



HOUSE OF COMMONS

LONDON SW1A 0AA

15 January 2015

Sir Howard Davies
Chairman
Airports Commission
Sanctuary Building
20 Great Smith Street
London SW1P 3BT

A handwritten signature in black ink, reading "Sir Howard Davies".

This letter represents my formal response to the Airports Commission's "Consultation Document: Gatwick Airport Second Runway, Heathrow Airport Extended Northern Runway, and Heathrow Airport North West Runway" (November 2014) as the MP for the Tonbridge and Malling constituency whose western boundary is the closest point in Kent to the present Gatwick single runway.

I am very strongly opposed to the construction of a Second Runway at Gatwick Airport, both on national as well as on constituency grounds, for the following principal reasons.

First, the environmental consequences in the western part of my constituency would be unacceptable. Many of my constituents are already experiencing intolerable levels of noise disturbance from Gatwick aircraft both by day and night. On Gatwick Airport Ltd's own figures (Appendix Financial Model Paragraph 2.1 Traffic projections) with a Second Runway the number of passengers using Gatwick would rise from just over 30 million now to just over 90 million by 2050. This can only mean that the intolerable noise disturbance being experienced now by those living in the vicinity of the eastern flight-path into Gatwick will become still more intolerable and for a significantly greater number of people.

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The area of the eastern flight-path into Gatwick Airport that falls within my constituency is not only an area of high environmental quality and designation, it also includes major national tourist attractions such as Hever Castle and Penshurst Place whose appeal to tourists would be severely reduced by the very significantly increased noise disturbance from Gatwick aircraft if a Second Runway is constructed.

A further consequence of the intensely damaging environmental impact of a Second Runway at Gatwick on many of my constituents would be the reduction in the value of their homes for which Gatwick Airport Ltd's proposed "noise pollution compensation scheme" would offer only a derisory amount of compensation, if any at all, compared with their financial loss.

Second, Gatwick Airport Ltd's Second Runway proposal should be rejected because the company, disgracefully in my view, have deliberately withheld from public exposure and scrutiny their financial evaluation of their scheme including aeronautical yield, financing, profit and loss, balance sheet, cash-flow statement, tax paid and rate of return, and the full range of assumptions on which these figures are based. I refer you to my speech in the House of Commons on this issue on 18 December 2014 (Hansard Cols 1621-1622). No major infrastructure project which will adversely affect very large numbers of people both environmentally and financially should be allowed to proceed without this fundamental requirement of public transparency and accountability being fulfilled which, in the Gatwick Second Runway case, it most certainly has not been.

Third, Gatwick Airport Ltd, has been equally non-transparent in failing to disclose the real cost of the surface access infrastructure works that will be required to accommodate the additional 60 million passengers a year who would be using Gatwick Airport by 2050 if a Second Runway is built. The Airports Commission is to be commended for exposing this fundamental flaw in Gatwick Airport Ltd's proposal as the Commission does at paragraph 3.36 of the Commission's paper "Gatwick Airport Runway: Business Case and Sustainability Assessment" where the Commission states "It is likely that Government will need to fund some or all of the surface access requirements".

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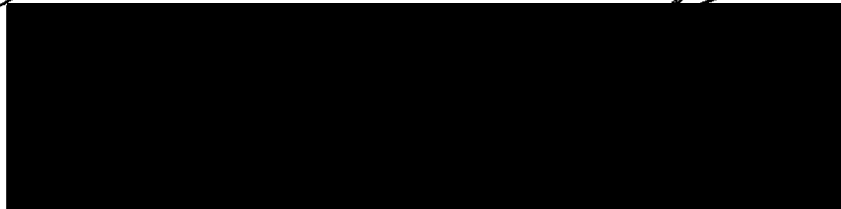
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Gatwick Airport Ltd is in effect resting its Second Runway proposal on a blank cheque on UK taxpayers that taxpayers will pick up the bill for the surface access requirements for a Second Runway at Gatwick. This is unacceptable.

Finally, Gatwick is self-evidently in a hugely inferior location compared to either of the Heathrow options with regard to fulfilling the Government's remit to the Airports Commission "to maintain the UK's status as Europe's most important aviation hub" as stated in The Airports Commission's Consultation Document paragraph 1.1. As Heathrow Hub points out, with their proposal "70% of the population of England and Wales would be within a 2 hour rail journey of Heathrow – the equivalent figure for Gatwick is 35%". Gatwick Airport is quite clearly in the wrong geographical location to fulfil the requirement in the Government's remit to the Airports Commission "to maintain the UK's status as Europe's most important aviation hub".

I strongly urge that for each and all of the above reasons, the Airports Commission reject Gatwick Airport Ltd's Second Runway proposal.

Yours sincerely



more than £4 million. Inevitably, the premiership is a rigged market as a result, always making it harder for newly promoted clubs to compete with more established clubs on an equal basis.

