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2

Friday, 22nd June 2007

3 (10.00 am)

4 MR PHILLIMORE: Good morning, everybody. The inquiry is now  
5 resumed. I remind you about mobile phones, switched off  
6 please, and also the attendance list, if people could  
7 remember to sign that. Thank you very much.

8 Other procedural matters. In terms of accommodating  
9 Mr Squire's evidence, I think there may be a suggestion.  
10 Mr Humphries, do you want to deal with that?

11 MR HUMPHRIES: No, sir, because no one has told me what the  
12 suggestion is. But I'm sure it's a good one.

13 MR PHILLIMORE: Right. It wasn't our suggestion, we had the  
14 impression it came from somewhere, but I understand it  
15 was to perhaps accommodate him on 6th July by making an  
16 early start on that day.

17 MR HUMPHRIES: Yes. That's right. Mr Philpot is dealing  
18 with that, and if that's what you have been told, it  
19 sounds perfectly sensible from my point of view. Sorry  
20 not to be more helpful.

21 MR PHILLIMORE: Mr Hill, any view on that?

22 MR HILL: Sir, that seems eminently sensible to me as well.  
23 We might be able to review at close of play on the  
24 Thursday how much there is to do on the Friday, and if  
25 we need an early start, certainly in terms of a day, it

1 is entirely appropriate.

2 MR PHILLIMORE: That seems to be generally supported, so  
3 thank you to whoever made that suggestion.

4 The Section 106 and draft 106 and conditions were  
5 brought up last night. Any progress on that, Mr Hill?

6 MR HILL: Yes, there is a draft which will be available  
7 today, of both the proposed conditions. I described  
8 them yesterday as work in progress, they are very much  
9 work in progress, and the draft of the Section 106  
10 planning obligation. I am happy for those to become  
11 available just simply through the programme during the  
12 course of the day. I have had a brief word with my  
13 learned friend about this. It is inevitable there will  
14 be further drafts of these, both the conditions and,  
15 I suspect, the 106 as well. I bear in mind we have not  
16 got to dealing with the nitty gritty of surface access  
17 yet in respect of either document. So it is my  
18 suggestion that we don't, at this stage, accord these  
19 two documents a core document reference, because that  
20 might be somewhat misleading, and they might gain  
21 a status at some later stage that they don't in fact  
22 warrant. If you are happy with that, we can just put  
23 today's date at the top of the document, and they can be  
24 the draft as at today's date; then as they are  
25 substituted we can throw away the earlier drafts and



1 the 2003 planning permission, and I think we agreed that  
2 that was excessive for the 25 MPPA that was then being  
3 permitted?

4 A. It looked on the high side, yes.

5 MR STINCHCOMBE: We then looked at the ratio of car parking  
6 spaces for every MPPA that was now being suggested by  
7 your evidence, of 1,100 spaces for every million  
8 passengers per annum?

9 A. Yes.

10 MR STINCHCOMBE: We briefly compared that to what was being  
11 provided and sought at Heathrow by the master plan, and  
12 we noted that there, for twice as many movements,  
13 essentially the same number of car parking spaces is  
14 being proposed?

15 A. That's correct.

16 MR STINCHCOMBE: I am obliged. You sought to make the point  
17 that of course there are certain differences between  
18 Heathrow and Stansted.

19 A. Yes.

20 MR STINCHCOMBE: Then I endeavoured to take you to  
21 a document which we found difficulty in tracking down.  
22 It is now there as CD 264, and I wonder if you could  
23 turn it up for me. Sir, for your note, it is also the  
24 eighth and last insert into document CD 202.

25 MR PHILLIMORE: Sorry Mr Stinchcombe, it is the one

1           dated July 2006?

2   MR STINCHCOMBE: That is indeed the point, sir. It has been

3           updated from July 2004 to July 2006, and it is that

4           which I wish to go to. Can you turn to page 7 of that

5           document, Mr Maiden.

6   A. Yes.

7   MR STINCHCOMBE: And table E1.

8   A. Yes.

9   MR STINCHCOMBE: Because there we see the comparison of

10          Stansted passenger parking provision with other

11          airports.

12   A. Yes.

13   MR STINCHCOMBE: And we note that under the 2003 planning

14          permission, the spaces per MPPA which were proposed for

15          Stansted was 1,700 for every million passengers per

16          annum?

17   A. Yes.

18   MR STINCHCOMBE: Which is pretty well three times as much as

19          the next highest, isn't it?

20   A. In that very selective list, yes.

21   MR STINCHCOMBE: I see. If we take into account the new

22          proposal, which is 1,100, that's still significantly

23          above all of the others in the list, isn't it?

24   A. Above that very selective list, yes.

25   MR STINCHCOMBE: You say it is selective, can you give any

1 example of any BAA airport that has over 1,000 parking  
2 spaces per million passengers per annum?

3 A. In total, off airport and on airport, I would be fairly  
4 confident that Gatwick is very close if not above that  
5 ratio.

6 MR STINCHCOMBE: And on airport?

7 A. I don't know the current balance between -- it matters  
8 little. It is the car parking generated by the  
9 throughput of the airport, and where it's actually  
10 either side of a boundary doesn't really matter. We are  
11 talking in the Stansted case of making all of  
12 the provision on airport. Of Gatwick currently there is  
13 a substantial off airport catering for demand, both  
14 official and unauthorised. But you have included in  
15 here airports such as Frankfurt, where 40 per cent of  
16 passengers are transferring; Atlanta, where 70 per cent  
17 of passengers are transferring; Schipol, where  
18 45 to 50 per cent of passengers transfer. So before we  
19 even look at any of the other considerations of journey  
20 type, the comparisons are, as I say, highly selective in  
21 favour of those airports, that relative to their total  
22 passenger throughput, have relatively little car  
23 parking.

24 MR STINCHCOMBE: Can you give me an example of any airport  
25 in the world that has over 1,000 parking spaces per

1 million passengers --

2 A. I think the demand at Gatwick, as I said, is currently  
3 in excess of that. And I would guess that any airport  
4 which has similar -- both passenger characteristics and  
5 locational characteristics as Stansted, in other words  
6 it is of a reasonable distance from many passengers in  
7 its catchment to justify use of car as opposed to taxi,  
8 given that it has a high proportion of passengers who  
9 are making trips of more than one to two days' nature,  
10 all of those factors, combined with a relatively low  
11 transfer percentage, serve to increase the proportion of  
12 parking necessary, or associated with, a given annual  
13 flow of passengers.

14 MR STINCHCOMBE: But it is right and fair, is it not, to  
15 note firstly that the Stansted projection as of 2003 was  
16 excessively high?

17 A. It looks on the high side, yes.

18 MR STINCHCOMBE: It is also right, isn't it, that the  
19 Stansted projection for 35 million passengers is  
20 considerably higher than any comparables that we have  
21 been able to identify?

22 A. Well, as I think it says in the environmental statement,  
23 the growth in car parking demand is broadly comparable  
24 to the growth in the annual throughput of passengers.  
25 So the ratio of parking spaces required relative to

1 passenger throughput is not predicted to increase.

2 MR STINCHCOMBE: And it is right indeed, isn't it, that one  
3 would expect that as Government policy moves  
4 increasingly to cutting the need to travel by car, that  
5 the ratio should fall?

6 A. I think again, in the ES, we have factored in the effect  
7 of further enhanced public transport; and the car  
8 parking forecasts reflect that enhancement of public  
9 transport serving Stansted.

10 MR STINCHCOMBE: I just wonder if you could answer the  
11 question that I actually asked you, which is this -- it  
12 was very carefully worded: it is right, isn't it, that  
13 as Government policy promotes the need to cut travel by  
14 car, we should expect to see the ratio of car parking to  
15 passengers fall?

16 A. It is one thing for policy to expect this or require it  
17 or intend it to happen. It's another to assume that it  
18 will happen. I very firmly remember the obligations put  
19 on Gatwick where we were very hopeful that we could  
20 increase the use of public transport. Unfortunately we  
21 had a shift in the nature of the traffic at Gatwick from  
22 overseas residents, who have a high tendency to use  
23 public transport, in favour of British residents, who  
24 tend to use private transport. So within each of  
25 the sectors, we were able to increase the public

1 transport usage, but because of a non-benign shift in  
2 the mix of travellers, over which BAA had absolutely no  
3 control, and no kind of Government policy could either,  
4 it had the result of arresting what had been an increase  
5 in the public transport share. So when you are dealing  
6 with a portfolio of passengers who have varying personal  
7 needs and personal travel characteristics, it will  
8 affect their choice of transport mode. And one can,  
9 with the best will in the world, put in place policies  
10 to offer the capacity, but if it doesn't meet the needs  
11 of the traveller, it may not follow that they cut their  
12 car parking.

13 MR STINCHCOMBE: Mr Maiden, if we proceed in this way, with  
14 very long discursive answers to very short questions, we  
15 are going to take a very long time.

16 A. Yes.

17 MR STINCHCOMBE: Government policy is to cut the need to  
18 travel by car?

19 A. It is Government policy to do so.

20 MR STINCHCOMBE: That requires investment in public  
21 transport in order to change modal splits, doesn't it?

22 A. That is one of the ways in which public transport usage  
23 can be increased, yes.

24 MR STINCHCOMBE: I am obliged. So far as Stansted is  
25 concerned, an increase in passengers from 25 million per

1           annum to 35 million per annum is a 40 per cent increase?

2    A.   Yes.

3    MR STINCHCOMBE:   So far as car parking spaces are concerned,

4           an increase of 31,350 to 38,000 is a 24 per cent

5           increase?

6    A.   Yes.

7    MR STINCHCOMBE:   Right.  I wonder if I could ask you to look

8           at CD 404, which is a new document, but I don't think

9           it's new to you, is it?  It is an extract from --

10   A.   It certainly is new to me.

11   MR STINCHCOMBE:   Is it?

12   A.   Yes.

13   MR STINCHCOMBE:   Well, I didn't mean it to be, I am

14           surprised.  This is a BAA document; isn't it?

15   A.   I recognise the label at the bottom, yes, but ...

16   MR STINCHCOMBE:   As I understand it, it is an extract

17           from Regional Air Services study for the South East and

18           East of England, report on behalf of the DETR.  And it

19           looks to me like it has a BAA logo on it.  Can I take

20           you in any event to the extract, and the options for

21           Stansted.  This is dated 2001, isn't it?

22   A.   Yes, it is.

23   MR STINCHCOMBE:   Six years ago.

24   A.   Where am I being directed to?

25   MR STINCHCOMBE:   Page 47.

1           Do you see there that we are here contemplating in  
2           2001 an annual number of passengers of 57 million at  
3           Stansted?  
4   A.   At what date?  
5   MR STINCHCOMBE:  It really doesn't matter for the purposes  
6           of these questions.  I simply want to look at the  
7           arithmetics.  Do you see 57 million passengers being  
8           contemplated?  
9   A.   Yes.  
10  MR STINCHCOMBE:  And we see the total number of car parking  
11           spaces is given as 39,900 long term, and short term,  
12           5,250?  
13  A.   Yes.  
14  MR STINCHCOMBE:  What is the ratio of car parking to million  
15           passengers on that option?  
16  A.   It looks like it is less than a thousand.  
17  MR STINCHCOMBE:  Is it about 800?  
18  A.   Well, I will take your word for it.  
19  MR STINCHCOMBE:  Somebody can do the maths in any event.  
20  A.   Yes, it is less than a thousand.  
21  MR STINCHCOMBE:  Turn to option 2 -- I needn't go through  
22           all of these -- again 67 million passengers per annum,  
23           and we can see 49,400 and 6,500.  Again, it is less than  
24           a thousand, isn't it?  
25  A.   Yes, but in both of those cases, one would assume

1 airports handling in the ratio of close to or in excess  
2 of what Heathrow is currently handling, and obviously  
3 with two runways, to be significantly accommodating  
4 transfer traffic, generating of itself no car parking.  
5 So the character of the airport at that scale is  
6 radically different from the character of the airport we  
7 are talking about.

8 MR STINCHCOMBE: And this document would have been one of  
9 the White Paper background documents, wouldn't it?

10 A. If it is part of the -- if it was produced for the DTI  
11 at that time, I guess it was.

12 MR STINCHCOMBE: It must have been. Thank you very much  
13 indeed.

14 MR HUMPHRIES: You say it must have been; I'm not sure.  
15 There have been various studies including the RUCATSE  
16 study before the studies look SERAS and the White Paper.  
17 Is Mr Stinchcombe able to tell us what it is? Mr Maiden  
18 can't be expected to know every BAA document over the  
19 last X number of years.

20 MR STINCHCOMBE: Sir, I am reliably told it is, and it is  
21 included in annex C of Department for Transport's second  
22 edition, February 2003, which is CD 113.

23 MR HUMPHRIES: Sir, we will need to check what it is and  
24 what its provenance is.

25 MR PHILLIMORE: If it is a factual matter, obviously that

1 needs to be confirmed outside the inquiry, please.

2 MR STINCHCOMBE: That would be a very helpful way forward.

3 So much for car parking, at least for this part of

4 the inquiry, Mr Maiden. I come on to the more strategic

5 issues which I foreshadowed for you yesterday I would

6 cover, the first of which is your passenger forecasts.

7 If I can make it clear, in the light of

8 the cross-examination yesterday, I will not seek to go

9 over methodologies, but rather just see if I can

10 understand what some of the implications of the outcomes

11 are, and how they might tie into other planning issues.

12 Firstly, it is right, isn't it, that your forecasts

13 only go to 2014/15?

14 A. As presented to this inquiry.

15 MR STINCHCOMBE: Have you other forecasts that have been

16 prepared?

17 A. We are continually looking further ahead than 2014/15.

18 We are also looking at what's going to happen next week.

19 MR STINCHCOMBE: How far ahead have you looked?

20 A. At the moment, we are looking to 2030 in most of our

21 long term work. But in some capital planning issues, we

22 have recently been asked to look as far ahead as 2047.

23 MR STINCHCOMBE: And asked by whom to look at?

24 A. The 2047 forecast was an internal request. The 2030

25 simply being the horizon of the White Paper,

1           effectively, and the DFT forecast. So we go to that  
2           time horizon as well.

3   MR STINCHCOMBE: Are these for public consumption or for  
4           private consumption?

5   A. I do not believe we have yet -- I'm not confident to say  
6           whether our detailed forecasts beyond 2015, other than  
7           those in the CIP, are in the public domain.

8   MR STINCHCOMBE: And is there any intention to bring them  
9           into the public domain?

10   A. I'm not responsible for deciding what is published or  
11           not. I produce the forecasts for the various planning  
12           teams and the finance department and so forth; use and  
13           publication is for others.

14   MR STINCHCOMBE: Somebody in a different attic?

15   A. Yes, a different cubby hole.

16   MR STINCHCOMBE: SH&E was simply asked to review your  
17           forecast of 2014, they were not asked to consider  
18           anything beyond that, were they?

19   A. I don't know. Their instructions were from UDC,  
20           I assume.

21   MR STINCHCOMBE: But you haven't shared any of these longer  
22           term forecasts with those?

23   A. I don't know.

24   MR STINCHCOMBE: You don't know. Right. Can I take you  
25           quickly to CD 133, which is the report by SH&E to UDC in

1 February 2006. If you turn to page 33 of that, and  
2 paragraphs 4.2 and 4.3.

3

4 We can see there that what SH&E are saying, this is  
5 paragraph 4.2:

6 "The issue is not just one of the rate of growth in  
7 passenger traffic at Stansted, but also the upper limits  
8 on traffic at a single runway airport. BAA has  
9 indicated the forthcoming planning application will seek  
10 approval to further develop to handle 35. However, this  
11 does not necessarily represent the maximum throughput of  
12 a single runway airport."

13 That's right, isn't it?

14 A. Yes.

15 MR STINCHCOMBE: "In its ten-year traffic forecast issued in  
16 April 2005, the forecast for a single runway at Gatwick  
17 was 41 million."

18 That's right, isn't it?

19 A. Yes.

20 MR STINCHCOMBE: "Even at this level of traffic, growth is  
21 still forecast to be achieved albeit at a low rate."

22 And growth will be forecast to be achieved as  
23 efficiencies improve?

24 A. Yes, although it is important to note our most recent  
25 forecasts, for Gatwick at any rate, represent

1 a reduction on that 41 million.

2 MR STINCHCOMBE: We will come on to Gatwick in due course,  
3 so don't worry about that just yet. It says then that  
4 these forecasts suggest that growth beyond 35 million at  
5 Stansted could be possible, although there is  
6 a difference in mix. And it is right that growth beyond  
7 35 million at Stansted could be possible, isn't it?

8 A. Yes.

9 MR STINCHCOMBE: On the back of that SH&E then report, in  
10 4.3 that:  
11 "UDC have asked BAA to provide a forecast for  
12 Stansted on the assumption that the airport remains  
13 a single runway operation and that passenger traffic  
14 grew beyond 35 million."  
15 But to date, and this was February 2006, that had  
16 not been received by BAA. Has that forecast ever been  
17 produced?

18 A. I simply don't know.

19 MR STINCHCOMBE: You simply don't know.

20 A. But it must be very possible to let you know.

21 MR STINCHCOMBE: It has been prepared, hasn't it?

22 A. Well, we have looked at cases where Gatwick -- sorry,  
23 Stansted is not controlled or conditioned to a limit  
24 of 35. My recollection is that in the order of  
25 4 million to 5 million, in excess of that, by 2030, is

1 the kind of territory we have been in. But I would  
2 rather not guess on an issue of such importance. We can  
3 let you know what we have done.

4 MR STINCHCOMBE: Well, if you could, that would be helpful.  
5 But it sounds as though you have been forecasting up to  
6 40 million in 2030 on a single runway?

7 A. I think that would not be unreasonable, yes.

8 MR STINCHCOMBE: Just in the light of that answer, and  
9 obviously we wait to see what other forecasts have been  
10 prepared, you will be aware that the White Paper talks  
11 variously about making full and best use of the runway  
12 and that the various other documents and emerging RSSs  
13 have at certain times use the words "maximum uses of  
14 runways". Which of those terms most closely reflects  
15 the position that you have been seeking to forecast?  
16 Best? Full? Maximum at 35 million?

17 A. Which date are we talking about now?

18 MR STINCHCOMBE: 2014/15, start there?

19 A. Oh, that is definitely not maximum use. That is most  
20 likely throughput at that date produced by -- through  
21 the methodology described yesterday. It happens to be  
22 very close to what we assess the capacity of Stansted to  
23 be at that date, but that has not produced, if you like,  
24 the figure of 35. It is a coincidence that at around  
25 2015, we believe the characteristics of Stansted's

1 traffic and its runway capacity will largely match.

