 Update Report, several of the airlines listed as operating in Appendix 3.3 to the ES do not have dedicated freighter aircraft in their fleets. To assist the Examining Authority, we have included the fleet lists of these airlines (from ch-aviation) at Appendix F. Freighter aircraft are denoted by an (F). We have included Qatar Airlines in the list where it is evident that they do operate a young fleet of freighter aircraft but for the reasons we outline, they are highly unlikely to operate to Manston.</i></p> <p><i>We have addressed the shortcomings of the Business Model at F.1.5.”</i></p>

ND1.33	Markets for Manston	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“This answer again is based on there being a shortage of capacity for dedicated freighter operations across the London airports. As we have demonstrated, this is not so.</i></p> <p><i>Elsewhere the response is muddled as, whilst it correctly identifies the potential of import of flowers from Africa, it claims that the UK will be importing consumer goods from Pakistan and exported clothing. This does not appear to be rational given the relatively limited clothing manufacture in the UK and limited consumer goods exporting from Pakistan. The response is also unclear about China and implies that it would be a market for exports rather than the majority of trade currently being imports. In any event, there is no evidence that these markets or goods would be candidates for using dedicated freighters and would more likely seek bellyhold capacity (the experience at Manchester Airport with Hainan Airlines and Cathay Pacific would rather tend to prove this point.) We do not believe that the majority of these goods would be of such an urgent nature as to justify dedicated freighters, other than the fresh flower market that Manston historically handled.”</i></p>
ND1.34	Location of Manston	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“This answer continues to proceed on the basis that most air freight is to and from London. For the reasons already explained (see Section 4 of our 2019 Update Report), this is not the case.”</i></p>
ND1.35	Perishables	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“It is not clear where the figure of 394 perishables flights per year comes from? The ES data at Appendix 3.3 shows 444 such flights (Cargolux from Africa/Nairobi in Year 20). Once again, there is lack of clarity of the basis upon which the application has actually been assessed, with different figures being quoted in different parts of the documentation.”</i></p>

ND1.36	KLM	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“The answer wrongly cites the proportion of KLM passengers within the total passenger forecast. This does not answer the ExA’s question as to what proportion would be hubbing at Amsterdam. The answer given appears to mean that the route is assumed to carry 75,000 passengers per annum and does not grow through the period. This would equate to c.52 passengers per flight on average based on the 1,456 movements shown in Appendix 3.3 to the ES. KLM’s smallest aircraft, the Embraer175 jet, has a capacity of 88 pax, implying a load factor of 60%. This is below a sensible viability threshold which we have assessed as 80% as an initial minimum rising to 88% (2019 Update Report para. 5.29). KLM’s network wide load factor is 89.1% in 2018 (<a href="https://news.klm.com/klm-2018-traffic-results/">https://news.klm.com/klm-2018-traffic-results/</a>) so the route is unlikely to be viable on the basis set out by the Applicant. We note that the response claims that there have been updated discussions with KLM in Feb 2019. We would not dispute that the airline may have expressed interest in recommencing the service but this may well depend on the support package available from RSP and from local authority stakeholders to support the re-introduction of the service.</i></p> <p><i>By way of comparison, our forecasts suggest that, if operated, the route could support 111,000 passengers in Year 20 with 67% connecting in Amsterdam. This would be roughly on a par with the number of passengers carried from Durham Tees Valley to Amsterdam in 2018.”</i></p>
ND1.37	Frankfurt	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“Part i) of the response fails to address the implications of limits on night flying on the prospects for Manston. In practice, the answer given simply demonstrates that a busy passenger schedule during the day is not an impediment to effective freighter operations as the Applicant has elsewhere tried to argue would be the case at Stansted. For the reasons we have set out at ND.1.6, to the extent that freighters are willing to confine their operations to day time hours at Frankfurt, this reflects the power of the hub and air freight consolidation at Frankfurt which would not be replicable at a small remote airport like Manston. Frankfurt is able to leverage its market power in the air freight sector in the same way as Heathrow.”</i></p>

ND1.38

Trend to Bellyhold

Comments extracted from York Aviation note (see Appendix 1):

*“The response says that bellyhold freight is only cheaper where “demand outstrips supply”. This is economically irrational as normally prices rise as demand outstrips supply. We have explained at ND.1.6 why Frankfurt has more dedicated freighter capacity than Heathrow. In terms of convenience for shippers, bellyhold is a more flexible option precisely because it uses hubbing to connect multiple points. Box 2b from the Airports Commission Interim Report 2013 illustrates the point. Hubs increase connectivity compared to point to point services.*

**Box 2b: What are aviation hubs and how do they work?**

In a hub-and-spoke model, airlines and alliances focus their route networks on one or more key airports which maximise connecting opportunities for passengers. For example, an airline that operates direct services between three pairs of airports (A-D, B-E, and C-F) could instead route its flights via a hub (H) as shown below.