Talks are in progress between London Welsh and Premiership Rugby, but I hope that Mr Chisholm from the CMA might be willing to use his good offices, following the letter that I have written to him, to which I hope the shadow Deputy Leader of the House might encourage a quick response, to encourage Premiership Rugby to see sense and sort out the huge imbalance in funding.

2.17 pm

Sir John Stanley (Tonbridge and Malling) (Con): For all of us, it is a matter of fortuity as to whether the experience and expertise that we acquire in different ways before we enter the House can be utilised when we come here. I had the good fortune, before I entered the House, to be a member of the financial evaluation team at Rio Tinto-Zinc. Our responsibilities were to evaluate for the board of RTZ some of the most complex and largest capital projects worldwide in the mining and hydroelectric sector. The head of our team was the internationally renowned Mr Allen Sykes, and the book that he co-authored with the late Professor Tony Merrett, "The Finance and Analysis of Capital Projects", was required business school reading.

That background has been of considerable help to me both as a Minister and on the Back Benches, but perhaps never more so than now. My constituency extends to the western extremity of Kent, and every single aircraft landing at Gatwick airport from the east flies over my constituency, where noise levels for many of my constituents are already intolerable both by day and by night. The House will not be surprised to know that when the Airports Commission produced its latest and final consultation documents on the three additional runway options for the south-east, I went straight to Gatwick Airport Ltd's financial evaluation of its second runway proposal. To say that I was acutely disappointed by what I found would be a major understatement. In fact, I was profoundly shocked at the level of concealment.

The key elements in any financial evaluation are the crucial lines of financial numbers and the assumptions behind those numbers. Let us consider the key document published by Gatwick Airport Ltd and the appendix entitled "Financial Model". In paragraph 3.4 on financing, for example, we would expect lines of figures, but instead we have lines of scissors—every single figure has been redacted. When we look at similar paragraphs, the balance sheet or the cash-flow statement, similarly, it is all scissors. In the crucial paragraph on tax—tax payable is a critical element of a financial evaluation—again we find acute disappointment.

The owners of Gatwick airport are an international company, and all the major shareholders are foreign. They are from the US, Abu Dhabi, Australia and Korea. One key policy on which there is complete all-party agreement across the House is that international companies that operate out of the UK should pay their full and fair share of UK taxation. That was stated to me unequivocally by the Financial Secretary to the Treasury, who said in a recent letter:

"The UK is at the forefront of multilateral action through the G20 and the Organisation for Economic Co-operation and

Development (OECD) to reform the international tax standards to prevent profit shifting by multinationals. It is essential that these issues are looked at in a comprehensive and co-ordinated manner to come up with effective solutions."

What do we find in the tax paragraph on Gatwick Airport Ltd's financial evaluation? There is not a single figure for tax payable by the company during the lifetime of the project. There is an assumption about corporation tax, but not one single figure for actual tax paid.

Having seen that lack of information, when I and some of my colleagues who have constituencies in the vicinity of Gatwick airport met its chief executive, Mr Stewart Wingate, I asked him why he had redacted all that information. His answer was that it was commercially confidential, but I do not accept that that argument has validity. It would be valid if Gatwick Airport Ltd were competing for a franchise over the airport, but it is not. Gatwick Airport Ltd is the owner of the airport, which it bought from the British Airports Authority for £1.5 billion in 2009. In those circumstances, I do not believe that the issue of commercial confidentiality reasonably arises; much more fundamental is that there should be openness and transparency at what is a critical time moment for those living in the vicinity of Gatwick and indeed Heathrow.

It is time-critical because this is the last-chance saloon and the last opportunity for members of the public and their elected representatives to give their views to the Airports Commission about the three available options—after the general election the commission will make its choice. This is a critical moment, and I consider that Gatwick Airport Ltd has failed—and failed scandalously—to be open and transparent about the financial evaluation of its project.

Gatwick Airport Ltd has projected an increase in airline passengers from the current 30 million to almost 90 million by 2050—an extra 60 million travellers. It is self-evident that that will require substantial surface access improvements to Gatwick airport, and particularly rail access. What has Gatwick Airport Ltd said about meeting that need? There has been a deafening silence. Happily, by contrast the Airports Commission has not been silent, and paragraph 3.36 of its paper, "Gatwick Airport Second Runway: Business Case and Sustainability Assessment", contains a significant one-sentence statement:

"It is likely that Government will need to fund some or all of the surface access requirements".

In my view, Gatwick Airport Ltd is simply seeking a blank cheque from UK taxpayers, signed on their behalf to provide the surface access infrastructure that will be needed.

In conclusion, on the grounds that Gatwick Airport Ltd has totally failed to be transparent about its financial evaluation, and has concealed the public expenditure implications of the infrastructure needed for a second runway, its proposal should be rejected by the Airports Commission.

2.26 pm

Valerie Vaz (Walsall South) (Lab): It is a pleasure to follow the right hon. Member for Tonbridge and Malling (Sir John Stanley). This debate gives us a chance to touch on various issues, and I wish to mention three: local government, the NHS, and something I hope we can all support on a cross-party basis because it appeals to our humanity.