2 Beyond 2015, if you go down a scenario labelled  
3 "Maximum use", without any condition, then the growth  
4 will be limited, effectively, to the growth in an  
5 average number of passengers per aircraft, because the  
6 scope to increase the number of aircraft will be very  
7 limited by physical capacity, not statutory capacity.

8 MR STINCHCOMBE: Well, that's very helpful. I wonder if you  
9 could then confirm for me, it may save a bit of time and  
10 some further questions. Through the number of movements  
11 that you are seeking permission, is that the maximum  
12 capacity of movements for one runway?

13 A. The maximum that we would believe a one runway airport  
14 could handle is in the region of 270 to 275,000 a year.

15 MR STINCHCOMBE: In addition to which you could add the  
16 non-ATMs?

17 A. You could add the non-ATMs.

18 MR STINCHCOMBE: And how many are those?

19 A. Well, the more you stretch the physical capacity for  
20 ATMs, bearing in mind that the elements of the slots,  
21 ATM slots, have first call on them, one would expect the  
22 number of non-ATMs to rapidly diminish, in the way they  
23 have at Gatwick and Heathrow.

24 MR STINCHCOMBE: I see. We will come on to capacity in due  
25 course, but it is going to be 274,000 plus whatever

1 addition there might be for a non-ATM.

2 A. A small number in the single figure thousands of  
3 non-ATMs.

4 MR STINCHCOMBE: Single figure thousands. And thereafter,  
5 maximum use in terms of passenger throughput depends  
6 upon the loading of passengers on those movements?

7 A. It does.

8 MR STINCHCOMBE: I am obliged. That does help. And you  
9 would expect there to be an increase in that loading  
10 from 2014 to 2030?

11 A. Yes. The current evidence on growth in average load at  
12 mature airports is less than 1 per cent per annum. So  
13 it is a sharp cut in the rate of growth in relation to  
14 unfettered growth in demand.

15 MR STINCHCOMBE: I see. I just wonder, before I leave this  
16 area, if I can understand what if any interplay there is  
17 between those kind of answers and BAA's target dates for  
18 completing the new runway project. Of course there is  
19 an inquiry into G2, so very limited remit for the  
20 questions. I just simply want to understand what the  
21 various dates are and how they might interplay.

22 As I understand it, as of 2004, and we can go to  
23 documents if you need to, but the BAA target date for  
24 completing the new runway was 2012. Do you need me to  
25 take you to documents?

1 A. I believe it was the Government's target date. I am not  
2 aware it has ever been BAA's target date.

3 MR STINCHCOMBE: Perhaps we can go through the documents  
4 just to quickly agree it. CD 378, which is a BAA press  
5 release.

6 MR HUMPHRIES: Sir, would it not just be easier to just ask  
7 what BAA now believes what it is working to in terms of  
8 the opening? We can look at the history, but better to  
9 get to the point.

10 MR PHILLIMORE: I am not sure what CD 378 is yet.

11 MR STINCHCOMBE: Sir, I did actually suggest a slightly  
12 briefer way of doing it in any event, but I would prefer  
13 it if I could ask the questions in the order that  
14 I would like to ask them. They have been written in  
15 this way for a reason.

16 CD 378 is a press release, isn't it?

17 A. Yes, it looks like it.

18 MR PHILLIMORE: Sorry, Mr Stinchcombe, we are looking for  
19 our copy. Bear with us, please.

20 MR STINCHCOMBE: Sir, you may not need it. It is a very  
21 short point. It is a bunch of press releases.

22 MR PHILLIMORE: We have it now, thank you.

23 MR STINCHCOMBE: You have it in any event. If you look at  
24 the first two of those press releases, they are from  
25 BAA, aren't they?

1 A. It certainly appears to be so, yes.

2 MR STINCHCOMBE: 24th September 2004. Let's look at the  
3 first paragraph:

4 "Senior managers in London today announced that the  
5 new runway project was on target for completion in  
6 2012."

7 A. Yes, that's what it says.

8 MR STINCHCOMBE: So that is the BAA target for 2012, yes?

9 A. Well, if I can explain for one minute, when the  
10 White Paper was announced, or when the White Paper came  
11 out, that is the target date that the Government set,  
12 that is the date it believed it should be brought  
13 forward by, and for some time BAA was working towards  
14 that same target. But we internally had some scepticism  
15 as to whether that date was possible.

16 MR STINCHCOMBE: I see.

17 A. At the time, it was still possible, but I think  
18 internally we felt it unlikely, but for public -- in the  
19 kind of public forum, it was what was being targeted,  
20 but it was not our self-imposed target, if you see what  
21 I mean. It was, if you like, driven by White Paper  
22 concerns. And I think now it is accepted that -- well,  
23 you will see that it is said, "We expect to make formal  
24 application in late spring 2006". We don't expect -- we  
25 are not expecting the runway will be open by 2012 any

1 longer.

2 MR STINCHCOMBE: I mean, just pausing there, it said

3 in September 2004 that the new runway project was on

4 target for completion in 2012. You are now telling me

5 when they said that, they didn't believe it?

6 A. No, I think they felt it was, if you like, at the top

7 end of the envelope of realism. But they were -- in all

8 major projects, you can't, if you like, for the troops,

9 proceed on the basis of uncertainty. One has to be

10 bullish about major projects. If that means sometimes

11 it means you are optimistic, that is the way it is. But

12 I'm trying to interpret his words. They weren't my

13 words.

14 MR STINCHCOMBE: I see. Let's just -- it is a very short

15 point, the history, as my learned friend indicates, so

16 we can take this quickly. Look on to the next press

17 release, this is 2005, it is now on track for 2013, so

18 it has slipped a year.

19 A. Yes.

20 MR STINCHCOMBE: And I think in 2006 and 2007, it is now on

21 track for 2015, isn't it?

22 A. I think 2015 seems to be the broadly accepted date

23 currently, yes.

24 MR STINCHCOMBE: I am obliged. That's helpful. So eight

25 years ahead?

1 A. Yes. And Terminal 5, if you recall, was required by  
2 2002, and we look like we are going to open it in 2008.  
3 That is the way of major airport projects.

4 MR STINCHCOMBE: Is BAA so confident with the 2015 date that  
5 it's not necessary to consider the prospect of  
6 the existing runway needing to handle more than  
7 35 million passengers a year?

8 A. Well, apart from anything else, the second runway  
9 requires planning permission, so since that is not  
10 bankable, it would be prudent to assume what happens in  
11 a no second runway world.

12 MR STINCHCOMBE: Right. What would happen in a no second  
13 runway world?

14 A. As I said earlier, there would be a gradual increase in  
15 throughput, curtailed by the rate at which airlines were  
16 prepared to provide additional seats, or fill a higher  
17 proportion of the seats they were currently operating.

18 MR STINCHCOMBE: And with applications to remove the  
19 condition?

20 A. As well, yes.

21 MR STINCHCOMBE: I see. The condition cap that BAA propose  
22 to date?

23 A. Well, it would clearly require relaxation in that  
24 proposed cap, yes.

25 MR STINCHCOMBE: But that is all foreseen as reasonably

1 possible by BAA?

2 A. Well, it would be foreseen as a possible outcome, yes.

3 MR STINCHCOMBE: I am obliged. I wonder if I can just touch  
4 on an issue which was covered in greater detail  
5 yesterday by Mr Holgate, so I don't need to ask so many  
6 questions about it. You will recall Mr Holgate taking  
7 you to past forecasts of traffic growth at Stansted.

8 A. Yes.

9 MR STINCHCOMBE: Would it be fair to say that BAA has tended  
10 repeatedly to under-forecast traffic growth at Stansted  
11 Airport in the past?

12 A. It had a period in the late 1990s when that was  
13 certainly the case, and in the early part of this  
14 decade. It did initially overpredict, and currently,  
15 the forecasts I think are reasonably in line. But it is  
16 certainly -- more often than not we have underpredicted.  
17 Because we were constantly looking for a growing  
18 maturity in the low cost market, which does recently, in  
19 the last year or so, seem to be happening. We were  
20 expecting it to happen sooner than it actually did. So  
21 to that extent, yes, we under-predicted.

22 MR STINCHCOMBE: So the answer is yes.

23 A. Yes.

24 MR STINCHCOMBE: And BAA has also under-forecast traffic  
25 growth at the London airports generally, hasn't it?

1 A. No.

2 MR STINCHCOMBE: No?

3 A. Definitely not.

4 MR STINCHCOMBE: I wonder if we can have a look at CD 133

5 again, the SH&E report to UDC, and in particular

6 page 15. It is SH&E's review of BAA traffic forecast

7 for Stansted Airport. Page 15, are you there,

8 Mr Maiden?

9 A. Yes.

10 MR STINCHCOMBE: We can see exhibit 8, can't we?

11 A. Yes.

12 MR STINCHCOMBE: Comparison of BAA forecast to actual

13 passenger traffic for London airports, November 1993 to

14 2005?

15 A. Yes.

16 MR STINCHCOMBE: We can see the actual, that's the top line?

17 A. Yes.

18 MR STINCHCOMBE: We can see the forecast, that is the bottom

19 line?

20 A. Yes.

21 MR STINCHCOMBE: It is an under-forecast, isn't it?

22 A. That one was. But that forecast was made in 1993,

23 because it's the Terminal 5 forecast, and we were coming

24 off the back of a significant downturn in traffic in the

25 early 1990s. In the three most recent five year periods

1           that we have been forecasting the London airports for  
2           a regulator, in the first of those five year periods, in  
3           cumulative terms, we came to less than half per cent  
4           close to the out turn. The next five year period, we  
5           were some 8 per cent below the forecast, and that was --  
6           that largely corresponds to the bulk of this period.  
7           And in the five year period which is just about to end,  
8           we look set to come within 1 per cent of the forecast  
9           figure.

10   MR STINCHCOMBE: Let's just go through what is in this  
11           report and of course you can comment on it as you feel  
12           fit. This exhibit, this table, that indicates  
13           a difference of about 17 million passengers, doesn't it,  
14           between forecast and actual, as at 2005?

15   A. Yes.

16   MR STINCHCOMBE: So the actual traffic in 2005 was about  
17           15 per cent higher than forecast, on that table?

18   A. Yes. What I'm -- the only condition I would attach to  
19           that is I'm not clear the extent to which the forecast  
20           number was a constrained -- an assumed constrained  
21           number in the absence of Terminal 5. I don't recognise  
22           these put in this way. But I would accept, I would  
23           accept that the forecast we were making at the early  
24           1990s proved to be too conservative for two  
25           reasons: one, the period from which we were forecasting

1           was a period of recession. We then had a bull run  
2           during the 1990s in the world and the UK economy, as  
3           well as the emergence, unforeseen by anybody in the  
4           early 1990s, of the low cost phenomena, which affected  
5           the London airports via Stansted in a way that nobody,  
6           nobody in the entire business had predicted.

7   MR STINCHCOMBE: Let's look on to Stansted, in your support.  
8           That is covered in paragraph 3.4 in exhibit 9, the next  
9           page of this document:

10                 "The differences between forecast and actual traffic  
11           vary even more markedly if airports are concerned."

12   A. Yes, that is significant for Stansted.

13   MR STINCHCOMBE: Very significant for Stansted. Actual  
14           passenger throughput for 2005 was more than double  
15           than BAA forecast in 1993?

16   A. Yes, but if you read just there the first sentence below  
17           the graph, it is worth noting that the forecast by the  
18           Department for Transport, as well as those by BAA, have  
19           generally tended to under-forecast the growth in traffic  
20           in that period.

21   MR STINCHCOMBE: Forecasting is an uncertain science, isn't  
22           it?

23   A. Clearly.

24   MR STINCHCOMBE: Of course it is. And we can see here that  
25           this forecast, the difference between predicted and

1           actual was 11.5 million passengers per year?

2    A.   Yes.

3    MR STINCHCOMBE:   With BAA on the low side in its

4           predictions?

5    A.   Yes.

6    MR STINCHCOMBE:   I wonder if you could then turn to CD 28,

7           the ES for the 25 MPPA planning application.   Volume 2.

8           Volume 2, page 4, table 2.1.   Can you find that?

9    A.   Yes.

10   MR STINCHCOMBE:   That's a table showing annual passengers

11           Stansted and BAA South East airports 2000 to 2010, at

12           the time of the last planning application, which was

13           approved in 2003.   Yes?

14   A.   Yes.

15   MR STINCHCOMBE:   And we can see that at that time, BAA was

16           not anticipating 25 million passengers throughput until

17           2010, was it?

18   A.   Yes.

19   MR STINCHCOMBE:   You now expect that 25 million to be

20           reached next year, don't you?

21   A.   Yes.

22   MR STINCHCOMBE:   Two years earlier.

23   A.   Yes.

24   MR STINCHCOMBE:   That is yet another under-forecast of

25           Stansted's growth, isn't it?

1 A. Yes.

2 MR STINCHCOMBE: So it is not restricted to the early 1990s,  
3 is it?

4 A. I did say the early 1990s through to the early part of  
5 this decade.

6 MR STINCHCOMBE: Through to the last planning application?

7 A. Yes.

8 MR STINCHCOMBE: So the last planning application you  
9 underestimated growth and overestimated car parking?

10 A. It would appear so.

11 MR STINCHCOMBE: And they are your forecasts?

12 A. They are my department's forecasts. I have little  
13 personal involvement in this. But I have to take total  
14 personal responsibility.

15 MR STINCHCOMBE: Of course. That is very fair. I wonder if  
16 I could now turn to demand at Stansted, and ask you to  
17 a few questions about that to see if I understand it  
18 properly, and if I can do so by reference to ACC  
19 documents this time, ACC/10, which is, I hope, the BAA  
20 Capital Investment Programme, that -- the  
21 CIP consultation document 2007, is that right? Have  
22 I got the right reference?

23 A. Yes.

24 MR STINCHCOMBE: Can you turn to page 24, please.  
25 Paragraph 2.1.8, where we have a table set out for

1 Stansted.

2 A. Yes.

3 MR STINCHCOMBE: Let's just have a look at what is being  
4 predicted here. For 2015/16, 38 million passengers per  
5 annum?

6 A. Yes.

7 MR STINCHCOMBE: 2016/17, 41.5 million passengers per annum?

8 A. Yes.

9 MR STINCHCOMBE: And 2017/18, 45 million passengers per  
10 annum?

11 A. Yes.

12 MR STINCHCOMBE: That indicates, doesn't it, that BAA  
13 predicted demand of some 45 million passengers by 2017?

14 A. I think the demand was probably, possibly in excess of  
15 that 45; I think 45 because it implies the second  
16 runway. It will have been a function of demand and  
17 supply, and in the early years of the new runway, there  
18 is a limit to which airlines can ramp up their  
19 operations. So it will have been close to the demand  
20 for Stansted, but the -- we tend to work at this  
21 distance by interpolating between five, five-year spot  
22 forecasts, which we do to some thoroughness, so this  
23 will have been interpolated between the two, between  
24 2015 and 2020.

25 MR STINCHCOMBE: Do these figures all assume the provision

1 of a second runway at Stansted?

2 A. I think they do. I think that's written in the  
3 assumptions.

4 MR HUMPHRIES: It is on the top of the page.

5 A. Yes. Paragraph (ii).

6 MR STINCHCOMBE: Where would that unmet demand go, then, if  
7 the second runway wasn't there?

8 A. It will help Luton, it will help airports such as  
9 East Midlands, maybe Southampton. It will mean some  
10 people don't fly as frequently, some trips are not  
11 taken. All of those things.

12 MR STINCHCOMBE: Would BAA seek to have more at the G1?

13 A. I'm sorry?

14 MR STINCHCOMBE: Would BAA seek to have more on its existing  
15 runway to meet that unmet demand?

16 A. Oh, yes. I mean, on the existing runway, there would  
17 probably, by 2017/18 be more than 35 million, but  
18 nowhere near 45 million.

19 MR STINCHCOMBE: I am obliged. I wonder if you could come  
20 to document CD 507 for me, which is a letter from  
21 Cameron McKenna, 20th March. Do you have that in front  
22 of you?

23 A. Yes.

24 MR STINCHCOMBE: Right. This is the letter accompanying the  
25 offer of the condition limiting passenger movements at

1 35 million per annum:

2 "To make the position absolutely clear, the offer of  
3 this additional passenger condition is not an acceptance  
4 by STAL that 35 million passengers represents the  
5 ultimate limit of Stansted's existing runway capacity.  
6 Nor does it represent any acceptance by STAL that  
7 35 MPPA is the highest air passenger throughput which  
8 could be environmentally acceptable at Stansted."

9 Mr Maiden, have you seen this letter before?

10 A. No, but the first piece you read out that's relevant to  
11 me is entirely consistent with what I have been saying  
12 this morning.

13 MR STINCHCOMBE: Is that leaving the door open then for  
14 another G1 application in a few years' time?

15 A. I have no idea what Cameron McKenna's -- the implication  
16 of this text is. I am simply saying that it is a fact  
17 that stripped of a cap, then beyond -- 35 million is not  
18 the ultimate highest number of passengers that could use  
19 a single runway at Stansted.

20 MR HUMPHRIES: Sir, I am not sure that Mr Maiden can answer  
21 the question, but obviously I was aware of the letter  
22 when written, and it is clear, it is clear from the  
23 letter, it has never been hidden, that in the context  
24 where there was no second runway, at the point where the  
25 planning consent of a 35 MPPA condition was reached or

1 about to be reached, the company would obviously have to  
2 consider coming back for another application. But  
3 that's not a matter for this inquiry.

4 MR PHILLIMORE: I think the point I am talking about is, as  
5 has been said before, the condition is something that  
6 will later be considered and justified at a later date.  
7 I think we take the point, it is relevant to that at  
8 this stage.

9 MR STINCHCOMBE: I am obliged. That is helpful, sir.

10 Mr Maiden, you have told us that you prepared  
11 various forecasts I think up to 2047, certainly 2030.  
12 Have you produced any forecasts beyond 2015 as  
13 a contingency in the event that the second runway is not  
14 built by then?

15 A. I'm sure we have, yes.

16 MR STINCHCOMBE: Are we able to see those?

17 A. I see no reason why not.

18 MR STINCHCOMBE: I am obliged. Well, we make that request.

19 I wonder if I could take you to CD 216. It should  
20 be a BAA document, May 2003, "Responsible Growth". Yes?

21 A. Yes.

22 MR STINCHCOMBE: Can I take you to paragraph 7.51, which  
23 I think is on page 84, under the heading  
24 "Financial Appraisal".