This creates more route options, with passengers travelling from any airport in the network now able to access five different destinations (six, including the hub itself). Furthermore, the additional passengers transiting through the hub make it more viable for the airline to add new routes at that airport or increase frequencies on existing routes, bringing further connectivity benefits. On the other hand, such a model may incentivise airlines to replace some thinner direct routes with routes that involve a transfer, which is less convenient from the perspective of those passengers who travel on this particular route.

The diagram illustrates two network models. The top model shows three direct routes: A to D (labeled 'a'), B to E (labeled 'b'), and C to F (labeled 'c'). The bottom model shows a hub-and-spoke network with a central hub 'H'. Routes from A, B, and C to H are labeled 'a 1', 'b 1', and 'c 1' respectively. Routes from H to D, E, and F are labeled 'a 2', 'b 2', and 'c 2' respectively.

		<p><i>Dedicated freighters are inherently less flexible for shippers in terms of getting freight from A to D, E and F etc, and are a more expensive option. Hence, freighter services are being replaced as more bellyhold capacity comes on stream, other than on an ad hoc basis for special loads which can only be justified in limited circumstances.</i></p> <p><i>This answer again makes reference to our 2015 Report for TfL and the FTA. The quotation cited makes clear that we were referring to constraints biting on bellyhold capacity at London not on capacity available for dedicated freighter operations. We have made clear to Azimuth for some time that they have been misrepresenting the conclusions of our 2015 Report.</i></p> <p><i>The Applicant asserts that e-commerce is creating a market for pure freighters to secure delivery times but this only works along narrow corridors of very dense demand. To the extent that such freighters are required (and there is little or no evidence that this is so in the UK context), there are choices as to how to serve London given the availability of capacity at Stansted today.”</i></p>
ND1.39	Realism of Forecasts	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“The response claims that because of pent up demand for more freighters, movements at Manston will grow quickly. However, as noted earlier, over half of the initial movements are shown at Appendix 3.3 of the ES to operated by an integrator, which contradicts earlier statements that Manston will not be an integrator base. Hence, if an integrator base is not to be a feature at Manston (as we strongly believe), it is difficult to see where the initial growth might come from.</i></p> <p><i>In essence, this answer repeats much of the circumstantial material from earlier answers, including speculation about future operations at Stansted despite clear evidence of investment in increased air freight facilities there. Air freight operations from the dedicated facility do not impede the fast turnaround of low cost airlines, rather these airlines choose not to carry freight themselves as this would slow down their turnaround times.</i></p> <p><i>We would also note that when operating long sectors, Ryanair does not seek to operate 4 rotations within a day. All low cost airlines target their last arrivals late in the evening, with aircraft on the ground overnight.”</i></p>

ND1.40	Mail	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“The answer says that mail flights are not included as they would require night operations. Again, this is different from the information shown at Appendix 3.3 of the ES which shows 770 annual movements on postal services with Boeing737 aircraft (4.5% of total freight movements). Once again, the information provided by the Applicant is contradictory.”</i></p>
ND1.41	Number of freighter movements	<p>The Applicant/Azimuth’s response demonstrates a fundamental lack of understanding of the UK freight market. This consistent lack of understanding is highlighted throughout the York Aviation and Altitude Aviation Reports, which were included as Appendices 4 and 5 to SHP’s written representations (REP3-025).</p> <p>We would note that the ExA’s question did not clarify that the estimate of 18,000 given in RR-1601 related to <b>daytime</b> non domestic cargo ATMs in England and Wales 2017. It therefore excluded both the estimated night time cargo ATMs and domestic cargo ATMs. We would note to the ExA that domestic cargo ATMs are flights between two UK airports, with each flight counting as 2 ATMs in the CAA statistics.</p> <p>In its response to the question, the Applicant states that the figure of 18,000 was “<i>incorrect</i>”, and quoted CAA statistics that were “<i>nearly three times that figure</i>”. As the RR-1601 clearly set out the methodology on how the number of 18,000 was estimated, we are surprised that the Applicant has not addressed the question posed and simply referred to statistics for total cargo ATMs in the UK. The data is not comparable, however this blurring, and highly selective use, of statistical evidence is also consistent feature of the Azimuth Reports.</p> <p>Whilst we agree that Table 6 of the CAA statistics shows a total of 53,628 UK cargo ATMs, this figure includes a significant number of both (i) domestic cargo ATMs (&gt;21,000) and (ii) EU and International ATMs from/to UK airports outside England and Wales (&gt;3,000), something the Applicant and/or Azimuth either does not understand, or has chosen not to disclose.</p> <p>The claim that “<i>Almost all other ATMs are non-domestic since air freight is rarely used to move cargo within the UK (figures include Scotland and Northern Ireland)</i>” is literally an incredible statement for an aviation consultant to make, given the availability of CAA data that shows this claim to be wholly inaccurate. It demonstrates a gross</p>

