

Airports Commission  
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**Date:** 19 April 2013  
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Dear Sir,

**RESPONSE TO THE AIRPORTS COMMISSION DISCUSSION PAPER 02 ON AVIATION AND CONNECTIVITY**

I am writing on behalf of Manston – Kent's International Airport (MSE) of which I am the Chief Executive officer and its parent company Infratil Airports Europe Ltd, in response to the to the Commission's Discussion Paper on Aviation and Connectivity. This is the fourth submission we have made to the Commission, the others being in response to:

- Chapter 3 of Guidance Document 01: Submitting Evidence and Proposals to the Airports Commission (Feb 2013) giving notice of our intention to submit proposals relating to Manston – Kent's International Airport
- Discussion Paper 01: Demand Forecasting (March 2013)
- Paragraph 1.19 of Guidance Document 01: Submitting Evidence and Proposals to the Airports Commission seeking suggestions for criteria that might be used to identify the most plausible options ahead of the interim report (March 2013)

**Introduction**

Our purpose in making this submission is to introduce a number of generic (i.e. secondary airport), and Manston specific issues, into the Commission's thinking on the connectivity issue, rather than provide them with yet another academic treatise on the definition, economic value or potential future policy objectives in relation to connectivity. Therefore, whilst we have broadly sought to follow the main subject headings of the Discussion Paper, we have not slavishly coalesced our remarks around the questions it contained, some of which are not directly relevant in Manston's interest in the Commission's work. We do, however, think there is a strong read across in a number of areas for the proposals we are intending to submit to you in July for developing Manston as a substantive reliever airport in the London system, and it is on these that we have focused here. They include:

- Emphasising that 'existing' connectivity at an airport need not necessarily be a guide to what it will be able to offer in the future and that any methodologies for assessing the connectivity benefits of future capacity options need to be able to reflect this.
- Ensuring the potential contribution of secondary airports in the London system with unconstrained capacity is properly recognised and factored into the Commission's future connectivity analysis.
- Highlighting the indirect impacts that connectivity enhancements in one airport can have by freeing up capacity at another.
- Flagging the importance of dedicated freight as well as passenger services and the weight that should be attached to the ability for an airport to deliver require onward travel times, specialist handling facilities (eg bonded warehouse clearance, refrigeration facilities and space to develop associated logistics operations close by).

- The importance of factoring ‘generalised costs’ in the form of indirect routings from local airports and overall journey times into connectivity analysis, including the relative accessibility from within core catchment areas and the scope for faster processing of passengers at smaller airports than at larger ones where car parks are less conveniently located and in-terminal walk times are much greater.

### **Definition of Connectivity**

Whilst we are broadly content with your generic definition of aviation connectivity as the “ability and ease with which passengers and/or freight can reach a given destination by air”, we think great care needs to be taken with some of the ways you have chosen to assess it. First, a single weekly service threshold is very misleading (a more plausible criteria - e.g. 4 a week for long haul and daily or double daily for short haul and domestic - may change this perspective materially), and is of little value in terms of business connectivity. Second, you acknowledge but you have failed to examine the potential implications one-stop connecting journeys or the exodus of passengers from one airports catchment to another’s, as part of the material you present.

And so while we believe there is scope to radically change the route network on offer from Manston to air travelers in its natural catchment of Kent and South East London, we are anxious to ensure that the connectivity contribution of secondary airports like ours, and the relative cost of providing that enhanced connectivity, are fully consistently examined when future capacity options in the South East are appraised later in your process timetable. There is time to do the work to ensure that the technical processes and capabilities are in place before you do so.

### **How May Aviation Connectivity Contribute to the UK’s Economy?**

The questions relating to the assessment of how aviation connectivity supports (1) trade in goods, (2) trade in services, (3) tourism, (4) business investment and innovation, and (5) productivity are important, but tackled a little academically in the Discussion Paper. We understand the need for that rigour, but also think there needs to be room in your analysis for site/region specific evidence and case studies in your work.

So, for example, induced/catalytic impacts such as the role of increased airport connectivity in under-pinning regeneration (either by allowing firms to operate more efficiently within regeneration areas such as East Kent or attract tourists to them), tends to be placed in the “too difficult” box and therefore skirted over. Similarly, the correlation between the scale of connectivity/accessibility, either in the form of air services themselves or the enhanced surface access links that tend to be available from airports, and the spatial re-distribution of employment opportunities at a regional or sub-regional level, is largely overlooked in the paper in favour of high level, primarily national, indicators. In Manston’s case, the expansion of the airport is very much seen as a potential catalyst for the regeneration of the economy, and its international gateway role – whether in terms of passengers or freight – is seen as critical to achieving that.