25 A. Yes.

1 MR STINCHCOMBE: "We currently believe that the option for  
2 one new runway at Stansted would be financially viable  
3 subject to the scale of the additional cost not  
4 calculated in SERAS, but the charges needed to  
5 remunerate the investment would need to be shared across  
6 users of the London system as a whole, rather than  
7 applied to Stansted users only. The analysis in chapter  
8 9 shows that one new runway would require charges to  
9 increase by around 35 per cent above the 2003/4 level in  
10 real terms ...(Reading to the words)... and by around  
11 120 per cent on a stand alone basis."

12 A. Yes.

13 MR STINCHCOMBE: You have seen those figures and that  
14 comment before, haven't you?

15 A. No.

16 MR STINCHCOMBE: You haven't, I see. It is saying, though,  
17 isn't it, and if you cannot help me, so be it, but it is  
18 saying that a second runway at Stansted would only be  
19 commercially viable if cross subsidy was permitted to  
20 finance the development for users of Heathrow and  
21 Gatwick?

22 A. No, it says -- I think it says that at that time, it was  
23 expected to share the cost around the London system, and  
24 it shows the alternative impacts on prevailing landing  
25 charges of either doing it around the system or doing it

1 at Stansted alone.

2 I think the kind of increase that we are now talking  
3 about is a Stansted alone basis. I have played no part  
4 in the reason to shift from the view that it would be  
5 system-wide as opposed to loaded on to Stansted, but the  
6 average charge per passenger up until this April was  
7 just under £3, and we have been, in our forecasting for  
8 Stansted, reflecting an increase to £8 per passenger in  
9 real terms by 2015. That would obviously be -- it is  
10 not inconsistent with the 120 per cent assumption here.  
11 So it looks as if the company shifted its position in  
12 terms of how it remunerates, but the scale impact at  
13 Stansted looks to be in line with what we are still  
14 assuming. I have played no part in this decision as to  
15 how it actually is done.

16 MR STINCHCOMBE: I just want to understand what is meant by  
17 the first sentence. One new runway would be financially  
18 viable, according to BAA, but the charges needed to  
19 remunerate the investment would need to be shared across  
20 the users of the London system as a whole. That is  
21 cross subsidy, isn't it?

22 MR HUMPHRIES: Sir, this is nothing to do with G1. This is  
23 to do with the second runway, and whilst SSE may be very  
24 interested in it, A, this is not the witness, and, B,  
25 this is not the inquiry.

1 MR PHILLIMORE: I think we are straying into G2 territory.

2 MR STINCHCOMBE: Sir, with respect, we are not straying into  
3 G2 territory. Where we are going is to see the  
4 likelihood of G2 being delayed, and therefore the  
5 likelihood of G1 needing to have a higher threshold of  
6 35 million, or having a higher threshold. And in the  
7 light of an application where they are seeking to remove  
8 the condition on passenger throughput entirely, and  
9 where the environmental regulations say that we are  
10 required to look at all of the reasonably foreseeable  
11 environmental impacts that are contingent or likely as  
12 a result of this application, then it is entirely right  
13 for us to ask these questions.

14 MR HUMPHRIES: No, sir, it is not, I am afraid. We have  
15 made it very clear that we are willing to offer  
16 a 30 MPPA condition. You, sir, very properly said to me  
17 that of course you need to be satisfied that that is  
18 necessary, and the questions from Mr Stinchcombe this  
19 morning, I would have thought, have assisted you in  
20 that. The same process that Mr Stinchcombe went  
21 through, we went through, which was to look beyond 2015  
22 and come to the conclusion on Mr Maiden's advice that  
23 slowly, once one got to about 2030, the throughput would  
24 rise if it was not constrained by a condition.

25 Because our environmental statement has assessed the

1 impacts at the date it did, we have offered that  
2 condition at 35 MPPA. That reflects the statement in  
3 the CD 507 letter.

4 Now, sir, we can of course go on and ask questions;  
5 but SSE's case then becomes inconsistent, because on the  
6 one hand, it is arguing without a condition we would go  
7 above 35 MPPA. That itself is the justification for the  
8 condition. And once having established the  
9 justification for the condition, there is no need to go  
10 on and ask the further questions. It becomes a waste of  
11 time, if I may put it as bluntly as that.

12 MR STINCHCOMBE: Sir, with the greatest of respect, whenever  
13 my learned friend interrupts the cross-examination, it  
14 tends to be because he is worried where the  
15 cross-examination is going, and it does strike me as  
16 rather obvious that in an application which seeks to  
17 remove entirely a condition restricting the passenger  
18 throughput at this airport, and in the light of  
19 the environmental impact regulations requiring us to  
20 look at all of the reasonably foreseeable implications  
21 of an application, and in the light of answers already  
22 given, that this does not amount to a capacity at the  
23 airport, then it is perfectly proper to ask questions  
24 which relate to the possibility of more throughput on  
25 this particular runway coming about in the very near

1 future.

2 MR PHILLIMORE: I think that is a matter you have covered in  
3 the questions up to now, but in view of the answers you  
4 have had to those, is it a matter you need to pursue  
5 further?

6 MR STINCHCOMBE: I would prefer to pursue it a little  
7 further in just a few questions relating to this  
8 document. It will not take very long, sir. It is about  
9 another five minutes of questions relating to this  
10 particular issue.

11 MR PHILLIMORE: We will see how we go, but I think we need  
12 to be very careful to keep ourselves to the current  
13 proposal. Thank you.

14 MR STINCHCOMBE: It may be that these are not questions for  
15 you in any event, in which case, if you can't give an  
16 answer, you will say and we will deal with it in  
17 evidence-in-chief.

18 If it is right to construe this sentence as saying  
19 that Stansted runway 2 would be commercially viable only  
20 if there was cross subsidy, it is right that that has  
21 now been ruled out by the regulator, isn't it?

22 A. I am not sufficiently au fait with regulatory issues to  
23 be competent to answer that.

24 MR STINCHCOMBE: I see. Can you turn quickly then to  
25 CD 164, which is the airport's price control review for

1 2006 by CAA. Can you look at page 37, paragraph 5.16,  
2 the conclusion:

3 "CAA is proposing to continue with an approach based  
4 on separate regulation. This is based on reasoning  
5 ...(Reading to the words)... and the particular  
6 circumstances facing BAA's designated airports. The CAA  
7 has analysed a wide range of arguments against this  
8 position and in favour of system regulation, but has so  
9 far identified no compelling evidence to cause it to  
10 consider reverting to system regulation for the  
11 forthcoming price control period after 2030."

12 That confirms, does it not, that the CAA is not  
13 persuaded to re-introduce cross subsidy?

14 A. It is minded to deregulate Stansted, yes. And that is  
15 why, presumably, making the link, that may be why we  
16 have shifted our position on funding to the assumptions  
17 that require charges at Stansted to go to £8, which is  
18 inbuilt into the forecasts that I have made.

19 MR STINCHCOMBE: This is the last question on this issue, so  
20 I have taken rather less than the five minutes  
21 I thought. Can I take you then to paragraph 21.16 of  
22 this document, at page 208. Are you there, Mr Maiden?

23 A. Yes.

24 MR STINCHCOMBE: "BAA did not provide a view as to the  
25 future cost of capital at Stansted in its September 2006

1 regulatory submission, instead pointing out that its  
2 assumptions about the opening date and price resulted in  
3 a rate of return of just over 8 per cent pre-tax  
4 ...(Reading to the words)... subsequently wrote to the  
5 CAA, indicating on its current view that the cost of  
6 capital at Stansted on a pre-tax real basis was  
7 8.79 per cent."

8 So a return of just over 8 per cent, but a cost of  
9 8.79 per cent?

10 A. I am just a humble forecaster, I'm afraid; I cannot get  
11 into a debate about rates of return.

12 MR STINCHCOMBE: On these figures, the cost of capital would  
13 be higher than its rate of return, wouldn't it?

14 A. That is what it's saying.

15 MR STINCHCOMBE: Just pausing there, that would lend force  
16 to the need for BAA to make as much as it could out of  
17 its existing runway well beyond 2015?

18 A. Or to increase its prices.

19 MR STINCHCOMBE: I see. I'm obliged. That is helpful.

20 Just, if I may, turn to an issue which we touched on  
21 earlier, just to make sure I have it properly  
22 understood. You don't see the 35 million figure as the  
23 capacity constraint for Stansted, do you, or the limit  
24 of demand?

25 A. Any capacity that is not a statutory capacity has got to

1           have a time dimension to it in the aviation business,  
2           whether you are looking at terminals, runways, aprons.  
3           You can have a capacity which is relevant at a point in  
4           time, but over time, with improvements in utilisation or  
5           average aircraft loads, the physical capacity can be  
6           stretched. The degree of stretch is a matter of  
7           judgment and calculation, but no airport capacity that  
8           I'm aware of is a fixed in concrete forever figure.

9   MR STINCHCOMBE: And post-2015 you don't suggest that it's  
10          the maximum capacity of the single runway at Stansted?

11   A. I have said several times that it is not the limit.

12   MR STINCHCOMBE: That's helpful. I wonder in the light of  
13          that if you could also agree with me that the  
14          White Paper upon which your client --

15   A. I am the client.

16   MR STINCHCOMBE: You are the client -- upon which you rely,  
17          BAA rely, is saying that you need to make full use of  
18          Stansted in order to avoid stifling growth? That is the  
19          pretext of this application, isn't it?

20   A. Yes.

21   MR STINCHCOMBE: Yes. Let's have a quick look then at what  
22          unconstrained demand is. Can you turn to CD 113 for me,  
23          the "Future of Air Transport, February 2003  
24          Consultation" document. Have you got it?

25   A. Yes.

1 MR STINCHCOMBE: Can you look for me at page 41, and  
2 figure 5A.  
3 Yes?  
4 A. Yes.  
5 MR STINCHCOMBE: That grants, does it not, the forecast for  
6 unconstrained demand, and below the graph there is  
7 a table showing the forecast numbers?  
8 A. Yes.  
9 MR STINCHCOMBE: So we can see for the UK is a total in  
10 2015, it is 335 million passengers per annum?  
11 A. Yes.  
12 MR STINCHCOMBE: And for the South East it is 202 million  
13 passengers per annum?  
14 A. Yes.  
15 MR STINCHCOMBE: These DFT forecasts, are they robust, in  
16 your view?  
17 A. Our own forecast for the South -- we don't for the UK,  
18 but our own forecast for the South East, and these  
19 include London City and Luton -- sorry, they include  
20 Luton -- were very similar to DFT's forecasts.  
21 MR STINCHCOMBE: So your own forecasts are very similar.  
22 I am obliged.  
23 A. I think in 2015 we may have been about 195 as opposed to  
24 202, but certainly we may have been slightly in excess  
25 of 300 at the time that these were produced. We no

1 longer are.

2 MR STINCHCOMBE: Well, in light of that I wonder if we can  
3 look at your proof of evidence, then, BAA/6/A at  
4 table 7.3. Which I think you will find at the bottom of  
5 page 14. This is your forecasted passenger throughput,  
6 isn't it?

7 A. No, capacity.

8 MR STINCHCOMBE: This is a forecast of capacity, yes?

9 A. They were principally the forecasts of capacity at  
10 around 2015. In the case of Heathrow and Gatwick, it  
11 was certainly -- they were capacity determined. And in  
12 the case of Luton, I think it was similarly capacity  
13 constrained.

14 MR STINCHCOMBE: Right.

15 A. And it's each of those, certainly the Heathrow/Gatwick  
16 values in our later work, which I refer to at the end of  
17 the document. We have taken a more conservative view of  
18 the capacities, prevailing capacities of Heathrow and  
19 Gatwick, but a more optimistic view of the capacities of  
20 Luton and London City.

21 MR STINCHCOMBE: So these are your capacity figures for the  
22 same time period, 2014/15?

23 A. These were -- yes. And in the case of Luton and  
24 London City, we assumed that their capacity as we took  
25 it to be at that time would be fully used.

1 MR STINCHCOMBE: Assuming the following annual passenger  
2 throughput volume?

3 A. Yes.

4 MR STINCHCOMBE: I see. If we add those up, the 87 for  
5 Heathrow, 42 for Gatwick, 35 for Stansted, 12 for Luton  
6 and 3 for London City, we have a total of 179 million  
7 passengers per annum, don't we?

8 A. Yes.

9 MR STINCHCOMBE: And we have a robust forecast demand in  
10 excess of 200 million passengers per annum in the  
11 South East?

12 A. Yes.

13 MR STINCHCOMBE: So clearly, demand exceeds capacity at that  
14 time?

15 A. Yes. And that is why yesterday I was at great pains to  
16 explain the process of allocating traffic to airports,  
17 testing whether there was sufficient capacity, and the  
18 process for, if you like, losing traffic out of the  
19 system, wasting away the potential unconstrained demand.  
20 So I'm fully familiar with the position.

21 MR STINCHCOMBE: I see. We will come on to some of those  
22 issues and spill-over if you like in a short time.

23 What I don't understand is this: given this excess  
24 of demand that you say there exists over capacity, and  
25 bearing in mind that you see the capacity of Stansted as

1 being above 35 MPPA, even on one runway in any event,  
2 why are you now saying that that 35 million passenger  
3 throughput will be achieved later than 2014/15 rather  
4 than earlier?

5 A. For several reasons. One, we have reduced the overall  
6 forecast of unconstrained demand, as has the DFT in its  
7 most recent publication. So our forecast of  
8 unconstrained system demand are lower. Assumptions  
9 about Luton and London City are somewhat more  
10 optimistic. Although offsetting that, assumptions about  
11 Heathrow and Gatwick are somewhat lower.

12 The overall effect is to slightly delay the  
13 attainment of the 35 figure at Stansted. A combination  
14 of reduction in overall demand, an increase in  
15 competitive supply, offset slightly by a decrease in  
16 supply at Heathrow and Gatwick. So the resolution of  
17 all those conflicting forces is a delay of about  
18 18 months in reaching 35.

19 MR STINCHCOMBE: I see. Was I right in hearing that one of  
20 the matters you relied upon was the DFT reducing its  
21 forecast of unconstrained demand?

22 A. No, I simply said that has happened at the same time.  
23 We didn't rely upon it. It so happens that we undertook  
24 a major review in the latter part of 2006, both of  
25 capacity and demand. And at the same time, the DFT

1 published new figures at the end of 2006 in its progress  
2 review.

3 MR STINCHCOMBE: It has gone down 10 million, hasn't it,  
4 from 500 million to 490?

5 A. I have only been concerned with the South East element,  
6 and I think that has gone down about 3 per cent.

7 MR STINCHCOMBE: Let's have a quick look at spill-over. You  
8 will remember the questions about that so I don't need  
9 to explain the terms. Can I take you to your proof at  
10 page 15, paragraph 8.5.

11 A. Yes.

12 MR STINCHCOMBE: This was touched upon yesterday by  
13 Mr Holgate. I won't go over the same question, I just  
14 simply want to understand a little bit about what you  
15 have done and what its implications might be. It is  
16 here in paragraph 8.5 that you define that the  
17 catchments, and you will remember the questions about  
18 how you defined those catchments, and the question on  
19 the table 8.1 thereafter. It talks about the  
20 interaction between these various airports, doesn't it?

21 A. Yes.

22 MR STINCHCOMBE: But it excludes, for the reasons you gave  
23 yesterday, Luton Airport?

24 A. Yes.

25 MR STINCHCOMBE: Because it is not a BAA airport?

1 A. It is partly because it is not a BAA airport and partly  
2 because the -- as we exposed at length yesterday, the  
3 number of -- the amount of work in replicating these  
4 matrices for the various passenger types over different  
5 years is made much more complicated -- or given  
6 a greater degree of complexity if you add in other than  
7 the three BAA airports. And given that a large part of  
8 our forecasting work is geared to serving operations of  
9 our own airports, I took the decision not to separately  
10 identify Luton and London City.

11 MR STINCHCOMBE: I see. I will come on to Luton in a little  
12 while in the cross-examination. It will not be too long  
13 away. But can we note at this stage that as a matter of  
14 reality, that there is bound to be an interaction in the  
15 South East market between what happens at Stansted and  
16 what happens at Luton?

17 A. Yes.

18 MR STINCHCOMBE: As a matter of reality and fact --

19 A. Well, that is reflected in my methodology, in that the  
20 spill-over principle implicitly assumes the competitive  
21 option of Luton in particular, and in our most recent  
22 work we have taken, if you like, an upgraded recognition  
23 of the competitive effect of Luton.

24 MR STINCHCOMBE: I see. We will come to look at Luton in  
25 a little while, but before we do so, let's have a look

1 at what you say on the spill-over from Heathrow and  
2 Gatwick. Your evidence at paragraph 5.4. You will  
3 remember this figure being put to you yesterday:

4 "Forecast demand for Stansted is therefore  
5 a combination of indigenous demand and a small element  
6 of spill-over traffic which might otherwise have used  
7 Heathrow or Gatwick, approximately 2 per cent of total  
8 Stansted traffic by the date 35 MPPA is reached."

9 A. Yes.

10 MR STINCHCOMBE: And you agreed mathematically yesterday  
11 that 2 per cent is 700,000 passengers?

12 A. Yes.

13 MR STINCHCOMBE: I'm not sure whether the figures were given  
14 in quite this way yesterday, but that amounts to about  
15 0.5 per cent of the passengers who would be using  
16 Heathrow and Gatwick at that time.

17 A. It is a small element, yes.

18 MR STINCHCOMBE: I wonder if we could turn back to CD 113 in  
19 the light of that, that is the "Future of Air Transport  
20 Consultation, February 2003". And in particular, to  
21 page 33. Yes?

22 A. Yes.

23 MR STINCHCOMBE: Paragraph 4.14. Do you see that?

24 A. Yes.

25 MR STINCHCOMBE: "The demand for Heathrow is by far the

1           greatest of all the airports considered in SERAS. It is  
2           starkly illustrated by our forecast of unconstrained  
3           demand ...(Reading to the words)... and a little over  
4           300 MPPA in 2030, we forecast that Heathrow will attract  
5           126 million passengers per annum and 202 million  
6           passengers per annum respectively if unconstrained."

7    A.    In 2030.

8    MR STINCHCOMBE:  Yes, and 126 would have been in 2015,  
9           wouldn't it?

10   A.    126 in 2015, yes.

11   MR STINCHCOMBE:  Fine.  Clearly that amount of growth would  
12           be unsupportable, but it illustrates the attractiveness  
13           of Heathrow to passengers and airlines, yes?

14   A.    Yes.

15   MR STINCHCOMBE:  So we can see that the unconstrained demand  
16           for Heathrow is said to be 126 million passengers in  
17           2015?