		<p>misunderstanding of the current market and serves as an example of why the assertions made in the Azimuth Report are not credible.</p> <p>There is no single Table in the CAA statistics that provides a summary of cargo ATMs and the geographies they fly to/from. Therefore, to assist the ExA, we have included a detailed summary of the CAA statistics for 2018 as Appendix ND.1.41.</p> <p>In summary these CAA statistics show;</p> <ol style="list-style-type: none"> <li>1. Analysis of the monthly Table 6 statistics shows there were 53,628 cargo ATMs in 2018 for UK reporting airports (i.e. excluding Channel Islands and Isle of Man). This table does not break down whether the ATMs are domestic or involve movements to/from the EU or Other international locations. To understand this, one must analyse Table 5 of the CAA statistics, something the Applicant or Azimuth has clearly failed to do.</li> <li>2. Table 5 provides a breakdown of total flights to/from EU, International and Domestic locations. It then breaks this down into passenger movements, with the difference between the total number of movements and the passenger movements equalling cargo movements.</li> <li>3. By analysing the Table 5 data, it is easy to see that there were 54,987 commercial movements that were not passenger related. Whilst this is 1,274 higher than the number shown in Table 6, we have assumed that all are cargo ATMs to be cautious in line with guidance provided by the CAA.</li> <li>4. The detailed analysis shows that of the 54,897 cargo ATMs; <ol style="list-style-type: none"> <li>a. 21,170 were domestic cargo ATMs (please note there only 10,585 actual flights as each flight counts as 2 ATMs);</li> <li>b. 26,046 were EU ATMs;</li> <li>c. 7,681 were International ATMs.</li> </ol> </li> <li>5. Therefore, there was only a total of 33,727 non-domestic cargo ATMs in 2018 for the whole of the UK. This is nowhere near “almost all” of 53,628 as claimed in the Applicant’s answer.</li> <li>6. The Appendix ND.1.41 provides further analysis of the CAA statistics relating to airports in England and Wales (i.e. Scotland, Northern Ireland and Island airports ATMs have been stripped out). The key points to note are; <ol style="list-style-type: none"> <li>a. There were only 30,337 non-domestic cargo ATMs (23,536 EU and 6,801 International);</li> <li>b. 58% (17,463 ATMs) relate to East Midlands Airport and 17% (5,292 ATMs) relate to Stansted airport;</li> <li>c. The remaining 25% (7,582 ATMs) are spread across the next 5 largest airports (Heathrow, Birmingham, Luton, Manchester and Newcastle).</li> </ol> </li> </ol>
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		<p>7. We would note that the CAA does not publish data on the split between day and night flights. To better understand the level of night flight activity, SHP acquired flight data for one month (March 2018) for each of East Midlands and Stansted airports. This provided granular details of the flight movements, flight operators and times of arrivals and departures. When the analysis of the March 2018 is extrapolated for a full year to December 2018, it demonstrates the following;</p> <ol style="list-style-type: none"> <li>a. c.57% (8,711 ATMs) of non-domestic cargo ATMs at East Midlands airport are estimated to be night flights;</li> <li>b. c.37% (2,735 ATMs) of non-domestic cargo ATMs at Stansted airport are estimated to be night flights;</li> <li>c. the combined estimate of non-domestic night flights at East Midlands and Stansted airports is 11,446 ATMs;</li> <li>d. Therefore, assuming cautiously that there are no night flights at any other airports, then there were estimated to be only 18,891 <u>daytime</u> non-domestic cargo ATMs in England and Wales in 2018. This is calculated by deducting the 11,446 ATMs in 7c above from the total of 30,337 ATMs set out above in 6a (6a being the sum of 4a and 4b). This figure of 18,891 ATMs is directly comparable with the 18,000 referred to in RR-1601, and reflects both a more detailed granular review of the CAA statistics and the updated numbers for 2018.</li> </ol> <p>The CAA statistics are all factual and available to view on its website by any member of the public. It is therefore difficult to comprehend how the Applicant and its adviser can display such an ignorance of the composition of UK cargo market.</p> <p>We would also refer the ExA to the following extracts from the York Aviation note (see Appendix 1):</p> <p><i>“We note that the question did not highlight that the estimate of 18,000 non-domestic cargo ATMs for England and Wales was for day time ATMs only. Total non-domestic freighters in 2018 were 30,338 according to CAA Airport Statistics. 18,000 movements represents a robust estimate for the total number of non-domestic freighter ATMs across England and Wales. What is significant is that only 6,801 of these freighter movements were outside of the EU in 2018, yet Azimuth forecast Manston handling 2,746 such flights in its first year of operation rising to 4,698 in Year 3 (70% share of static market) and 7,785 by Year 20 based on the sector length and movement data in App 3.3 to the ES. This is simply not credible.</i></p>
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		<p><i>The answer again claims that passenger flights will displace daytime freighters at EMA. The Applicant’s assertions about capacity constraints at East Midlands are hardly borne out by the recent (18th Feb) notification by the Airport that it intends to build 1.4 hectares of apron for additional cargo activity (3-5 aircraft dependent on size) adjacent to the new UPS facility using its GPDO powers. <a href="https://www.leicestermercury.co.uk/news/business/ups-gets-green-light-114m-1277726">https://www.leicestermercury.co.uk/news/business/ups-gets-green-light-114m-1277726</a> <a href="https://plans.nwleics.gov.uk/public-access/applicationDetails.do?activeTab=documents&amp;keyVal=PNHJVCLROL300">https://plans.nwleics.gov.uk/public-access/applicationDetails.do?activeTab=documents&amp;keyVal=PNHJVCLROL300</a>. This suggests that to the extent that there is demand for additional freighters to serve the UK, EMA is already committed to providing the infrastructure required to handle them. It also would strongly suggest that growth is being driven by the integrator sector as the facility is adjacent to the new UPS distribution centre under construction. Of course, we are told elsewhere that it is not intended that Manston will be used by integrators.”</i></p>
ND1.42	DfT forecasts	<p>In its answer, the Applicant states that the <i>“DfT is planning to produce a UK forecast for dedicated freighters”</i> and that that this forecast <i>“should be in line with industry forecasts that show considerable projected growth”</i>.</p> <p>This would appear to be yet another assertion from the Applicant / Azimuth that is not evidenced. The correspondence from the DfT (as set out in the Applicant’s Appendix ND.1.14) does not support these assertions and only goes as far as to comment that;</p> <p><i>“We take your suggestion of conducting more detailed modelling of air freight on board and will consider it along with the other suggestions we have received as part of the strategy.”</i></p> <p>We would also refer the ExA to the following extracts from the York Aviation note (see Appendix 1):</p> <p><i>“The Department for Transport (DfT) may not forecast freighter movements in detail but they have made a reasoned assumption based on the evidence that there is unlikely to be growth. In the context of considering the need for more airport capacity to ensure that aviation supports economic growth (see Airports NPS and Aviation Strategy Green Paper), it is not plausible to suggest that DfT would seek to understate the need. Contrary to what is stated in the response, the e-mail from the Department does not say that it is planning to produce a forecast for dedicated freighters using UK airports. What the DfT says is that it will take on board the suggestion that forecasts should be produced and consider this as part of the development of a new Aviation Strategy. The recent Aviation Strategy</i></p>