It is also worth noting, that in Manston’s and East Kent’s case, where accessibility to Northern France and Belgium is relatively convenient via Eurostar, the Channel Tunnel and the Channel ports, the kind of markets which are shown as scoring highly for goods and service exports in the Discussion Paper but are not quite as accessible as these, are priorities for businesses based in Kent and therefore for the Airport to secure access to:

- USA
- Germany
- Netherlands
- Swiss
- France
- Ireland

Securing air connectivity to them, such as the recently started double daily service from Manston to Amsterdam being a good example, would therefore provide a major boost to the County.

### **Future Aviation Connectivity Objectives**

The third set of questions in Chapter 5 of the Discussion Paper, which relate to what the UK's objectives for the future aviation should be seem to be technical and procedurally orientated, rather to encourage vision or innovation. Manston believes that the Commission should also be trying to provide leadership encompassing out of the box thinking and originality over structurally and politically important policy matters that could help widen the benefits of connectivity to secondary South East airports such as Manston, Southend and Southampton, but also help deliver it.

UK businesses value aviation connectivity because it provides them with access to foreign markets where they can sell their products, interact with other companies or secure investment. International markets also provide opportunities for UK firms to be involved in the exchange of knowledge, technology, innovation and labour. These are all components of the role that Manston can play for East Kent, the East Thames Corridor and Kent and the wider South East corner of London more widely, but the airport's owners need a strong partnership with the public sector locally, regionally and nationally to help deliver it.

### **Other Key Point Relating to or Absent from the Connectivity Discussion Paper**

Returning to our earlier themes of issues not covered explicitly in the Discussion Paper, we recognise that thus far Manston has made to make substantial progress in terms of passenger service development despite a number of false dawns (e.g. EUJet in 2005 and Flybe in 2010). Having analysed our market in-depth and taking the success of attracting KLM and Bristow's Air Sea Rescue operation to fly from the airport as a demonstration of faith in the future of the Airport, we are convinced Manston can serve a number of important local and wider regional niche markets as set out in our February submission, namely:

- outbound business and leisure traffic from the South East corner of the region and inbound leisure traffic looking for a cost effective way of accessing London;
- key market segments (e.g. based low cost, inbound low cost and long haul low cost carriers displaced from higher cost capacity constrained airports, tertiary network carriers from Africa, CIS and near Asia, charter carriers and regional carriers serving domestic and business destinations in Europe;
- dedicated freight capacity displaced from the principal passenger airports in London, giving surface travel times to the south of London, South Coast and via cross channel links to near Europe not available from East Midlands; and
- a convenient alternative for traffic diverted traffic from more congested airports, contributing significantly to overall system resilience.

We need to ensure these potential roles are fully examined as part of the Commission's review of future South East capacity options. This analysis will also need to consider the indirect impacts that connectivity enhancements at Manston might have by clawing back traffic within its catchment area which is currently leaking to Gatwick and Heathrow thereby freeing up capacity at those airports for other services.

Whilst Manston is known as a freight airport in aviation circles, its value as a cost effective and logistically sound base for freight is probably not fully appreciated. So, for example, the fact that it is one of the key logistics nodes on perishables flown in from Africa and that its location allows much of the area south of the M25 to be accessed with 2.5 hour trucking times (something which East Midlands cannot achieve) is less understood.

The importance of 'breeze through' facilities and the onward connectivity available from Amsterdam is an important part of developing Manston's offer moving forward. As other larger airports in the London system get increasingly congested this will help to differentiate secondary airports like Manston into a potentially much more substantial reliever role, one it is well placed to deliver. As part of an already geographically highly segmented market, with no new runways in prospect for 10 years at least and with Southend and Stansted as exemplars the need for one huge dominant hub build around massive non-UK interlining is questionable. IATA figures show that the majority (93 per cent) of journeys using London airports are for passengers that either begin their journey from our airports or fly to them as a final destination. As a result, at only 7 per cent of journeys, the importance of 'transfer' passengers is exaggerated and more attention should therefore be focused on developing existing airports assets first to meet that demand, before expensive interlining focused airport projects are commenced.

The Commission, and ultimately the Government needs to ask, should the focus of its airport policy be on chasing access to cities that are ranked 250-500 in the hierarchy of world cities, or giving high frequency and convenient local access to the top 200-250 ranked destinations where the greatest economic activity and political power is concentrated. We favour the latter more dispersed pattern of connectivity, over a highly concentrated approach, which we believe potentially favours non-UK passengers more than UK ones and is not worth the high cost of the marginal additional connectivity it provides, especially when this can be accessed indirectly from the UK relatively conveniently. As Gatwick Airport are reported to have said in their submission today *"a mega-hub airport therefore would be yesterday's solution to tomorrow's problem .... We must not be blindly led to believe that because some of our European competitors serve more marginal routes to low key emerging markets"*

I trust that the forgoing is helpful and I remain at your disposal should you wish to discuss further.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'CB', followed by a long horizontal flourish.

Charles Buchanan  
CEO, Manston Airport