18   A.    That was the DFT's model outcome at the time, yes.

19   MR STINCHCOMBE:  Robust?

20   A.    I don't know.  The aggregate forecasts of DFT we  
21           certainly have no problem with.  There have been times  
22           when, in some of their detailed model runs by individual  
23           airports, we have -- our eyebrows have been raised, let  
24           us say.  So I have not found their predictions for  
25           individual airports to be as like our own as those for

1 the market in total.

2 MR STINCHCOMBE: I see. Well, let's just go back to  
3 table 7.3 then, which we have looked at before, on  
4 page 14 of your proof. The DFT say unconstrained growth  
5 for 2015 is going to be 126 million, yes?

6 A. Yes, can I -- I just might help you on that point. Just  
7 starting from where we are, to reach 126 million at  
8 Heathrow in 2015 would imply compound growth from today  
9 of 7.3 per cent per annum. Now, given that Heathrow  
10 today is carrying virtually the same volume it was  
11 carrying three years ago, that would be an extremely,  
12 extremely ambitious growth path for an airport that only  
13 has, I think, 1 per cent more movements that can operate  
14 inside its cap of 480,000. So 126 as a -- starting from  
15 today in terms of unconstrained demand would represent  
16 compound growth of, let's say, over 7 per cent. That's  
17 why I hesitate when endorsing it.

18 MR STINCHCOMBE: But this is a demand figure?

19 A. Yes, I say, I hesitate in endorsing it. The expressed  
20 demand today is 67 million. To be dealing in this  
21 figure, then the DFT have to be stripping away or almost  
22 inventing a base which is higher than we currently  
23 handle. And we work from a base of actual traffic,  
24 manifested in terms of counted heads through the  
25 airport.

1 MR STINCHCOMBE: The 67 million figure is a supply figure,  
2 isn't it?

3 A. No, that's the current throughput of Heathrow.

4 MR STINCHCOMBE: That is the current throughput. What this  
5 calculates is what the demand would be for Heathrow?

6 A. Yes. I don't dispute that. I am simply saying, you are  
7 asking me to endorse it, I'm saying I don't necessarily  
8 endorse this figure.

9 MR STINCHCOMBE: Right. I would like to go back to  
10 table 7.3 with these figures in mind, but with your lack  
11 of endorsement of them also in mind. We have a demand  
12 2015, so the DFT tell us, for 126 million passenger  
13 movements per annum?

14 A. Can you give me that reference again?

15 MR STINCHCOMBE: Sorry, that's the one we have just seen in  
16 CD 113. I am then comparing it to your proof of  
17 evidence, page 14, table 7.3, which we have been to  
18 before, yes?

19 A. Yes.

20 MR STINCHCOMBE: So we have the DFT figure for an  
21 unconstrained demand at Heathrow, 126 million, and your  
22 figure for capacity at Heathrow at the same year of  
23 87 million?

24 A. Yes. And I am saying I don't agree with 126.

25 MR STINCHCOMBE: Well, we have acknowledged that. In any

1 event, your figure for capacity at Heathrow, given in  
2 table 7.3, is 39 million passengers per annum less than  
3 the DFT's calculation of unconstrained demand, isn't it?  
4 A. Mathematically, yes.  
5 MR STINCHCOMBE: Yet you say that only 0.7 million  
6 spill-over would be to Stansted?  
7 A. Well, I don't say only. I say that's what it is. And  
8 I say that because I am not starting with an  
9 unconstrained demand for Heathrow as high as 126.  
10 MR STINCHCOMBE: And that is from Heathrow and Gatwick  
11 combined, isn't it?  
12 A. Yes. I think Gatwick at around that time is -- the  
13 demand and the capacity are virtually in line. So the  
14 spill-over that there is, I think you can take as being  
15 exclusively from Heathrow.  
16 MR STINCHCOMBE: What is your figure for the unconstrained  
17 demand at Heathrow for 2015, then?  
18 A. I don't have that with me but I can certainly give it to  
19 you.  
20 MR STINCHCOMBE: Sir, I wonder if that might be an  
21 appropriate moment to pause for a cup of coffee?  
22 MR PHILLIMORE: It would be, yes, thank you. It is  
23 11.20 am, if we can break until 11.35 am, please. We  
24 are now adjourned. Thank you.  
25 (11.20 am)

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(A short break)

(11.35 am)

MR PHILLIMORE: The inquiry is resumed. Mr Stinchcombe.

MR STINCHCOMBE: Thank you very much, sir. We have looked at spill-over at Heathrow. I wonder if we might now look at Luton. Can you turn up CD 256, which is the "CAA's Airports Review Policy Issues" document, December 2005.

Can I invite you to annex C, figure C7 on page 136.

Figure C7, that shows the distribution of UK scheduled international leisure passengers using Stansted Airport within Stansted's two hour drive time isochrone, doesn't it?

A. Yes.

MR STINCHCOMBE: And figure C8 shows the same information for Luton Airport, doesn't it?

A. Yes.

MR STINCHCOMBE: And whilst Luton's passengers tend to be less dispersed geographically, there is a considerable overlap between the two catchment areas, isn't there?

A. Yes, all the four major airports in the South East have overlapping catchments.

MR STINCHCOMBE: Right. Luton and Stansted compete in very much the same market, don't they?

A. Yes, in terms of the traffic, both the traffic they tend

1 to handle and the geographical area, they are obviously  
2 reasonably proximate.

3 MR STINCHCOMBE: I am obliged. Can we turn back in this  
4 regard to CD 133, the SH&E report to UDC,  
5 dated February 2006. Do you have that?

6 A. Yes.

7 MR STINCHCOMBE: Page 5, paragraph 2.13:

8 "This issue leads into consideration of the impact  
9 of competition between airports. In the context of  
10 Stansted we consider Luton to be the most significant  
11 competitor for a number of reasons."

12 Do you agree with that?

13 A. Can I just read them?

14 MR STINCHCOMBE: Yes, of course. Read through it, and then  
15 we will see what the reasons are. Firstly its size,  
16 "9 million passengers in the 12 months ending 2005";  
17 that is the first factor they take into account.

18 Second, its location:

19 "... just 25 miles due east of Stansted, and thus as  
20 such is effectively serving a broadly similar catchment  
21 area. Additionally both airports lie to the north of  
22 London with reasonable rail access from mainline  
23 stations."

24 And thirdly, the nature of traffic handled at Luton:

25 "It is very similar to that at Stansted, the same

1 two airlines, easyJet and Ryanair, handle approximately  
2 80 per cent of traffic at each of the two airports."  
3 A. Yes, they were virtually the same points as I made  
4 before you turned up this reference.  
5 MR STINCHCOMBE: Right. So Luton and Stansted are in direct  
6 competition, aren't they?  
7 A. To a large degree.  
8 MR STINCHCOMBE: We will come back to Luton in just a little  
9 while. Before we do so, I wonder if we could just have  
10 a quick look at passengers per PATM. The permission  
11 that is currently being sought is for 243,500 PATMs,  
12 isn't it?  
13 A. Yes.  
14 MR STINCHCOMBE: 243,500 Passenger Air Transport Movements?  
15 A. Yes.  
16 MR STINCHCOMBE: I am obliged. I think you have already  
17 told us and volunteered quite rightly the information --  
18 A. Can I put away these documents?  
19 MR STINCHCOMBE: Yes, put them away for the moment. We will  
20 be coming back to them in due course, but you don't need  
21 them in front of you for the moment. I do apologise.  
22 The tables are rather confined spaces, aren't they?  
23 A. Okay.  
24 MR STINCHCOMBE: So we have agreed there are  
25 243,500 passenger air transport movements as far as

1 permission is being sought, and you have already  
2 volunteered the information that the key issue in terms  
3 of passenger capacity at the airport is how many  
4 passengers are on each of those planes?

5 A. Yes.

6 MR STINCHCOMBE: I am obliged. So if we can just agree the  
7 mathematical parameters by way of illustration, if you  
8 had 150 passengers per plane on average, you would have  
9 a 37 MPPA throughput, wouldn't you?

10 A. Yes.

11 MR STINCHCOMBE: And if you had a 200 average load of  
12 passengers per plane, then you would have a throughput  
13 of about 49 MPPA, wouldn't you?

14 A. And so on.

15 MR STINCHCOMBE: And so on. I am obliged. It is right to  
16 note, isn't it, that across the globe in different  
17 airports, for example in Japan, they are already  
18 achieving an average of over 200 passengers per  
19 passenger ATM?

20 A. There are about three or four airports in the world  
21 doing that, all with very striking characteristics of  
22 either severe physical constraint or operating  
23 exclusively in the long haul markets with 747 or-- or  
24 type aircraft. So, yes, there are, but the predominant  
25 average load characteristic you see around most of

1 the world is considerably less than 200. And it is not  
2 actually rising.

3 MR STINCHCOMBE: Well, we will come on to those in due  
4 course. Just on the Japan point, their average of 200,  
5 that is using jumbos but not on long haul, on short haul  
6 flights; isn't it?

7 A. Yes, because in the Japanese system they operate from  
8 Hanida(?) a network of 747s on domestic flights at  
9 a very high capacity, with no catering and far more  
10 seats per aircraft than is in conventional use. So,  
11 yes, there are particular features about the Japanese  
12 market.

13 MR STINCHCOMBE: We will come back to this, but we can take  
14 on board the facility to change the number of seats on  
15 board the aircraft, can't we? There is that capacity?

16 A. Well, yes, airlines can lease or buy larger aircraft or  
17 new operators can come in with larger aircraft. The --

18 MR STINCHCOMBE: Or even put more seats in existing aircraft  
19 than others might?

20 A. They tend not to do that. They tend to acquire aircraft  
21 with a larger seating configuration. Although we are  
22 noting at places like Heathrow at the moment that some  
23 of the operators are actually downsizing the number of  
24 seats per aircraft, so it's not a -- it is no longer an  
25 universal tendency, and it is one of the reasons why we

1           are seeing such slow growth at Heathrow at present is --

2   MR STINCHCOMBE: Is that the premium business sector that

3           you were referring to yesterday?

4   A. Some of it is, but the operator that is reducing them

5           the most is operating short haul, a mixture of sort of

6           leisure and business routes.

7   MR STINCHCOMBE: I see. I wonder if we could just have

8           a look at your assumptions for average numbers of

9           passengers per PATM, but I wonder if we might do so by

10          reference to our proof of evidence, SSE/4/A. I think it

11          is a proof of evidence of Mr Ross. Do you have that to

12          hand?

13   A. Yes.

14   MR STINCHCOMBE: Turn to page 3, table 1. That shows that

15          the average number of passengers per PATM has increased

16          77 per cent in Stansted over the last years, doesn't it?

17   A. Yes.

18   MR STINCHCOMBE: And those are correct figures, aren't they?

19   A. Well, I -- they probably came from -- no, they came from

20          the CAA, but we have the same data, we supply the CAA

21          with this data. The compound growth at Stansted has

22          been between 6 and 7 per cent per annum, compared with

23          Heathrow, where it has been -- over the same period,

24          been 0.7 per cent per annum, and Gatwick, 1.5. So

25          Stansted has clearly been, over the recent past, growing

1 its average load significantly faster than the norm,  
2 let's say. And it's interesting to note in that same  
3 data series that in the last two years, it seems to have  
4 almost stabilised -- well, it made hardly any increase  
5 between 2005 and 2006. So the rapid growth occurred  
6 earlier in the period and is already showing signs of  
7 slowing down.

8 MR STINCHCOMBE: But nonetheless we can see what it amounts  
9 to, 77 per cent increase in the last three years?

10 A. Yes.

11 MR STINCHCOMBE: I am obliged. Turn on to table 3 on  
12 page 4. Against that past achievement of 77 per cent  
13 growth in the past eight years, you are now forecasting  
14 9 per cent over the next eight years, aren't you?

15 A. Yes.

16 MR STINCHCOMBE: Against a record of consistent  
17 under-forecasting?

18 A. Well --

19 MR STINCHCOMBE: That's right, isn't it?

20 A. Are you talking about under-forecasting passengers per  
21 ATM or are you talking about passengers in total?

22 MR STINCHCOMBE: I am simply referring to the various  
23 forecasting we went through at the beginning of this  
24 cross-examination.

25 A. Yes, pardon me, but there is a difference. These are

1 forecasts of passengers per ATM, and you were previously  
2 drawing my attention to failure to adequately forecast  
3 growth in passengers.

4 MR STINCHCOMBE: And the growth in passengers is unrelated  
5 to the passengers per movement, is it?

6 A. Well yes, it is.

7 MR STINCHCOMBE: Unrelated?

8 A. The growth in passengers is, if you like, it independent  
9 feature. The number of ATMs to serve that market is the  
10 function of the kind of business decisions of  
11 the operators.

12 The forecasts start with predictions of passengers  
13 and then are converted into predictions of movements,  
14 and the DFT and the CAA do similarly.

15 MR STINCHCOMBE: I see. So be it. It is right when we look  
16 at this table that the growth that you anticipate in  
17 number of passengers per movement at Stansted is  
18 considerably lower than for Luton, Gatwick and Heathrow?

19 A. The growth at Heathrow --

20 MR STINCHCOMBE: Well, that's right, isn't it?

21 A. It is lower, yes. I was just going to explain why, if  
22 you are interested.

23 MR STINCHCOMBE: Well, you can if you want to, say what you  
24 will, but the question I asked you was simply this, that  
25 Stansted is lower?

1 A. It is lower. I am obviously not responsible for the  
2 Luton forecast.

3 MR STINCHCOMBE: Let's see how much lower it is. It is  
4 Luton, 19 per cent, against Stansted, 9 per cent.  
5 Gatwick, 10 per cent, against Stansted, 9 per cent; and  
6 Heathrow, 25 per cent, against Stansted, 9 per cent.

7 A. And in absolute terms, Luton, Gatwick and Stansted in  
8 2014 are all very similar.

9 MR STINCHCOMBE: But all higher? Gatwick and Luton higher  
10 than Stansted?

11 A. If you call a difference of 1 higher, yes,  
12 mathematically higher, but they are within, I would say,  
13 a very close distance of one another.

14 MR STINCHCOMBE: I want to move on to your assumptions for  
15 short haul traffic, but before I do so, out of fairness  
16 to you, did you want to say anything in addition in  
17 respect of that table?

18 A. I was simply going to point out that the degree of  
19 runway constraint at Heathrow in those forecasts was the  
20 main reason for the expected growth in average load.  
21 But our most recent analysis of Heathrow, the  
22 implication of 180 average loads at Heathrow, given the  
23 maximum number of passenger ATMs, gives rise to an  
24 annual throughput which we no longer believe to be  
25 appropriate. We think that it will not be possible to

1           achieve a growth in average load of 180 anymore at  
2           Heathrow. So this is, if you like, an out of date  
3           forecast in the sense of Heathrow.

4   MR STINCHCOMBE: And that is another of your wrong  
5           forecasts, is it?

6   A. It is a review of the Heathrow -- I mean, we will not  
7           know until 2014 whether it is right or wrong, but it is  
8           a revised view, having talked to the airlines at  
9           Heathrow and gone through, route by route, airline by  
10          airline, looking at likely seats per aircraft. And we  
11          have taken the view that this original forecast which is  
12          done in a more broad brush way is probably an  
13          overestimate of what Heathrow can achieve.

14   MR STINCHCOMBE: So the original forecast is another wrong  
15          forecast?

16   A. It is not a wrong forecast until we get to 2014 and  
17          proven. I am simply saying we have changed our view.  
18          We may actually find that the original forecast was the  
19          superior forecast, but we have definitely changed our  
20          view downwards.

21   MR STINCHCOMBE: The changed view, has that be published  
22          anywhere?

23   A. I believe it has, in our submissions to the regulator,  
24          and our most recent submissions, as part of  
25          the regulatory review, and I think also to the

1 Competition Commission.

2 MR STINCHCOMBE: I see.

3 A. And we have -- I personally have explained them to both  
4 the regulator and the Competition Commission.

5 MR STINCHCOMBE: Well, we can hopefully trace that data  
6 down.

7 Let's look at short haul then, what you have assumed  
8 for that. Sir, I wonder if I can ask for some extracts  
9 from CD 15 and CD 19 to be passed around here, the only  
10 reason being that that is the only way we can actually  
11 read them. They are not new information. They are from  
12 the core documents and ES volume 16, air traffic data  
13 and the like. But it may be helpful to give them a new  
14 CD number. (Handed).

15 MR PHILLIMORE: So these are just enlarged tables?

16 MR STINCHCOMBE: These are enlarged, otherwise we would not  
17 be able to read them.

18 MR PHILLIMORE: Thank you. Could you pinpoint the pages of  
19 the original document they come from?

20 MR STINCHCOMBE: Sir, can I give you a note on that after  
21 the luncheon adjournment, and we will identify exactly  
22 where they come from for you.

23 Sir, can I also indicate that the grey boxes are our  
24 insertions for these purposes, but otherwise these are  
25 extracts from the core document. Is that the way to

1           proceed?

2   MR PHILLIMORE: I think if they have been changed, it would

3           be appropriate to give them new document numbers, as you

4           indicated earlier.

5   MR STINCHCOMBE: Would that then be CD 400 and something?

6           406?

7   MR PHILLIMORE: I think we had better reserve that for

8           Mr Osborn.

9   MR STINCHCOMBE: We will reserve it until we know what the

10          right number is.

11                Let's have a look at the baseline first, Mr Maiden,

12          for 2004. There we will see that 91 per cent of

13          the PATMs for Stansted were 737s and only 2 per cent

14          were A 319s and A 320s.

15   A. Yes.

16   MR STINCHCOMBE: That is accurate, isn't it?

17   A. I take it to be, yes.

18   MR STINCHCOMBE: If we look at the 35 MPPA case, we can see

19          that there has been a shift in that ratio. Here we see

20          that 51 per cent of the PATMs at Stansted are now

21          assumed to be 737s as opposed to 91 per cent.

22   A. Yes.

23   MR STINCHCOMBE: And 32 per cent to be A 319s and A 320s as

24          opposed to 2 per cent?

25   A. Yes. I might add that in 2006/07 at Stansted, A 319s

1           and A 320s were already accounting for 20 per cent. So  
2           the category that was only 2 per cent in 2004 has  
3           already increased to 20 per cent.

4   MR STINCHCOMBE: I see. Just see if we can understand what  
5           these represent. It's Ryanair, is it not, that operates  
6           the B737 800s, and easyJet operates a mixed fleet of  
7           737s and A 319s, but is switching to the A 319s?