		<i>Green Paper does not take up the suggestion nor indicate that any forecasts are in prospect. It is our understanding that such forecasting work is not underway. The remainder of this response is pure speculation.”</i>
ND1.43	2003 White Paper	Comments extracted from York Aviation note (see Appendix 1):  <i>“This response refers to the reference to Manston on the 2003 Future of Air Transport White Paper. We have addressed this at paras. 2.19 and 2.20 of our 2019 Update Report.”</i>
ND1.45	Negotiations with operators	It is particularly notable that, even at this time, RSP cannot identify and evidence genuine interest from airlines, integrators or freight forwarders to occupy or use a re-opened Manston airport.  Whilst the forecasts set out in Appendix 3.3 of the Environmental Statement name individual operators and assume they will commit to Manston, none have provided that commitment. However, this is not surprising. As explained in paragraph 6.26 of SHP’s Written Representations (REP3-025), York Aviation identified a number of material issues (e.g. the stated airline does not operate freighter flights) with airlines that account for 90% of the aircraft movements projected by RSP for Manston in the first year of operation and over 80% in Year 20.
ND1.46	Airports NPS	In answering the question, the Applicant provides an incomplete and highly misleading summary of the position. We would bring the following to the ExA’s attention to the following.  It is clear that neither the Airports National Policy Statement nor the draft new Aviation Strategy to 2050 provide any explicit policy support to re-open Manston. In the Airports Commission Interim Report (2013) Manston was only mentioned once in relation to its “potential” as a reliever airport (Annex 2: Assessment of Long Term Options). There is no explicit support for Manston.  The new draft London Plan provides no explicit support for Manston. Manston is not even mentioned.  The Applicant refers to a KCC position statement from July 2015 and a prior document from 2014. Neither document is provided in the appendices. Rather than being the position statement, which was issued in March 2015 (see below), the Applicant appears to be referring to a vote that was taken by KCC members on 16 July 2015.