8   A. I think it might be almost exclusively A 319s now.

9   MR STINCHCOMBE: Because it has switched, hasn't it?

10 A. Yes.

11 MR STINCHCOMBE: And hence the increase that you --

12 A. And it has got many more on order.

13 MR STINCHCOMBE: Can you confirm, however, that last year  
14           Ryanair accounted for 63 per cent of Stansted passengers  
15           and easyJet for under 20 per cent?

16 A. Give me two minutes. In 2006/7, Ryanair was 63.6,  
17           easyJet was 19.3.

18 MR STINCHCOMBE: I am obliged, that is helpful. Can you  
19           confirm also that Ryanair 737s carry 189 passengers,  
20           whereas easyJet's A 319s only carry 156 passengers.

21 A. Correction. They carry 189 seats and 156 seats.

22 MR STINCHCOMBE: With that correction, can you agree those  
23           numbers?

24 A. That's the right number of seats, yes.

25 MR STINCHCOMBE: It must follow that if there was not such

1 a dramatic switch from 737s to A 319s as you forecast,  
2 then you would have underestimated the passenger  
3 capacity at 243,500 PATMs, wouldn't you, if there wasn't  
4 that dramatic switch?

5 A. If Ryanair -- or if easyJet had the same aircraft fleet  
6 as Ryanair, then the passenger implications of that  
7 number of ATMs would be higher. But we specifically  
8 built in the assumption that easyJet were going that  
9 route, and looked at their order books over the period  
10 of concern to this inquiry, and came up with the figure  
11 we did. So something like -- as you can see, something  
12 like 70 per cent of the fleet that we were trying to  
13 forecast, we had the luxury compared to many situations  
14 of knowing with a greater degree of confidence what the  
15 major operators were planning to do.

16 But it would be, yes, a mathematical consequence.  
17 If easyJet were suddenly to decide to have 737 800s, it  
18 would affect the number.

19 MR STINCHCOMBE: Does any other significant operator at  
20 Stansted apart from easyJet use A 319s in any great  
21 number?

22 A. I'm not aware of any, but I -- I have people who are  
23 more au fait with what airlines are doing in terms of  
24 fleets than myself in the team. I'm not a plane-spotter  
25 type, so I couldn't tell you airline by airline what

1           they are operating. But ...

2   MR STINCHCOMBE: I see. Am I right in thinking that

3           Air Berlin is Stansted's third biggest carrier?

4   A. Yes, it is currently.

5   MR STINCHCOMBE: With over 5 per cent of all passengers?

6   A. Yes.

7   MR STINCHCOMBE: That also operates mostly 737 800s?

8   A. I do know that, yes.

9   MR STINCHCOMBE: With almost as many seats as Ryanair, 186

10          as opposed to 189?

11   A. I will take your word for it.

12   MR STINCHCOMBE: I am obliged. Just pausing here to see

13          whether we can make some sense of this, if Stansted is

14          already completely full at peak times of the day and

15          there are no more peak slots available, there must be

16          a possibility, must there not, that some airlines might

17          want to put larger aircrafts on higher density routes?

18   A. Yes, you would think that, and you would also think the

19          same at Heathrow. The fact is that when an airline is

20          deciding what aircraft to use or to buy, he has many

21          considerations, including the price, the operating cost

22          of the aircraft, the density of the routes it is

23          serving. Now, if easyJet are operating from many

24          airports across Europe, not always using Stansted as

25          a base -- in fact I think Stansted is even possibly

1 a smaller base for them than their Gatwick operation --  
2 they try to optimise the size of the aircraft to suit  
3 their network of points that they serve. In the case of  
4 easyJet, they have made the decision that the economics  
5 of that aircraft work best for them.

6 It would obviously be the case that any airline  
7 operating at peak times could be tempted to use larger  
8 aircraft, but if that were the case, Heathrow wouldn't  
9 have almost stagnated at around about 67 million, and  
10 its peak slots are already over-subscribed. So airlines  
11 don't always respond in a way that maximises the  
12 throughput of passengers. They sometimes respond by  
13 allowing the yield, the average ticket price, to rise,  
14 because there is greater competition for the available  
15 seats.

16 MR STINCHCOMBE: EasyJet already have options, don't they,  
17 to switch its future orders for A 319s with just 156  
18 seats into larger A 321s with at least 199 seats. They  
19 already have that option, don't they?

20 A. I do believe they have options, yes.

21 MR STINCHCOMBE: Have you considered that in your forecasts?

22 A. We are assuming they will be operating predominantly the  
23 156 seater A 319.

24 MR STINCHCOMBE: So you haven't considered in your forecast  
25 their options for 199 seater --

1 A. No, we haven't. But it is quite customary for airlines,  
2 whenever they make major purchasing, to have their firm  
3 orders and a series of options. If we tried to take  
4 into account every airline's option as opposed to its  
5 firm orders, we would never stop.

6 MR STINCHCOMBE: And why have easyJet got an option for  
7 bigger aircraft, do you think?

8 A. Well, they obviously want to protect their position in  
9 the event that the market were to grow faster than they  
10 expect. Obviously the firm orders are for the aircraft  
11 they confidently expect to be able to use. Their  
12 options would be to cover themselves against there being  
13 a dramatic increase in demand and them being unable to  
14 acquire the aircraft in competition with other  
15 operators.

16 MR STINCHCOMBE: I see. You recall a question we touched on  
17 a little earlier about the configuration of seats within  
18 aircraft, do you remember that? And sometimes aircraft  
19 have larger seat capacities than they are originally  
20 configured to hold? That's right, isn't it?

21 A. Yes, and sometimes British Airways, for example,  
22 significantly reduce their seating configuration.

23 MR STINCHCOMBE: You mentioned that.

24 A. No, I was referring to British Midland in my earlier  
25 comments.

1 MR STINCHCOMBE: Oh, I see. I apologise. On that point,  
2 it's right, isn't it, that the easyJet A 319s have 156  
3 seats when the manufacturer's specification is that they  
4 would have 132?  
5 A. I am aware they have stretched the seat capacity, yes.  
6 MR STINCHCOMBE: And they could therefore stretch the seat  
7 capacity also with their larger A 321s, couldn't they?  
8 A. They could do.  
9 MR STINCHCOMBE: From 199 up to, say, 235?  
10 A. I can't confirm that.  
11 MR STINCHCOMBE: But you can confirm the principle?  
12 A. I can confirm the principle that airlines have been  
13 known to put more seats in than the manufacturer has  
14 supplied them with.  
15 MR STINCHCOMBE: That is helpful. So much for short haul.  
16 Let's look at long haul, and CD 28, please, volume 2.  
17 If I can take you in volume 2 to page 4 and table 2.2.  
18 I think this is the forecast Mr Holgate took you to  
19 yesterday.  
20 A. Yes.  
21 MR STINCHCOMBE: And it states, does it not, that if  
22 Stansted were permitted to handle 25 million passengers  
23 per annum, 17 per cent of passengers would be long haul  
24 by 2010 compared to just 2 per cent in 2000. That was  
25 the forecast then?

1 A. Yes.

2 MR STINCHCOMBE: That forecast was made when?

3 A. Probably in the year 2000, I would guess, pre- 9/11.

4 MR STINCHCOMBE: It was a forecast that was in people's mind  
5 at the time of the last planning application, wasn't it?

6 A. It would have been, yes.

7 MR STINCHCOMBE: 2003. Was it not corrected before 2003 if  
8 it was a forecast that pre-dated 9/11?

9 A. I am not aware what was revised. I was not a party to  
10 that process.

11 MR STINCHCOMBE: But you were a party to this forecast?

12 A. Yes, but I do not know categorically whether we issued  
13 a revision to this 17 per cent by that date. We  
14 obviously have subsequently.

15 MR STINCHCOMBE: Right. Can you turn on in CD 28 to page 8  
16 and table 5.3. Do you see that?

17 A. Yes.

18 MR STINCHCOMBE: That is a forecast for PATMs, passenger air  
19 transport movements in 2010.

20 A. Yes.

21 MR STINCHCOMBE: And we look at jumbos and large, at the  
22 top, do you see that?

23 A. Yes.

24 MR STINCHCOMBE: The percentage of jumbos, of total, for 25  
25 MPPA, 3.8 per cent.

1 A. Yes.

2 MR STINCHCOMBE: The percentage of large, 5.2 per cent for  
3 25 MPPA, yes?

4 A. Yes.

5 MR STINCHCOMBE: You are predicting then, forecasting then,  
6 that 9 per cent of PATMs would be large long haul  
7 aircraft such as jumbos?

8 A. Yes. No, the 3.8 refers to the 747 or larger, and the  
9 5.2 to something smaller than a 747.

10 MR STINCHCOMBE: It is a total, is it not, in any event, of  
11 something like 18,700 altogether, including about 7,900  
12 jumbos?

13 A. Yes.

14 MR STINCHCOMBE: I am obliged. That's helpful. And yet you  
15 are now forecasting a much smaller number, aren't you?  
16 Only about 4,000 jumbos and none of the superjumbos, the  
17 Airbus A 380s?

18 A. We have a few A 380s I think in the cargo ATMs, but none  
19 in the passenger ATMs.

20 MR STINCHCOMBE: If Airbus A 380s were included in the  
21 passenger ATMs, their seat capacity is 855, isn't it?

22 A. The -- some extreme variance, with no catering, again,  
23 if they put them on the Tokyo to Nagoya route with no  
24 catering, people of short stature, and very little in  
25 the way of frills, you could get 850 people. But the

1           predominant seat configuration that the airlines are  
2           actually bringing the A 3 into operation in the next few  
3           months is about 550.

4   MR STINCHCOMBE:  It is right, isn't it, that you now expect  
5           not 17 per cent long haul by 2010, but rather less than  
6           that, don't you?

7   A.  Yes, I think it is 10 per cent.

8   MR STINCHCOMBE:  10 per cent by when?

9   A.  2015.

10  MR STINCHCOMBE:  2015.

11  A.  In terms of passengers.

12  MR STINCHCOMBE:  So previously forecasting 17 per cent by  
13           2010; now forecasting 10 per cent by 2015?

14  A.  Yes, and you will note ACC were hinting very strongly  
15           that even the 10 per cent is too high.

16  MR STINCHCOMBE:  Were you responsible for both of  
17           the forecasts?

18  A.  I was if you like in the background for both of  
19           the forecasts.  I wasn't the primary producer, but I'm  
20           not absenting myself from responsibility, because --

21  MR STINCHCOMBE:  So you are responsible for them?

22  A.  I am ultimately responsible but I didn't make the  
23           primary forecast.

24  MR STINCHCOMBE:  So presumably you signed both off as being  
25           reasonable?

1 A. Yes. Yes.

2 MR STINCHCOMBE: And it shows that there is quite clearly  
3 a considerable margin of appreciation when we are doing  
4 these exercises?

5 A. Yes.

6 MR STINCHCOMBE: With, you would say, both of those  
7 forecasts being reasonable at the time, and anything in  
8 between within their ambit of possibilities?

9 A. Yes. The -- it is always the case in forecasting that  
10 the confidence that one can attach to subsets, component  
11 parts of any total number, will always be subject to  
12 a greater degree of uncertainty than the total itself.  
13 So any element of the total statistically will be more  
14 prone to error than the total itself. I'm not saying  
15 the total will be without error, but any element, single  
16 element, the risk, if you like, is always magnified.

17 MR STINCHCOMBE: I am obliged. It is right, isn't it, that  
18 your long haul forecast could be conservative for the  
19 reasons that SH&E set out in its February report?

20 A. Yes, as I have just said, any individual element can be  
21 up or down to a greater degree than the forecast in  
22 total. So I would concede that it could be higher,  
23 although I think I would have to say at the moment, hand  
24 on heart, that would be my best guess.

25 MR STINCHCOMBE: Let's see if we can just agree within this

1 range of reasonable possibilities of forecasting some of  
2 the reasons why the long haul forecast might be  
3 conservative. It is firstly right, isn't it, that the  
4 DFT is forecasting long haul traffic to grow faster than  
5 short haul?

6 A. We do as well.

7 MR STINCHCOMBE: Currently as I understand it 80 per cent of  
8 long haul traffic at London airports is handled at  
9 Heathrow with the remaining 20 per cent at Gatwick.

10 A. Yes.

11 MR STINCHCOMBE: But there are capacity constraints at  
12 Heathrow, aren't there, even allowing for Terminal 5?

13 A. Yes.

14 MR STINCHCOMBE: And even allowing for the potential for  
15 mixed mode operations?

16 A. Well, let's be clear about this: Terminal 5 does not add  
17 a single runway slot to Heathrow's most limiting  
18 capacity, so Terminal 5 makes no difference to  
19 Heathrow's capacity. Mixed mode is not assumed to be  
20 current, let's say, in the life of this forecast.

21 MR STINCHCOMBE: By virtue of those capacity constraints, it  
22 must be right that the airport's dominance or the extent  
23 of the dominance of long haul traffic will be difficult  
24 to sustain?

25 A. That's what we -- that's why we come up with the figure

1           we do at Stansted.

2   MR STINCHCOMBE: I see. It is also right, isn't it, that

3           some existing small long haul carriers may be encouraged

4           to leave Heathrow and sell their valuable slots?

5   A. Yes. At the moment, however, it's the short haul

6           airlines that appear to be moving to Gatwick or giving

7           up their slots. I don't know yet of any long haul

8           airlines that have done that. What tends to happen is

9           that those airlines who operate both short and long haul

10          are switching their capacity from short haul slots, or

11          converting their slots from use on short haul routes to

12          long haul.

13   MR STINCHCOMBE: I see.

14   A. And some short haul operators are selling their slots to

15          long haul operators, which is partly the reason why the

16          long haul element of Heathrow is actually growing more

17          rapidly than the total.

18   MR STINCHCOMBE: I think that was the point I just put to

19          you. I think it is.

20   A. I agreed with you at the time.

21   MR STINCHCOMBE: Existing long haul carriers will also find

22          it increasingly difficult to acquire new slots, won't

23          they, and as a result may consider services from other

24          London airports?

25   A. Yes, we expect they will.

1 MR STINCHCOMBE: Indeed, new airlines to the London market  
2 are unlikely to be able to obtain commercially  
3 attractive slots at Heathrow, aren't they?

4 A. Well, it's remarkable the extent to which new  
5 international carriers have been able to obtain slots,  
6 for example, airlines like Ettiad(?), who were not  
7 around four or five years ago. Long haul airlines are  
8 in a better position to buy the slots because the value  
9 of a slot on a long haul service is very much greater  
10 than on a shorter. So in any kind of bidding war, the  
11 long haul operators always tend to win.

12 MR STINCHCOMBE: You will certainly be hopeful, won't you,  
13 that new airlines in the London market would opt to fly  
14 from another London airport instead, wouldn't you, at  
15 Stansted?

16 A. Certainly.

17 MR STINCHCOMBE: It is also right, isn't it, that a new  
18 breed of low cost long haul airlines could emerge, with  
19 these potentially finding airports other than Heathrow  
20 more attractive?

21 A. Yes, and if you like the 10 per cent we have got in part  
22 reflects our view that there is a future for low cost  
23 long haul, and Stansted would be a natural home,  
24 although it is interesting that the one -- or rather the  
25 two examples so far, an airline that was flying to

1 Thailand, Phuket Air, and Oasis flying to Hong Kong,  
2 both opted to choose Gatwick rather than Stansted.

3 MR STINCHCOMBE: I am right in thinking, aren't I, that  
4 Michael O'Leary of Ryanair has said that he intends to  
5 introduce long haul from mid-2009?

6 A. He has said that he could envisage a company, if you  
7 like, spun-off from Ryanair itself, engaged in long haul  
8 low cost. Certainly, again, all that you are putting to  
9 me is embedded in our view of 10 per cent. I mean, you  
10 are kicking an open door, in that respect.

11 MR STINCHCOMBE: They were also embedded in your earlier  
12 view of 17 per cent by five years earlier?

13 A. I think the 17 per cent five years earlier would have  
14 been a reflection of a -- if you like, a more static  
15 long haul capacity situation at Heathrow. It would have  
16 been founded on a more -- if you like, a more inflexible  
17 Heathrow market than we are currently seeing. So part  
18 of the decline, in our view, of the transferability to  
19 Stansted is evidenced through real operations of long  
20 haul carriers actually gaining slots at Heathrow to  
21 a greater degree than we expected would happen.

22 MR STINCHCOMBE: I see. Just by way of example, I think it  
23 must be right, if we assume something of a mid-point  
24 between these two forecasts, so went to 17 per cent but  
25 not by 2010 but by 2015, so five years later than you

1 originally forecast, that would mean that you are  
2 currently understating in your forecast the passenger  
3 numbers at 243,500 PATM? That must be right  
4 mathematically?

5 A. It could be, as long as the slots were not sort of taken  
6 up, if you like, it didn't create a void that other  
7 airlines filled. But it certainly would be a tendency  
8 to drive up the average passenger load. I don't dispute  
9 that.

10 MR STINCHCOMBE: If we look at it in a slightly different  
11 way, if you were to achieve 17 per cent long haul at  
12 25 MPPA in your base case scenario instead of the  
13 4 per cent you have allowed, there would be considerably  
14 fewer PATMs in your base case, wouldn't there?

15 A. I don't know about "considerably"; there would be fewer.  
16 And that is the reason why we have tested a larger -- a  
17 fleet mix in terms of the impacts with larger number of  
18 large aircraft in it. But your point is valid.

19 MR STINCHCOMBE: I am obliged. Let's turn on to a different  
20 topic, shall we? Let's turn on to airport capacity.  
21 I wonder if we might start by looking at CD 4, ES  
22 volume 1, and in particular go to page 3 and  
23 paragraph 1.1.18. Do you have that in front of you?

24 A. Yes.

25 MR STINCHCOMBE: "The assumed 40 MPPA throughput is well in

1 excess of that considered reasonably possible with  
2 264,000 AMTs. By adopting 40 MPPA for this sensitivity  
3 the impact of a higher number of passengers than in the  
4 35 MPPA case has been considered. The purpose of  
5 undertaking this sensitivity assessment is to  
6 demonstrate that replacing the current 25 condition with  
7 a new passenger limit is not necessarily the results as  
8 set out in the ...(Reading to the words)... demonstrate  
9 this to be the case."

10 Just pausing there, so I understand it, you are not  
11 assuming a 40 MPPA throughput in any sense other than  
12 modelling for the sensitivity test for surface access.  
13 Is that right?

14 A. It was, as it says, a sensitivity test. We weren't  
15 endorsing that as a reasonable expectation of throughput  
16 in 2015, no. It would require an average load of about  
17 164, which would, as you noticed from one of your  
18 earlier documents, put it significantly ahead of both  
19 Gatwick and Luton at the same time.

20 MR STINCHCOMBE: We will come on to Gatwick in just a little  
21 while. Just so I can understand this sensitivity  
22 testing, the aircraft types, that is based on achieving  
23 not 40 MPPA but 37.5, isn't it? If I have got that  
24 wrong, you can correct me.

25 A. I can't give you an answer on that one.

1 MR STINCHCOMBE: I see. Can I in the light of that take you  
2 to CD 20, please, which is Stansted Airport's master  
3 interim plan, page 23. Are you there, Mr Maiden?  
4 A. Yes.  
5 MR STINCHCOMBE: Paragraph 5.24. So this is the master  
6 plan, the interim master plan at least, paragraph 5.24:  
7 "Growth in passenger numbers would increase  
8 primarily by the rate at which aircraft passenger loads  
9 could increase. Overall, given the constraints of  
10 the single runway, Stansted passenger numbers could be  
11 able to grow slowly beyond 35 MPPA in 2015 up to around  
12 40 MPPA at some future date."  
13 And that is what you agreed at the outset of these  
14 questions this morning.  
15 A. Yes.  
16 MR STINCHCOMBE: Right. And you acknowledged then that this  
17 planning application is not for the capacity of  
18 the existing runway. That is what we agreed earlier,  
19 this particular planning application?  
20 A. It is not for the ultimate capacity of the one runway,  
21 no.  
22 MR STINCHCOMBE: I am obliged. Why is that?  
23 A. I'm not the person to ask a policy question like that,  
24 I'm afraid.  
25 MR STINCHCOMBE: I'm obliged. I can reserve that for

1 submissions.

2 Let's go to Gatwick, which you have mentioned, and  
3 in particular let's start by looking at CD 113, the  
4 Future of Air Transport Consultation February 2003  
5 document. Do you have that in front of you?

6 A. Yes.

7 MR STINCHCOMBE: Turn to page 67, table 8.1. Can you see  
8 the line that says "maximum use"?

9 A. Yes.

10 MR STINCHCOMBE: That box, yes? It says:

11 "Maximum use, 260,000 ATMs and 46.5 MPPA."

12 Does that seem reasonable to you?

13 A. Not at -- well, if you look below -- you have to give me  
14 a date for that. 46.5 on 260,000 annual ATMs would  
15 imply ... average loads of 182. The airport currently  
16 has an average load of 133. That capacity would be --  
17 although it is slightly in advance of our expected  
18 capacity for Stansted in any given year, because it has  
19 a more significant long haul component, that ultimate  
20 capacity would be way beyond I think 2030 before it  
21 could be realised. If you notice there is talk about  
22 forecast use --

23 MR STINCHCOMBE: Indeed.

24 A. -- in 2030 of 41. Well, in a system with so much  
25 unconstrained demand, as you earlier pointed out, it

1           would be unlikely that the airport was assumed to have  
2           a capacity in that year of 46.5, yet could only manage  
3           to accommodate or attract 41 million.

4   MR STINCHCOMBE:   But we did just see the figures, can we  
5           not: maximum use, capacity 46.5 million at  
6           260,000 annual ATMs, with a forecast used of 37 million  
7           at 2015 and an forecast used of 41 million at 2030?

8   A.   Yes, you can see beautifully there illustrated the  
9           progression over the period 2015 to 2030.  If you freeze  
10          the number of annual ATMs, an airport of single runway  
11          going from 37 million to 41 million, 46.5 is clearly  
12          anticipated as way beyond 2030.

13  MR STINCHCOMBE:   But that's the capacity of it --

14  A.   Yes.

15  MR STINCHCOMBE:   -- including cargo ATMs?

16  A.   Yes, and I have made allowance for that in my  
17          calculation.

18  MR STINCHCOMBE:   Is Gatwick considered capable of handling  
19          considerably more passengers than Stansted?

20  A.   No.  I just said that -- and this has been a view we  
21          have held for some time, I think even as way back as the  
22          Terminal 5 Inquiry.  At any given year, the assessed  
23          capacity of Gatwick's runway was put at slightly higher  
24          than -- maybe 5 per cent higher than Stansted's for the  
25          reason of the make up of its traffic was always expected

1 to have a higher element of medium long haul traffic,  
2 using larger aircraft. And that's the reason. And  
3 I think that that is a fairly consistent view we have  
4 taken of the two airports.

5 MR STINCHCOMBE: So it comes back to forecast of long haul  
6 traffic?

7 A. Well, the mix of traffic including long haul.

8 MR STINCHCOMBE: I'm obliged. We will come back to Gatwick  
9 a little later, but let's have a look at Stansted's  
10 capacity in terms of air traffic movements. I think we  
11 can do this fairly quickly in the light of some of  
12 the questions you have already answered, but if we look,  
13 first of all, at CD 25, which is the public consultation  
14 document, "Growing Stansted Airport on the Existing  
15 Runway". And if you turn to page 9, third column, final  
16 paragraph. Beginning "By 2015 ...", do you see that?

17 A. Yes.

18 MR STINCHCOMBE: "By 2015 we envisage an increase in the  
19 amount of runway capacity available with average daytime  
20 hourly declared capacity growing from the level of  
21 43 movements an hour ...(Reading to the words)... during  
22 the daytime, the current level at Gatwick ..."

23 We see comparability with Gatwick there:

24 " ... but with peak hourly movement ...(Reading to  
25 the words)... no more hours than at present and assuming

1 the same controls in the volume of night flights, as  
2 today this will give a theoretical annual runway  
3 capacity of about 314,000 movements, and the 2015  
4 forecast of 274 movements envisages about 87 per cent of  
5 using that theoretical maximum capacity."

6 A. Yes.

7 MR STINCHCOMBE: I am obliged. Just a few small points of  
8 clarification, and they are small points of  
9 clarification, but just so I can understand this. There  
10 is a difference, isn't there, between the 48 per hour  
11 stated in that paragraph and the 47 per hour that you  
12 state in your proof of evidence in table 7.1. Why is  
13 there the difference? Table 7.1, page 13. I accept  
14 that these are not big points, I just want to know why  
15 there's a difference and what impact it might have.

16 A. It may be to do with the definition of daytime. We  
17 have -- in this particular area, we look at -- no, as  
18 I say, uses the word daytime. Sorry, I retract that.  
19 I don't think there is anything material to be taken  
20 from it. It may simply be a typo in one of the two,  
21 I don't know which.

22 MR STINCHCOMBE: Or a rounding up or down?

23 A. Yes.

24 MR STINCHCOMBE: But we can note at the same time, can't we,  
25 secondly, that the 87 per cent that is spoken to in the

1 ES -- sorry, in the consultation document we have just  
2 looked at, that becomes 88 per cent; doesn't it?

3 A. Yes, I don't think anything turns on either of them.

4 MR STINCHCOMBE: Right. Thirdly, how do you get from an  
5 average capacity of 43 movements an hour to 47 or  
6 48 over the next eight years? How do you actually get  
7 there?

8 A. By gradually filling in the off peak hours of the day.  
9 In the case of Stansted we expect there to be an  
10 increase in the number of services by -- we call it  
11 away based airlines who are not contributing to the  
12 departure peak in the morning, but are departing from  
13 continental Europe early in the morning and reaching  
14 Stansted in the period, say, from 9.00 to 11.00, which  
15 at the moment is relatively less crowded than peak. So  
16 it's a process of gradually in-filling the hours of  
17 the day that are not currently fully stretched, which  
18 tends to happen at airports around the world.

19 MR STINCHCOMBE: You talk about airports around the world.  
20 US single hour capacity limits are much higher, aren't  
21 they?

22 A. Yes, they operate to different -- certainly under what  
23 they call visual flight rules, systems where they are  
24 not relying on instruments, they can declare very high  
25 capacities. In this country, the capacities are partly

1 a function of the separation between aircraft in the air  
2 and the acceptable levels of delay that between them,  
3 the aircraft operators and the air traffic control  
4 authorities, agree is reasonable.

5 So the declaration of an hourly runway capacity in  
6 the UK is a more cautiously calculated figure than it is  
7 in some US airports.

8 MR STINCHCOMBE: And presumably those hourly capacities can  
9 improve in UK airports with changes to the  
10 ATC sequencing?

11 A. Yes, they can do. That is one element, and we are, if  
12 you like, taking the assumption that at peak hours,  
13 I think the limit at Stansted, I think we took that from  
14 conversations with ATC, and also reference to what has  
15 been achieved at Gatwick. So in terms of their hourly  
16 throughput, both airports -- I mean, Gatwick is the  
17 busiest single runway airport in the world, and we are  
18 assuming Stansted will get very close to it.

19 MR STINCHCOMBE: Very close to it. I mean, you presumably  
20 anticipate that trend of ongoing improvement over the  
21 next eight years or so to carry on thereafter and beyond  
22 2015?

23 A. There will be a degree of -- there can be a further  
24 degree of in-filling, although even at Gatwick, if you  
25 look at the pattern, it is not a flat pattern. There

1 are hours of the day and days of the week where we can't  
2 fill the available slots, because they are not  
3 commercially suitable to the operators. But in terms of  
4 the hourly declared capacities at the peak, we have  
5 virtually exhausted at both Heathrow and Gatwick and we  
6 will soon at Stansted, I guess, because ultimately there  
7 is a finite limit to the -- with distances between  
8 aircraft in the air that can be safely allowed. And  
9 there were moves recently to say that those distances  
10 should be extended. So we are taking a -- we are  
11 taking, we think, a reasonable view in terms of hourly  
12 capacity. But certainly in the UK, on single runways,  
13 we do just about the best there is in the world in terms  
14 of delivering passengers in such circumstances.

15 MR STINCHCOMBE: Let's see if we can just do a bit of basic  
16 mathematics or arithmetic together. Can we firstly  
17 agree that the annual number of night flights during the  
18 control period at Stansted, 11.30 until 6 am, that is  
19 12,000?

20 A. I believe so.

21 MR STINCHCOMBE: Right. That is just five flights an hour  
22 or so, so there is no runway physical capacity  
23 restriction at night?

24 A. No.

25 MR STINCHCOMBE: I am obliged. That leaves the remaining

1 17 and a half daytime hours?

2 A. Yes.

3 MR STINCHCOMBE: I think I am right in calculating that if

4 we multiply that by the 48 movements an hour, that gives

5 840 a day?

6 A. Yes.

7 MR STINCHCOMBE: And that would equate to some

8 306,600 per annum?

9 A. Yes, in terms of slots.

10 MR STINCHCOMBE: I am obliged. And 87 per cent of

11 the value, that is the useable proportion of theoretical

12 capacity, amounts to about 267,000, doesn't it?

13 A. I'm taking your calculations as correct.

14 MR STINCHCOMBE: I think it is exactly, I think it is

15 266,742; and if I am wrong, someone will correct me. If

16 we add on to that the night quota, 12,000, we get up to

17 about 279,000, don't we?

18 A. Yes.

19 MR STINCHCOMBE: And if 88 per cent utilisation could be

20 achieved rather than 87 per cent, we get up to 282,000,

21 don't we?

22 A. I will take your word for it.

23 MR STINCHCOMBE: Right. Do you accept that 282,000 is about

24 the capacity of a single runway, assuming the existing

25 12,000 limit to hold at night?

1 A. In the period beyond 2015 we might just scrape a few  
2 more movements, but I think a 87 or 88 per cent  
3 utilisation of the maximum theoretical capacity is  
4 a fairly ambitious situation to be in. We are --  
5 I understand, at Gatwick currently we are doing  
6 considerably less than 87 per cent. It means that just  
7 one in ten of your available slots are unused throughout  
8 the day every 365 days of the year. That is a pretty  
9 stretching target to reach.

10 MR STINCHCOMBE: It is 7 or 8,000 more than the 274,000  
11 capacity --

12 A. Mathematically, yes, it is.

13 MR STINCHCOMBE: I'm obliged. That assumes holding to the  
14 2,000 night quota?

15 A. Yes.

16 MR STINCHCOMBE: Can I take you, in that light, to CD 87, in  
17 the White Paper --

18 A. It is an increase of 2.5 per cent I believe.

19 MR STINCHCOMBE: I see. Can I take you, in the light of  
20 that, to CD 87, the White Paper, and page 34 of it.  
21 Paragraph 3.14.

22 A. Yes.

23 MR STINCHCOMBE: There we see what the Government intends;  
24 that new legislation should be introduced, two main  
25 measures, an amendment to section 78 of

1 the Civil Aviation Act, so the controls such as night  
2 restrictions could be set on the basis of noise quotas  
3 alone without a separate movements limit. Do you see  
4 that?

5 A. Yes.

6 MR STINCHCOMBE: That means, does it not, that Government's  
7 policy might be, or might lead to the removal of  
8 the 12,000 annual limit on night flights at Stansted?

9 A. Under replacement with a quota based scheme, yes, which  
10 presumably would produce no more noise.

11 MR STINCHCOMBE: Well, we don't know what it might produce,  
12 it might lead to more flights than 12,000, mightn't it?

13 A. As you say, it might entail more flights, but I very  
14 much doubt whether it would be set so that the  
15 quota based regime would generate more noise.

16 MR STINCHCOMBE: I see. Have you allowed, in your  
17 calculations --

18 A. No, we have assumed 12,000.

19 MR STINCHCOMBE: You have assumed 12,000. I am obliged.

20 That is helpful. Let's have a quick look back at  
21 Gatwick, CD 224, the Gatwick Airport Interim Master  
22 Plan, if you please. That is the Gatwick Airport  
23 Interim Master Plan 2006. Can I ask you to go to  
24 page 19 and paragraph 4.13. Just see again if we can do  
25 some simple comparisons and mathematics. At

1 paragraph 4.13:

2 "It is previously noted that the capacity of  
3 Gatwick's single runway is the most significant  
4 constraint on...(Reading to the words)... The current  
5 hourly capacity in daytime is 48."

6 And we heard also, they refer then to the Government  
7 limit on the number of actual flights there, giving  
8 a runway theoretical capacity of around  
9 320,000 movements.

10 A. Aircraft movements.

11 MR STINCHCOMBE: Aircraft movements, I am obliged.

12 A. Yes.

13 MR STINCHCOMBE: Then paragraph 4.14, there we look at the  
14 utilisation within that capacity:

15 "Runway utilisation at a capacity constrained  
16 airport such as Gatwick is, however, very efficient  
17 ...(Reading to the words)... maximum use is  
18 282,000 movements, of which 272,000 would be passenger  
19 air transport movements."

20 A. Yes.

21 MR STINCHCOMBE: So we see that has a capacity of  
22 282,000 movements, based on an average of 48 per hour  
23 during the day?

24 A. Yes.

25 MR STINCHCOMBE: The night allowance at Gatwick is different

1           than at Stansted, isn't it? There it is 14,450.

2   A. Yes.

3   MR STINCHCOMBE: And Stansted is only 12,000. So if we make  
4           allowance for that difference, and take another  
5           2,450 from the Gatwick figure, to give comparability,  
6           that gives a capacity of 279,550?

7   A. Yes.

8   MR STINCHCOMBE: At the same declared capacity of  
9           48 movements per hour?

10   A. And the reason why Gatwick is slightly higher than our  
11       forecast for Stansted is because it has a very much  
12       wider portfolio of services, which have the effect of  
13       making better use of the available slots. So rather  
14       than having one or two -- currently one major type of  
15       traffic, Gatwick has long haul, it has short haul, it  
16       has charters, it has low cost. So it has, if you like,  
17       the most beneficial mix of operations to make best use  
18       of available -- theoretically available slots.

19           The margin between the two is assumed to be -- it is  
20       assumed to reduce. But I think unless we were to be  
21       talking about Stansted as almost an exact mirror image  
22       of Gatwick, I think that slight distance should remain.

23   MR STINCHCOMBE: But Stansted and Gatwick are similar to  
24       these extents, are they not: 48 per hour?

25   A. Oh yes --

1 MR STINCHCOMBE: And 87 per cent semi-utilisation.

2 A. The number of the physical capacity of the slots is  
3 virtually the same by 2015. I say the difference in  
4 assumed take up of those slots or commercially  
5 operatable slots is to do with the wider spread of  
6 different types of service at Gatwick, which all have  
7 different peaking characteristics, which when blended  
8 together gives a better utilisation of the overall  
9 theoretical capacity.

10 MR STINCHCOMBE: The short point is this: when we look at  
11 Stansted independently and check it against Gatwick, all  
12 the figures indicate that Stansted has a capacity of in  
13 excess of 282,000 in 2015; doesn't it?

14 A. No.

15 MR STINCHCOMBE: Can we have a quick look at the non-ATMs.  
16 And for that, if we can look at BAA/6/A, paragraph 3.11.  
17 So your proof, paragraph 3.11.

18 A. I only go up to 3.8.

19 MR STINCHCOMBE: We do indeed. We are looking in completely  
20 the wrong section. Perhaps if I can just ask you in any  
21 event, without looking at the source. I have obviously  
22 given myself the wrong reference. Your application  
23 seeks approval for 264,000 ATMs, but that doesn't have  
24 a limit on non-ATMs?

25 A. Correct.

1 MR STINCHCOMBE: Is it possible to have a limit on non-ATMs;  
2 do you know?  
3 A. I do not know.  
4 MR STINCHCOMBE: I'm obliged. Can you confirm that the  
5 non-ATMs that you have assumed is 10,000 in the EIA?  
6 A. Yes.  
7 MR STINCHCOMBE: You can. It is 10,000. It is not 11,000,  
8 it's 10,000; is that right?  
9 A. I think it is 10,000.  
10 MR STINCHCOMBE: 10,000. What are the non-ATMs as of 2006?  
11 A. 15,000 -- sorry in?  
12 MR STINCHCOMBE: 2006.  
13 A. No, 15,000 or thereabouts. Maybe 16,000. It was  
14 16,000 in 2005/06. As of the 12 months ending this May  
15 it was 15,900. So 16,000 or thereabouts.  
16 MR STINCHCOMBE: We have slightly different figures, but  
17 that's helpful. So you are assuming in your projections  
18 as input to the environmental impact assessment  
19 a reduction of some 6,000 non-ATMs from today, and  
20 progressing forward?  
21 A. Yes. I can explain why, if you are interested.  
22 MR STINCHCOMBE: Well, I will be interested, yes, of course  
23 I will. And I will give you the opportunity to do that  
24 in just a short while. Before you do so, however, can  
25 I ask you to confirm exactly what you mean by a non-ATM?

1 A. I will read you the CAA definition, if you wish. It is  
2 best described by reference to what is not an air  
3 transport movement.