		<p>A motion was advanced by Cllr Roger Latchford asking members to support the following statement;</p> <p><i>“is imperative that this council show absolute support to both reinstate and operate Manston as an Airport, not only to regenerate East Kent but to provide the extra capacity required by the aviation industry not withstanding any extra capacity for an expansion of Gatwick.”</i></p> <p>As the minutes (attached as Appendix ND.1.46 (a)) demonstrate, the motion was not passed. Instead, an amended statement was passed by KCC which resolved that;</p> <p><i>“we the elected members of KCC wish it to be known that we fully support the continued regeneration of Manston and East Kent <b>and will keep an open mind on whether that should be a business park or an airport, depending upon the viability of such plans</b> and their ability to deliver significant economic growth and job opportunity.”</i></p> <p>In its answer, the Applicant appears to have removed the wording in bold (i.e. <i>“and will keep an open mind on whether that should be a business park or an airport, depending upon the viability of such plans”</i>). In view of the specific question asked by the ExA, this omission risks misleading the reader into concluding KCC were explicitly providing its support for the reopening of Manston as an airport. It once again demonstrates that evidence submitted by the Applicant cannot be accepted at face value.</p> <p>The Applicant also failed to disclose that in March 2015, Kent County Council published a position statement on Manston Airport – <i>“Manston Airport under private ownership: The story to date and the future prospects.”</i> The full document is attached as Appendix ND.1.46 (b), however and extract of its conclusions on page 12 is given below;</p> <p><i>“The truth is that Manston has failed over a prolonged period of time to run as a commercially successful airport.</i></p> <p><i>Kent County Council gave strong support to various investors but the reality of commercial aviation at Manston Airport led to very significant losses. In fact, in the 16 years since it was taken into privately ownership it has incurred losses by those who have tried to operate it in excess of £100 million.</i></p>
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		<i>2019 Update Report (para. 2.21), any support for Manston within the Airports Commission work was as a reliever airport for local uses, business and general aviation.”</i>
Ns1.24	Airspace change process	<i>Please refer to comments on question CA1.15.</i>
OP1.3	Aerodrome certificate	<p>In its response, the Applicant claims that the Aerodrome Certificate application will remain within the bounds of the DCO application and that the process is expected to commence in the latter part of 2019.</p> <p>We would highlight that the guidance is clear that the CAA will only progress discussions on a licence or certificate if it is satisfied that an Applicant is able to prove that it has control over or access to the land it wants to be licensed/certified as an aerodrome. The guidance further notes that <i>“the applicant must either be the landowner or have the permission of the landowner to use the site as an aerodrome, with rights to control the aerodrome under the terms of a lease or other operating agreement.”</i></p> <p>Accordingly, the Applicant would need to be the owner of the site or have an agreement with SHP, before it could progress an application.</p>
OP1.4	Defence Infrastructure Organisation Safeguarding	<p>We would note that the Applicant’s answer does not address the concerns expressed in the Defence Infrastructure Organisation’s Deadline 2 submission where it noted that the relocation of the HRDF Beacon has to be <i>“an integral and significant part of the Development Consent Application”</i>.</p> <p>We also note that the DIO’s comment that <i>“the applicant has rather glossed over the issues surrounding the possible relocation of the HRDF with the information that it has provided to the Planning Inspectorate”</i>. As is clear from some of our comments above, this does not appear to be an isolated event.</p>
OP1.7	Safety - PSZs	<p>i. The Applicant is wrong in stating the forecasts do not indicate a date by when PSZs may need to be implemented. It rightly asserts that the DfT’s current policy is that PSZs should be established at airports which have more than 1,500 ATMs per month and are expected in due course (or more specifically, within 15 years hence) to exceed 2,500 ATMs per month.</p>

		<p>The Applicant attempts to justify its failure to consider PSZs by making reference to the CAA statistics that show all 32 airports that have a PSZ average more than 1,500 ATMs per month, with the exception of Doncaster.</p> <p>However, as the CAA statistics for 2017 show, many of the airports with PSZs have significantly less than an average of 1,500 <b>commercial</b> ATMs per month. They are required to have PSZs as the criteria includes both Commercial movements and Non Commercial Movements. Therefore, it is not appropriate to only consider the forecasts for dedicated freighters and passenger ATMs. The Applicant must have regard to the other ATMs (including the 5,840 non-commercial ATMs it has assumed in its forecast – 16 per day per paragraph 12.7.39 of the Environmental Statement - Volume 2 (APP-034)), which it has not done in its answer.</p> <p>Should the Applicant’s application be approved by the Secretary of State, then under the Applicant’s forecasts it would exceed 1,500 total movements per month (including the non-commercial movements e.g. training flights and business aviation) during the third year of operations, and would be forecast to exceed 2,500 movements in an average month (even ignoring seasonality) within 15 years.</p> <p>Notwithstanding the lack of credibility of the Applicant’s forecasts, it is entirely reasonable to expect the Applicant itself to stand behind them. It is an inescapable fact that the effect of the Applicant’s forecast being realised would be a requirement for PSZs to be put in place. As PSZs place significant burdens and restrictions on adjacent landowners and owners of residential dwellings that are affected (e.g. the Manston Green development and the existing Nethercourt estate), it is imperative that the modelling should be carried out now to understand what the effects of its development are and to have these consulted upon. As no mention was made of PSZs in any of the Applicant’s consultation or application documents, any affected parties are likely to be completely unaware of the potential consequences of the Applicant’s project.</p> <p>Whilst the proximity of residential properties to the end of the runway already makes Manston a very specific case, it is also important to note that the safety record of cargo aircraft is materially worse than passenger aircraft and this will impact on the PSZ requirements. For example, Boeing analysis shows that Cargo aircraft accounted for c25% of hull loss accidents (37 of 159) in the 10 years to 2015 despite only accounting for 8% of the Global Fleet (per Boeing data (<a href="https://cdn.aviation-safety.net/airlinesafety/industry/reports/Boeing-Statistical-Summary-1959-2015.pdf">https://cdn.aviation-safety.net/airlinesafety/industry/reports/Boeing-Statistical-Summary-1959-2015.pdf</a>)).</p>
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		<p>ii. The Applicant advises that it has no plans to undertake modelling. As its own forecast shows PSZs will be required within three years of opening (as total ATMs including non-commercial movements would exceed 1,500 ATMs per month), this modelling should have been undertaken, the impacts fully assessed and those affected parties given the opportunity to make appropriate representations ahead of the DCO application being submitted.</p> <p>iii. In view of the higher risks associated with cargo aircraft, it is difficult to consider circumstances where the PSZs would not materially affect residential properties such as the large Nethercourt Estate located less than 1.5km to the east of the runway.</p>
OP1.8	PSZs	<p>The Applicant has not considered PSZs and claims that PSZs should be included as a constraint in the local plan. As the Applicant correctly states, PSZs will result in a policy that requires a general presumption against most kinds of new development and against certain changes of use and extensions to existing properties within the PSZs. The Applicant's position is that it appears to accept that other landowners, residents, and occupiers could be materially affected by the effects of RSP's project. However, the Applicant has chosen to remain silent on the issue of PSZs in its consultation and application documents, despite being advised of this requirement during the statutory consultation by SHP.</p> <p>We would note that reference is made to PSZs on pages 384, 422, 423,452 and 518 of the Consultation Report (APP-075) but this issue has not been addressed by the Applicant.</p>
OP1.11	Air Traffic Movements (ATMs)	<p>We would note that the Applicant has accepted in its answer that Works No. 10 and 11 do not have the purpose or effect of increasing capability to handle cargo ATMs. These works cannot therefore be considered NSIP development. This is in line with the evidence provided in Appendix 1: Rebuttal of NSIP Justification to SHP's written representations (REP3-025).</p>
OP1.16	Bird strike hazards	<p>The Applicant accepts that the ES has not assessed or taken account of bird strike hazards from an operational perspective. This is despite this omission being explained in responses to the statutory consultation. We would also note that on page 510 of its Consultation report (APP-075), the Applicant claims bird strike had been assessed in its ES. There are also further references on pages 430 and 444, where the Applicant has not taken on board comments (which were made by SHP) regarding the failure to consider the risks of bird strike.</p>