4 MR STINCHCOMBE: Right.

5 A. So it includes test and training movements, private  
6 movements, aero club, official movements, military,  
7 business aviation, and also positioning flights of  
8 commercial airlines. So that is the best way to define  
9 it.

10 MR STINCHCOMBE: That's helpful. Some of those are not  
11 going to be --

12 MR PHILLIMORE: Just for our purpose, do you have  
13 a reference for -- is that a particular document that we  
14 have available?

15 A. It is CAA annual statistics.

16 MR STINCHCOMBE: That is a CAA definition, is it?

17 A. Yes.

18 MR STINCHCOMBE: In addition, am I right in saying that BAA  
19 also count air taxi-ing(?) movements?

20 A. We count air taxis as non-ATMs. I think the CAA counts  
21 air taxis as ATMs.

22 MR STINCHCOMBE: So you count them as non-ATMs?

23 A. We add them into the non-ATM category, yes.

24 MR STINCHCOMBE: Which year --

25 A. 2006. I mean the definition does not change.

1 MR STINCHCOMBE: What about --

2 MR PHILLIMORE: Sorry, we are not quite there yet.

3 MR HUMPHRIES: Sir, I seem to have got the wrong one out,  
4 but it is the CAA passenger survey reports, and this is  
5 2003, which is CD 210. And there is a definition --  
6 yes, at the end there are a series of definitions. Sir,  
7 can we just supply --

8 MR PHILLIMORE: Best if you check it over lunchtime. Thank  
9 you.

10 MR HUMPHRIES: Yes.

11 MR STINCHCOMBE: It may be helpful if you have tabulated  
12 together or clipped together whatever definitions there  
13 are, so we can have a broad feel for what is meant. But  
14 in addition to the ones mentioned in that CAA  
15 definition, anyway, BAA also include air taxis?  
16 A. Yes.

17 MR STINCHCOMBE: What about helicopters?

18 A. Well, helicopters are an aircraft movement. My  
19 understanding is, for what it is worth, they are called  
20 an aircraft for the purposes of statistical purposes.

21 MR STINCHCOMBE: So are they ATMs or non-ATMs?

22 A. Well, there are no commercial movements by -- commercial  
23 services in the definition that everybody uses, operated  
24 helicopter services, now that the Gatwick/Heathrow link  
25 no longer exists.

1 MR STINCHCOMBE: I am not sure whether I understand --

2 A. Well, there are no ATM helicopter flights anywhere in  
3 the UK, apart from the Scilly Islands to Penzance.

4 MR STINCHCOMBE: Some of these categories are going to be  
5 fairly difficult to reduce, aren't they, such as  
6 aircraft repositioning or official flights or military  
7 flights?

8 A. The vast majority of non-ATMs at Stansted are what we  
9 call business GA. It's not a question of reducing them.  
10 It's a question of them finding it increasingly  
11 difficult to secure the slots that they want. We have  
12 just talked about stretching the capacity of Stansted  
13 for air transport movements; and given that in the  
14 scheduling regime here and at Gatwick and Heathrow, one  
15 cannot just fly into the Stansted area and demand to  
16 land. You have to get permission. And given that the  
17 non-ATM operators don't have access to slots in the same  
18 way that the commercial operators do, their scope to  
19 obtain the slots, at the time they want, with the  
20 reliability they want, will rapidly diminish. And that  
21 is precisely why at Heathrow in 1995 they were handling  
22 something like 15,000 non-ATMs. The airport is now  
23 handling 6,000. Gatwick was handling over 10,000,  
24 I think it was 12,000 in 1995. It is now handling  
25 8,000. Stansted itself has gone down from over

1           20,000 non-ATMs ten years ago to 16,000. So that is  
2           a reflection of the increased difficulty to secure the  
3           slots.

4           The positioning movements, and those residuals, will  
5           be a very small element of the total.

6   MR STINCHCOMBE: Let's see if we can break that down  
7           a little. I actually asked you as to whether some of  
8           them would be difficult to reduce. Aircraft  
9           positioning. That accounts for a considerable number of  
10          the non-ATMs at Stansted, doesn't it? About  
11          35 per cent?

12   A. Not according to CAA statistics. According to CAA stats  
13          for 2006, flights by air transport operators, which  
14          would be positioning movements, accounted for 97 out of  
15          a total of 3,800.

16   MR STINCHCOMBE: Well, we have very different figures, so  
17          perhaps we will have to look at this in some detail.  
18          I wonder, it might be better to come back to this after  
19          the luncheon adjournment.

20          Given that we have got different figures, which I'm  
21          sure we can check out, I wouldn't want to waste time in  
22          cross-examination, we are coming to -- it is not very  
23          much more on non-ATMs, would it be a sensible time to  
24          adjourn now and then we can start earlier after lunch?

25   MR PHILLIMORE: Can I just -- on my topic list you gave when



1 draft Section 106 and the set of conditions.

2 Rather than go through item by item the other ones,  
3 have those documents generally been circulated?

4 Mr Humphries, have you got these?

5 MR HUMPHRIES: Yes, I believe I have got all of those either  
6 with me or upstairs.

7 One thing, unless there is anything else on the  
8 documents, I was going to mention, was that reference to  
9 the definition of non-ATMs: the best reference I've got  
10 is at CD 209, which is UK Airport Statistics 2006, which  
11 I believe is the document that Mr Maiden was looking at.  
12 In the version I've got, copied in in some of the first  
13 pages there is a page that says "Appendix definitions,  
14 Non-commercial Movements", and a list of definitions.  
15 I note, just having looked at it, I think, Mr Maiden,  
16 you may have been looking at a page near the back, and  
17 it may be the text has been just bound in slightly  
18 differently in my version, so you may just need to  
19 check. But it is, I believe, in that document.

20 MR PHILLIMORE: Thank you very much. Anything else on those  
21 documents?

22 Mr Stinchcombe, you were going to follow up some  
23 matters during the adjournment as well.

24 MR STINCHCOMBE: Indeed. And to that end I wonder,  
25 Mr Maiden, if you could take up CD 407, which I hope you

1           have in front of you?

2    A.   Yes.

3    MR STINCHCOMBE:  It is slightly misleading, perhaps, in its

4           title, in that the source, which is CD 209, UK Airport

5           Statistics 2006, table 3.1 is actually the source only

6           for the 2006 column?

7    A.   Yes.

8    MR STINCHCOMBE:  And the 2005 column records the

9           incomparable figures for 2005.

10   A.   Yes.

11   MR STINCHCOMBE:  Have you checked whether we are right in

12           this tabulation of the non-ATMs for 2006?

13   A.   Yes.  I have to admit, when I was looking at the

14           CAA stats for the first time, just before the break,

15           I looked at the table 3.1 as it is set out and

16           I snatched at the heading "Non-commercial", and took

17           that to be non-air transport movement, and looked at the

18           flights by air transport operators.  So that is the

19           source of the figure I got.  I totally concede that the

20           positioning flights are set under commercial but not

21           under air transport in the stats.

22   MR STINCHCOMBE:  Indeed.

23   A.   So that's my mistake.

24   MR STINCHCOMBE:  You can therefore agree that there are some

25           6,536 aircraft repositioning?

1 A. Yes.

2 MR STINCHCOMBE: And I think that amounts not to 35 per cent  
3 I put to you, but 33.2 per cent or thereabouts?

4 A. Yes.

5 MR STINCHCOMBE: It will be difficult to reduce that number  
6 of movements, wouldn't it?

7 A. That doesn't actually follow, because in the same table  
8 you will see that Heathrow, which currently has  
9 470,000 movements, has only 2,000 positioning flights,  
10 and yet South End, which has hardly any ATMs, has  
11 1,800 positioning flights. So clearly the number of  
12 positioning flights has very little relationship to the  
13 total number of movements. And it would be wrong to say  
14 that going to 23 to 35 million is going to increase.  
15 Gatwick, which is already at 35 million, only has  
16 6,000 positioning flights. So positioning flights are  
17 not really a function of the scale of the operation.  
18 More to do with the particular base characteristics of  
19 the local carriers. And they don't appear, they don't  
20 appear over time to grow to any significant degree.  
21 Heathrow's positioning flights, from memory, have shrunk  
22 considerably over the years.

23 MR STINCHCOMBE: So be it. The air taxis' movements, 1,881?

24 A. Yes.

25 MR STINCHCOMBE: Do they include helicopters?

1 A. I would imagine they do. There is no separate fixed  
2 wing or non-fixed wing classification in here, and  
3 certainly when BAA counts aircraft movements, it  
4 includes both helicopters and fixed wing.

5 MR STINCHCOMBE: Right. Business aviation. You referred to  
6 that. That counts for some 42 per cent of the non-ATMs?

7 A. Yes.

8 MR STINCHCOMBE: Tell me, what do BAA want to happen in  
9 respect of business aviation? Do they want it to grow  
10 or to shrink?

11 A. I don't know what the BAA policy is on business  
12 aviation. I would imagine that it would give it  
13 greatest priority in situations of scarcity to  
14 commercial aviation as defined by the CAA, and where  
15 there is scope for business aviation, everything else  
16 permitting, happy for it to grow, but not at the expense  
17 of commercial operations. That has certainly been the  
18 case at Heathrow, where business aviation has been  
19 progressively squeezed out from the airport to avoid the  
20 use, the devotion of precious slots to aircraft carrying  
21 small numbers of people.

22 MR STINCHCOMBE: Does that imply that the policy is to  
23 shrink business aviation in order to have cheap flights  
24 to Prague?

25 A. There is a definite experience of BAA that the

1           availability of slots is not increasing, but the demand  
2           for those slots by commercial operations is increasing.  
3           Given that the business aviation operators are not  
4           a party to the slot scheduling procedure in the same way  
5           as the airlines are, they are -- the number of -- if you  
6           like, almost reduced to scraps in terms of available  
7           slots. So it is not a BAA policy; it's an experience,  
8           having regard to the way the system operates with slots  
9           and airlines, that business aviation tends to find  
10          itself squeezed. And I understand that Ford Aviation  
11          have recently reduced their service, if not cut out  
12          altogether, from Stansted, and it would be interesting  
13          to know what that reason was. But certainly at other  
14          airports that are runway constrained, the experience is  
15          that business aviation tends to move, hence the growth  
16          of airports like Farnborough, Blackbush, Northolt.

17       MR STINCHCOMBE: I don't want to cut across any of your  
18          answers, but I do wonder if we could try to be a bit  
19          more efficient in answering the questions that are  
20          actually put, given the rather tight time constraints.  
21          But I only ask you to bear that in mind, of course  
22          I don't want to cut across any of the comments that you  
23          wish to make. Looking at these figures, 17,000, or  
24          thereabouts, we have worked out the capacity of  
25          the runway is in the order of 280,000. We have worked

1 out and seen that the application for ATMs is 264,000.  
2 There is no reason, is there, why you couldn't  
3 accommodate the same number of non-ATMs in the future on  
4 top of that 264,000?

5 A. As I have said on several occasions, the growing use of  
6 the available slots by airlines will make it harder for  
7 non-air transport movement operators to gain slots.  
8 That is the major reason why we expect they will reduce.

9 MR STINCHCOMBE: I see. Let's move on, if we can, to cargo.  
10 Hopefully we can take this a little more quickly in the  
11 lines of the questions and answers yesterday. Can I ask  
12 my questions by reference, first, again to SSE/4/A, the  
13 proof of evidence of Mr Ross. In particular, we can go  
14 to page 3. Table 1. Are you there, Mr Maiden?

15 A. Yes.

16 MR STINCHCOMBE: That shows that over the past eight years,  
17 the number of cargo ATMs at Stansted has declined by  
18 16 per cent. That's right, isn't it?

19 A. Yes.

20 MR STINCHCOMBE: I'm obliged. I don't think the figures are  
21 yet in front of the Inquiry, but I wonder if you can  
22 confirm them. If we looked at the most recent figures  
23 for the first quarter of 2007 --

24 A. Can I just stop you there?

25 MR STINCHCOMBE: I apologise.

1 A. I don't ... yes, sorry, I was just doing calculations.  
2 Sorry, go on.

3 MR STINCHCOMBE: You are happy to confirm it is  
4 a 16 per cent reduction, are you, for cargo ATMs from  
5 1998 to 2006?

6 A. Yes.

7 MR STINCHCOMBE: You are happy to confirm that?

8 A. Yes.

9 MR STINCHCOMBE: I am obliged. I think I was moving on to  
10 figures that are not within the Inquiry's purview at  
11 the moment, but I am right, am I not, that if we did  
12 look at the most recent figures for the first quarter of  
13 2007, we would see that trend continuing, and a further  
14 reduction?

15 A. Yes.

16 MR STINCHCOMBE: I am obliged. It is right, isn't it, if we  
17 looked at all of these figures that cargo tonnage is  
18 flattening as well, isn't it?

19 A. Cargo tonnage currently at Stansted is falling.

20 MR STINCHCOMBE: Yes. And I think the latest figures show  
21 that it has fallen nearly 10 per cent in the 12 months  
22 to the end of May 2007. Is that right?

23 A. If you bear with me a moment.

24 MR STINCHCOMBE: Right. (Pause).

25 A. Minus 9.7, yes.

1 MR STINCHCOMBE: Minus 9.7 in the last year. Can I now turn  
2 to ES volume 7, which is CD 19. Table 11, if you can  
3 get there, on page 9. We probably saw this before,  
4 yesterday, didn't we?

5 A. Yes.

6 MR STINCHCOMBE: It is against that backcloth of falling  
7 cargo movements and tonnage that is, notwithstanding,  
8 you are forecasting cargo tonnage increase from  
9 200,000 tonnes in 2003 to 600,000 tonnes at the base  
10 case?

11 A. Yes.

12 MR STINCHCOMBE: A threefold increase?

13 A. As I said yesterday, the current drop at Stansted is out  
14 of total character with the trend over the previous  
15 seven or eight years when it has been averaging at about  
16 7 per cent compound growth. So when one is making  
17 a ten-year forecast forward, it is legitimate until ten  
18 years back, rather than just in the last six months. So  
19 that is the context in which we were making the  
20 forecast. And we judge a forecast over the life of it  
21 rather than, you know, in the first few months of a year  
22 or any given short period.

23 MR STINCHCOMBE: But when we looked at Mr Ross's table 1, we  
24 were looking, at least in terms of ATMs, at a decline of  
25 16 per cent over the last eight years --

1 A. Yes, but you have asked me to comment on cargo tonnage  
2 which shows a completely different pattern to  
3 cargo ATMs.

4 MR STINCHCOMBE: Let us go back onto ATMs. ES, volume 16,  
5 at appendix A1, which starts just after page 24. Can  
6 you see table A1.1?

7 A. Page 4?

8 MR STINCHCOMBE: Sorry, it is appendix A1, which starts  
9 I think just after page 24. Are you there?

10 A. Yes, I have it.

11 MR STINCHCOMBE: Good, I hoped I had the right reference.  
12 That shows, as we know, that you are projecting  
13 22,500 cargo ATMs in the base case. That represents  
14 more than a doubling of cargo movements over the next  
15 seven years, doesn't it?

16 A. Yes.

17 MR STINCHCOMBE: Completely reversing the decline of  
18 the last eight years; doesn't it?

19 A. Yes.

20 MR STINCHCOMBE: Right. I am obliged. Can I take you to  
21 paragraph 4.1.3 of ES volume 16. Are you there?

22 A. Yes.

23 MR STINCHCOMBE: Do you see the reference there:  
24 "Stansted's cargo operations play a part in  
25 maintaining the successful performance of the UK trading

1 sector, which has traditionally grown at a faster rate  
2 than UK economic growth as a whole."

3 A. Yes.

4 MR STINCHCOMBE: Just on that point, can I ask you to turn  
5 up -- let's take on board paragraph 4.1.5 before we move  
6 on:

7 "Based on historic performance trade and air freight  
8 are both more likely to grow faster than the UK economy  
9 as a whole. BAA predicts that the market for air  
10 freight in the UK will grow by about 4 per cent  
11 per annum over the next decade. However the potential  
12 for further rapid development of air cargo at Heathrow  
13 and Gatwick is limited by runway capacity constraints at  
14 both. This is likely to constrain air cargo growth at  
15 Heathrow and Gatwick to 3.5 per cent per annum, and  
16 offers Stansted the opportunity to grow air cargo volume  
17 at a rate in excess of the UK average."

18 A. Yes.

19 MR STINCHCOMBE: There are two points made there, the growth  
20 of cargo is going to exceed UK growth in other sectors,  
21 and overall, and there are constraints at Heathrow and  
22 Gatwick from which Stansted can advantage?

23 A. Yes.

24 MR STINCHCOMBE: Right. Bearing that in mind, I wonder if  
25 we could look back to SSE/4/A, page 5, and look at

1 table 4. That shows 11.3 per cent UK growth in air  
2 cargo tonnage since 1998, doesn't it?

3 A. Yes.

4 MR STINCHCOMBE: Over a period of eight years.

5 A. Yes.

6 MR STINCHCOMBE: 1.1 per cent a year?

7 A. Yes.

8 MR STINCHCOMBE: I'm obliged. Can I take you then to  
9 CD 209, the CAA's statistics again. Table 13.2 this  
10 time. Has everybody found it?

11 MR PHILLIMORE: We have a mechanical problem here, I am  
12 afraid.

13 MR STINCHCOMBE: You have an uncooperative file. Is it  
14 cooperating now?

15 MR PHILLIMORE: Table --

16 MR STINCHCOMBE: Table 13.2, sir.

17 MR PHILLIMORE: Thank you.

18 MR STINCHCOMBE: There are two pages to that table. And if  
19 I can take you to the second page, that shows the total  
20 UK freight tonnage for the period 1996 to 2006, doesn't  
21 it?

22 A. Yes.

23 MR STINCHCOMBE: Have a look at that table and I will ask  
24 you this question: do you agree that it does show strong  
25 growth since the 1990s but a levelling off since 2000?

1 A. Yes.

2 MR STINCHCOMBE: Right. Can you agree this also: that if  
3 you take the full ten-year period, the growth is from  
4 1,771,486 tonnes(?) to 2,315,438?

5 A. Yes.

6 MR STINCHCOMBE: 2.7 per cent?

7 A. Is that compound growth?

8 MR STINCHCOMBE: Compound growth.

9 A. Yes. I will take your word. I am not going to mirror  
10 every calculation.

11 MR STINCHCOMBE: If you need to correct it when you see the  
12 transcript, then of course you can do so. Nearly all of  
13 that took place in the first five years, didn't it?

14 A. Yes, we have seen a slow down in air cargo activity  
15 since 9/11, and mixed results since then, and then quite  
16 wide ranging declines in air cargo in the last 10 to  
17 12 months.