SE1.2	Adverse Tourism Impacts	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“This answer asserts that there would be a 45% increase in staying visitors in the local area as a consequence of the Airport handling passenger flights. The calculation appears to be based on the assumption that 25% of 1.4 million passengers will stay overnight in the local area. It is important to note that 1.4 mppa passengers is only 700,000 people making an outward and a return journey. Based on the route network proposed for Manston, we would expect the vast majority of passengers to be outbound leisure largely from the local catchment area (as we set out in Section 5 of our 2019 Update Report). Only the routes to Amsterdam and Dublin might be expected to attract a material proportion of foreign visitors, and these routes make up 22% of our passenger forecast. Given that the Applicant’s passenger forecast is overstated and, even assuming half of the passengers on these two routes were foreign resident, the impact on local staying visitors (other than connected with the possible ad hoc cruise charters) would be no more than ¼ of that suggested by the Applicant on the most optimistic basis that all of these passengers remained in the local area. “</i></p>
SE1.5	Job creation	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“This section provides little in terms of new information and, in fact, highlights some additional flaws in the Applicant’s analysis. We refer the ExA to the analysis in our 2017 and 2019 reports.</i></p> <p><i>Direct employment – EMA is not an unreasonable comparator but as previously stated the figures for East Midlands are inflated by significant non-airport related employment on the Pegasus Business Park. We do not believe that this has been taken account of. The application of productivity growth only from Year 11 is illogical given the explanation provided. We would in fact expect productivity growth to be higher in the early years as an airport is getting established and growing as companies are able to benefit from rapid growth in economies of scale.</i></p> <p><i>Indirect/Induced Employment – this still does not address the issue of what study area is actually being examined and, hence, whether multipliers adopted are appropriate.</i></p>

		<p><i>Catalytic – we remain of the view that these multipliers are too high in the context of the operation of Manston, the surrounding area and the extent of alternatives. Again, there is still no consideration of the study area involved and the influence of this on any catalytic multiplier.</i></p> <p><i>In relation to construction labour available locally, while it would appear that RSP is seeking to make appropriate partnerships locally in terms of new entrants to the market, there is little evidence that they have considered how to work with existing construction firms operating in the area to try to ensure opportunities are recognised by and accessible to these firms.</i></p> <p><i>The appendices provide some more detail on the breakdown of on-site employment. It is difficult to comment further on these, particularly as it is not the breakdown of employment that is at question here but the overall scale, which is ultimately linked to the demand forecasts. However, in relation to freight employment, in particular, we note that no source for the employment density assumptions is provided and there may be double counting between the employment directly by the airport company and third party employment in this activity. Overall, this makes it difficult to comment on their validity or otherwise.</i></p> <p><i>We would, nonetheless, make the following observations:</i></p> <ul style="list-style-type: none"> <li><i>• if there are 507 direct airport employees related to cargo handling, what do the other 1,250 employed by other companies do? This appears to be based on the assumption of 50% express freight use (i.e. integrators), which again contradicts the other statements made in response that there will be no integrators operations based at the Airport.</i></li> <li><i>• 600 employees in MRO/aircraft dismantling is excessive. The demise of the Monarch Engineering heavy maintenance operation illustrates the problems in the market. <a href="http://www.travelweekly.co.uk/articles/320450/hundreds-of-jobs-lost-as-former-monarch-maintenance-arm-collapses">http://www.travelweekly.co.uk/articles/320450/hundreds-of-jobs-lost-as-former-monarch-maintenance-arm-collapses</a>. This operation employed 250 staff across two sites at Luton and Birmingham, excluding the line maintenance activities. These latter are associated with maintaining aircraft operations at busy airports so would not need to be replicated in hangarage at an airport like Manston.</i></li> </ul>
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SE1.6	Job transfers	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“This answer claims that there would be no displacement of activity from any other airport and that all the demand that Manston would attract would be unmet demand. This is at odds with claims in the Azimuth Report (see F.1.5 above) that consideration of the costs of switching operations for the airlines and forwarders has been taken into account, which would imply that at least some proportion of the ‘forecast’ demand is expected to have switched (been displaced) from elsewhere.</i></p> <p><i>For the reasons we have demonstrated, there is little or no unmet demand for additional dedicated freighter services to/from the UK and other airports have sufficient spare capacity to accommodate any requirements. Hence, given that the economic effects have, in essence, been quantified by Azimuth at the national level, given the multipliers used, the displacement effects relating to demand attracted to Manston that might otherwise have used Stansted or East Midlands in particular have to be accounted for.”</i></p>
SE1.10	Imports/export profile	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“This answer simply reiterates Azimuth figures. No supporting evidence provided as to what export markets it is intended to serve or why the profile would be different from previously seen at Manston in terms of the import export balance (see our response to ND.1.32). The reference appendix is missing from the bundle but assumed to be FRAPORT report on activity in 2018 referred to elsewhere. The cited quote does not say anything about whether this was growth in imports or exports.”</i></p>

SE1.13	Job forecasts	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“We have commented on the employment assumptions at SE.1.5. The employment estimates provided by the Applicant are not robust for the reasons given in our 2017 and 2019 Reports. This is particularly so in terms of the local employment implications.”</i></p>
SE1.15	Uncertainty	<p>Comments extracted from York Aviation note (see Appendix 1):</p> <p><i>“We note that the question relates to the robustness of the assessment in terms of whether the ‘worst case’ has been identified. In so far as this question relates to the consequential implications of the levels of employment for the requirement for additional housing in the local area, this does represent very much of a ‘worst case’ as national level employment is construed as being realised locally.</i></p> <p><i>However, in terms of balancing of environmental costs and benefits, the overstatement of employment and GVA impact (see para. 3.54 of our 2019 Update Report) will mean that the balance may not have been correctly struck within the environmental assessment.”</i></p>

**ANNEX 1: MANSTON AIRPORT EXAMINATION - DEADLINE 4**

**APPENDICES TO SHP'S COMMENTS ON RESPONSES FROM RSP TO THE EXA'S WRITTEN QUESTIONS**

<b>Document Order</b>	<b>Document Name</b>
<b>1</b>	<b>Appendix 1: York Aviation Note on Applicant's Deadline 3 Responses to Questions from the ExA</b>
2	Appendix 1 (A): Market Overview Demonstrating Market Demand for Office Space at East Midlands Airport and the Locality
3	Appendix 1 (B): Correspondence between York Aviation and Azimuth Associates regarding Azimuth Associate's inappropriate use and reliance on York Aviation's previous work for the Freight Transport Association (FTA) and Transport for London (TfL)
4	Appendix 1 (C): Extract of page 23 of York Aviation's report for TfL and the FTA
5	Appendix 1 (D): Frankfurt Flight Timetable extracted from Official Airline Guide database (OAG)
6	Appendix 1 (E): Stansted Airport Freighter Operations Data
7	Appendix 1 (F): Extract of fleet lists (from ch-aviation)
<b>8</b>	<b>Appendix G.1.10: Article on Planestation plc (September 2004)</b>
<b>9</b>	<b>Appendix ND.1.41: Detailed analysis of 2018 CAA statistics on cargo Air Traffic Movements</b>
<b>10</b>	<b>Appendix ND.1.46(a): Minutes of Kent County Council meeting held on 16 July 2015;</b>
<b>11</b>	<b>Appendix ND.1.46(b): KCC report "Manston Airport under private ownership: The story to date and the future prospects" (2015).</b>