18 MR STINCHCOMBE: The cargo has been growing slower than the  
19 growth rate in the UK economy for the last eight years,  
20 hasn't it?

21 A. Over that period, yes.

22 MR STINCHCOMBE: Right.

23 A. But it is the first period since air freight has been an  
24 activity at any length that that has been the case.

25 MR STINCHCOMBE: Obligated. If I take you back to SSE/4/A at

1 paragraph 3.2.15, I just wonder if you could agree --

2 MR PHILLIMORE: Can we dispense with that one?

3 MR STINCHCOMBE: Yes, I think so, sir. Well, I am going to

4 actually come back to CD 209 in a little while, so

5 perhaps keep it to one side just for the moment. But

6 just to finish off this point, going back to

7 paragraph 3.2.5 of SSE/4/A, we see that UK air

8 cargo tonnage has grown by only 11.3 per cent since 1998

9 but UK GDP has grown by 20.6 per cent?

10 A. Yes.

11 MR PHILLIMORE: Not on 3.2.5.

12 MR STINCHCOMBE: I do apologise, sir, 3.2.15.

13 And you don't contest those figures?

14 A. No.

15 MR STINCHCOMBE: I'm obliged. That is helpful. Let's go on

16 to second point that is made then in the ES. This is

17 the assertion that there are constraints at both

18 Heathrow and Gatwick. This is when I would like you to

19 turn back to CD 209, if I might, and page 1. Sorry,

20 I do apologise: table 13.2 again. And the first page,

21 this time, of --

22 MR BOYLAND: Mr Stinchcombe, when you are turning to new

23 documents, please give us time to find them. We have to

24 find the document, we have to make a note of

25 the reference and we have to follow what you are saying.

1 I appreciate you are trying to make progress, but if you  
2 go as quickly as this, we are simply not going to be  
3 able to make notes of what is going on.

4 MR STINCHCOMBE: Of course, sir.

5 MR BOYLAND: Right, 13.2.

6 MR STINCHCOMBE: First page. And we see "Gatwick" on the  
7 first line.

8 A. Yes.

9 MR STINCHCOMBE: We can see there that the Gatwick  
10 cargo tonnage has also been declining, from 266,975 in  
11 1996, to 211,857 in 2006.

12 A. Having reached 320,000 in 2000. So it wasn't a straight  
13 progression downwards. You just quoted the end -- the  
14 figures at either end of the period.

15 MR STINCHCOMBE: I see. I understand.

16 A. The reason for -- the major reason for the decline at  
17 Gatwick since 2000 has been the withdrawal of  
18 British Airways long haul 747 services, which carried  
19 a lot of freight.

20 MR STINCHCOMBE: In light of that, why should Gatwick be  
21 considered as constrained?

22 A. Because the -- it is -- I can tell you exactly the  
23 percentage of its freight carried on passenger aircraft  
24 as opposed to freighters. At Gatwick, 177,000 out of  
25 200,000 tonnes are carried in the belly holds of

1 passenger aircraft. Given that there is a very  
2 pronounced limit on the growth of passenger aircraft  
3 movements at Gatwick, we are severely limited in the  
4 ability for aircraft to continue to devote capacity to  
5 carriage of freight. As aircraft loads increase, it  
6 actually further reduces the space and load carrying  
7 potential of the passenger aircraft that are moving  
8 there. So the baggage takes up increasing amounts,  
9 there is only so much weight that an aircraft can  
10 uplift, and if the load factors are rising, which they  
11 are, and they will have to continue to rise, it actually  
12 squeezes out the ability to carry freight.

13 MR STINCHCOMBE: And yet we can see, can we not, that there  
14 were some 55,000 additional tonnes carried at Gatwick in  
15 1996 in comparison to 2006?

16 A. Yes.

17 MR STINCHCOMBE: Yes. I see. Let's have a look at  
18 Heathrow. Heathrow has grown from just over  
19 1 million tonnes in 1996 to 1,263,000 tonnes in 2006.

20 A. Yes. Yes.

21 MR STINCHCOMBE: That's an increase of 21 per cent over ten  
22 years.

23 A. Yes.

24 MR STINCHCOMBE: An annual growth rate of just 1.9 per cent.

25 A. Yes.

1 MR STINCHCOMBE: And less than the 3.5 per cent that's  
2 referred to in paragraph 4.1.5 of the environmental  
3 statement. Do you see that:

4 "This is likely to constrain air cargo growth at  
5 Heathrow to about 3.5 per cent per annum."

6 A. Yes.

7 MR STINCHCOMBE: Why should Heathrow be regarded as  
8 constrained?

9 A. Well, for the same reasons as Gatwick. It has a -- it  
10 has virtually exhausted the growth in slots. It has  
11 a limit of 480,000, it is now at a figure of 471,000  
12 movements. Those movements are not getting any larger.  
13 In fact I believe when the A380 aircraft comes in, it  
14 will not have any space for cargo at all, because it  
15 will be carrying so much passenger baggage.

16 MR STINCHCOMBE: I see. Still within CD 209, but now we can  
17 turn up table 6.

18 Have we found that table, everybody?

19 A. Yes, I was there before you.

20 MR STINCHCOMBE: All right. We look in there at "Cargo ATMs  
21 at London Airports". We can look, first of all, at  
22 Heathrow. And we can see under "Cargo Aircraft 2006",  
23 that is the third column in, that Heathrow handled  
24 2,834 cargo ATMs last year.

25 A. Yes.

1 MR STINCHCOMBE: That is flat, isn't it?

2 A. I think it said declining figure.

3 MR STINCHCOMBE: It's not quite, if you look over at "Cargo  
4 Aircraft for 2005", just three columns further on, 2815.

5 A. Yes, but in 2000 I think it was certainly higher than in  
6 2008, and in 1995 it was running at over 3,000. So it  
7 is not a rising figure in a long term figure. It is  
8 gradually shrinking.

9 MR STINCHCOMBE: I am obliged, that is very helpful. Let's  
10 have a look at Gatwick then. That has fallen from  
11 2,360 to 1,471 over a year.

12 A. I think that was principally down to the loss of  
13 a single major whole plane cargo operator.

14 MR STINCHCOMBE: In the light of those figures, where is the  
15 extra 12,000 cargo ATMs to come from to take Stansted to  
16 22,500 in the 25 MPPA base scenario?

17 A. Well, to a degree, those figures point to the very  
18 problem that we think Stansted is sort of, if you like,  
19 going to answer. Clearly in the base it is handling  
20 a significant proportion of the South East's all cargo  
21 operations, for the reason that it has more available,  
22 or more predictably available slots for cargo operators  
23 to use. And given that we are moving to an even more  
24 constrained situation at Heathrow and Gatwick, then that  
25 trend is expected to continue, and there will be --

1           there is a lack of freighter capacity into London at  
2           the moment, I read in the trade press, and I think that  
3           if there is like a safety valve, a major airport in the  
4           South East that can accommodate some further growth in  
5           cargo, then it is certainly Stansted rather than  
6           Heathrow and Gatwick.

7   MR STINCHCOMBE:   Just pausing there, if Stansted didn't  
8           achieve its target of 22,500 cargo ATMs under the  
9           25 MPPA baseline, then the base case would have been  
10          overstated to that extent, wouldn't it?

11   A.   Well, as night follows day, yes.

12   MR STINCHCOMBE:   As night follows day.  I don't know whether  
13          it is within your experience, having been in aviation  
14          for so long, but can you agree with me that these kind  
15          of cargo aircraft are generally larger and noisier?

16   A.   They are certainly larger; and they can be noisier.

17   MR STINCHCOMBE:   And so the additional impact would have  
18          been overstated as well, would they not?

19   A.   They may have been to that degree.

20   MR STINCHCOMBE:   I am obliged.  Can I then look briefly at  
21          the 35 MPPA scenario, also by reference, but this time  
22          by reference to CD 19, the air traffic data, volume 16  
23          of the ES.  CD 19, ES, volume 16.  If I can ask you to  
24          turn up table A1.1.  And you can put the CAA stats away.  
25          That frees up a little bit of room on everyone's table.

1           Have you got table A1.1 in front of you?

2    A.   Yes.

3    MR STINCHCOMBE:  Under the 35 MPPA scenario, you tell us

4           that the number of cargo ATMs would decline from 22,500

5           to 20,500?

6    A.   Yes.

7    MR STINCHCOMBE:  Why would it decline?

8    A.   It's not a question of declining because we are looking

9           at two scenarios.  Declining implies something dropping

10          over time.  We are looking at two cases, a world in

11          which the airport is constrained to 25, and one in which

12          it is able to grow to 35.  The difference between the

13          two is that in the world where it is enabled to grow to

14          35, and the ATM limit is lifted, then we would expect to

15          see more belly hold capacity, because there will be more

16          scope for more aircraft, and for more aircraft to be on

17          long haul routes, which typically are those services

18          which offer the most or carry the most cargo under the

19          floor of the aircraft.  So the -- if the demand for

20          cargo is, if you like, a function of time, then the

21          enablement of it to be satisfied in the 35 million case

22          is able to be carried -- more of it is able to be flown

23          under the floor of passenger aircraft.  The consequence

24          therefore is there is a reduced need for freighters.

25    MR STINCHCOMBE:  That's why you say that the 600,000 ties(?)

1 can stay the same in both scenarios, because of more  
2 belly hold?

3 A. We are saying, if you like, that the demand for cargo is  
4 independent of the -- or is able to be flown in both  
5 cases, but in the case with more aircraft movements and  
6 more long haul, it's more likely that there will be an  
7 element of -- or a greater element which is flown in  
8 passenger ATMs; and the mathematical consequence of that  
9 is there is a reduction in the number of freighters.

10 MR STINCHCOMBE: I see. And the assertion that would follow  
11 from that is that there would be a reduced environmental  
12 impact in that scenario?

13 A. To that degree, yes. I mean, it's only a 10 per cent  
14 cut in 2,000 movements out of a total of 250,000-odd, so  
15 yes.

16 MR STINCHCOMBE: That is rather similar, is it not, to the  
17 BAA's view on non-ATMs, an assumed reduction if the  
18 application is approved, isn't it?

19 A. Well, the non-ATM reduction has been evident throughout  
20 all our airports in the South East over time, so it is  
21 not exactly a new phenomena, nor is it a new -- forecast  
22 in the past, we have lived to regret; it is what we have  
23 expected to happen elsewhere, and it has happened.

24 MR STINCHCOMBE: I see. And yet these assumptions in  
25 respect of growth, they are all against past trends of

1           considerable decline?

2    A.   Decline of what?

3    MR STINCHCOMBE:   ATMs?   Cargo ATMs?

4    A.   Oh, cargo ATMs, but not cargo tonnage.

5    MR STINCHCOMBE:   Just before we leave cargo forecast, just

6           two questions of detail and clarification.  In your

7           proof you say that higher oil prices and the expectation

8           of higher environmental charges have led to a trimming

9           of your passenger forecasts?

10   A.   Yes.

11   MR STINCHCOMBE:   Have you done the same thing for cargo?

12   A.   We haven't revisited our cargo forecast since the

13           ES figures.

14   MR STINCHCOMBE:   Why not?

15   A.   We have not -- we don't as regularly review cargo

16           because it is much less critical in the kind of key

17           determinants of the business, such as terminal

18           infrastructure and so forth.  It brings very little in

19           the way of financial rewards to the airport.  For all

20           kind of reasons, cargo is less frequently the subject of

21           our forecasting work.

22   MR STINCHCOMBE:   Just leave aside the return to the airport.

23           Looking at the issues of higher environmental charges

24           and higher oil prices, which led, logically, to

25           a trimming of your passenger forecast, they would lead

1           logically to a trimming of your cargo forecast also,  
2           wouldn't they?

3    A.   Higher oil prices certainly would, everything else being  
4           equal.  We haven't worked through the implications of  
5           environmental charges on freight.  The impact of those  
6           on passenger demand by 2015, environmental charges, is  
7           around about 2 per cent reduction on passengers.  We  
8           haven't yet set our minds to how it might affect the  
9           freight market.  We think at the moment the short run  
10          sag in cargo activity is partly to do with the higher  
11          oil price, but we have no conclusive proof of that.

12   MR STINCHCOMBE:  Because you haven't done the work?

13   A.   We have not done the reforecasting work, no.  But we  
14          have been trying to research the reasons for the current  
15          downturn to inform future forecast of freight.

16   MR STINCHCOMBE:  I see.  Well, we can make submissions on  
17          that.  The last matter of clarification, the economic  
18          impact of the cargo.  Would you agree that if  
19          cargo tonnage remains the same, and the number of cargo  
20          ATMs actually falls if the application is approved,  
21          there is no net economic gain so far as Stansted freight  
22          operations are concerned?

23   A.   I do not believe so.

24   MR STINCHCOMBE:  Right.  Employment.  Let's turn on to  
25          employment.  For that, I wonder if we could look at

1 section 15 of your proof of evidence. And starting at  
2 table 15.3. Are you there, Mr Maiden?

3 A. Yes.

4 MR STINCHCOMBE: Is everybody else there? Your table 15.3,  
5 that shows an increase of 2,450 jobs, on airport jobs,  
6 arising from the proposed development. That's right,  
7 isn't it?

8 A. An increase?

9 MR STINCHCOMBE: I thought that -- I think I'm right,  
10 aren't I?

11 A. No, that 2,450 is the total number of passenger related  
12 staff. If that is the 2,450 you are looking at in  
13 table 15.1, that is an absolute figure.

14 MR STINCHCOMBE: If I have got this wrong, just tell me,  
15 what is the increase on airport jobs arising from the  
16 proposed development?

17 MR PHILLIMORE: Are we looking at the same table? I think  
18 you said 15.3, rather than 15.1.

19 MR HUMPHRIES: I think you are right. I think Mr Maiden is  
20 looking at the wrong table.

21 MR STINCHCOMBE: I think it is 15.3, page 31.

22 A. I heard you quote me the figure of 2,450; did I not?

23 MR STINCHCOMBE: That's the difference, is it not, between  
24 14,350 and 16,800?

25 A. That is purely gratuitous, then. That is just

1 a coincidence. Yes, table 15.3 sets out the on airport  
2 employment in the base and in the two scenarios we have  
3 looked at.

4 MR STINCHCOMBE: So I may have got there in the wrong way,  
5 but is it right? Does it show an increase of 2,450?

6 A. It does.

7 MR STINCHCOMBE: On airport jobs arising from the proposed  
8 development?

9 A. Yes.

10 MR STINCHCOMBE: With that in mind, can we have a look at  
11 ES volume 6, CD 9. Paragraph 3.1.3 and 3.1.4.

12 Paragraphs 3.1.3:

13 "In response to the scoping report, Uttlesford  
14 District Council ...(Reading to the words)... by skill  
15 categories, assessment should include an appraisal of  
16 the effects on wage levels locally and the consequent  
17 impact on local employers, the extent of displacement  
18 should be considered, and assessment should also include  
19 an appraisal of the effect on the development of local  
20 housing market."

21 You see the reference there to extent of  
22 displacement of employment?

23 A. Yes.

24 MR STINCHCOMBE: And that would include, would it not, those  
25 2,450 on airport jobs?

1 A. Well, some of that, to the extent that those jobs are  
2 displacing. But my understanding is that, depending on  
3 the kind of source of the labour for those jobs, they  
4 may or may not be displacing jobs in the UDC area.

5 MR HUMPHRIES: Sir, I'm not sure that Mr Maiden can help on  
6 displacement of jobs. That is much more a Mr Rhodes  
7 matter. I think what Mr Maiden will have done is  
8 generate numbers of employees taking into account  
9 productivity.

10 MR PHILLIMORE: You have said that for Mr Maiden, I don't  
11 know if Mr Maiden wants to comment on that?

12 A. That's true.

13 MR PHILLIMORE: He may have had some expertise there.  
14 (inaudible) the witness, but the point has been made.

15 MR HUMPHRIES: I am sorry, sir. I think the witness is  
16 going to just try and help answer the questions, but  
17 Mr Rhodes had a whole section on this kind of thing.

18 MR PHILLIMORE: Thank you.

19 MR STINCHCOMBE: I do apologise, but there is also a section  
20 in this proof of evidence entitled "Forecasts on Airport  
21 Employment".

22 A. But not the implication.

23 MR STINCHCOMBE: I see. Let's see if we can agree a few  
24 matters, at least put them on the record, and if you  
25 can't help us, you will tell us. In addition to

1           the 2,450 on airport jobs, there would also be off  
2           airport jobs as well, wouldn't there?

3    A.   Yes.

4    MR STINCHCOMBE:  Do you know what the total of off airport  
5           jobs were?

6    A.   No.

7    MR STINCHCOMBE:  You don't.  But you can agree that it is  
8           relevant for the Inquiry to consider the employment  
9           displacement impacts?

10   A.  I assume so.  But I'm -- that's not my area of  
11          expertise.

12   MR STINCHCOMBE:  Just very quickly, we looked earlier at  
13          Luton and concluded that Luton and Stansted were in  
14          direct competition?

15   A.   Yes.

16   MR STINCHCOMBE:  They are both in the same geographic  
17          catchment area?

18   A.   More or less.

19   MR STINCHCOMBE:  They serve the same market segment: budget,  
20          short haul, predominantly leisure?

21   A.   Yes.

22   MR STINCHCOMBE:  They both depend primarily on the London  
23          market?

24   A.   The South East market.

25   MR STINCHCOMBE:  Yes.  They both have the same customers,

1 Ryanair and easyJet accounting for 85 per cent of their  
2 business?

3 A. It is slightly less than 85 per cent at Stansted, but  
4 they are the dominant carriers, yes.

5 MR STINCHCOMBE: Both Luton and Stansted are part of  
6 the east England region, some might say that the jobs  
7 impact of competition between the airports was broadly  
8 neutral from a regional perspective? That would be  
9 right, wouldn't it?

10 A. You are getting into areas that simply I am an  
11 interested spectator, I am not an expert, and it's not  
12 part of my evidence.

13 MR STINCHCOMBE: Well let's go to something that is related,  
14 but will be within your area of expertise. Can you turn  
15 to CD 226, the Luton Airport master plan. When you have  
16 found CD 226, it is page 5, table 1. Have you found  
17 that table?

18 A. Yes.

19 MR STINCHCOMBE: We can see what they handle at the moment,  
20 2006, 10.2 MPPA. Yes?

21 A. Yes.

22 MR STINCHCOMBE: And we can see that they are expecting to  
23 handle 23.5 MPPA by 2015?

24 A. Yes.

25 MR STINCHCOMBE: And we can see that at that kind of usage

1           there would therefore be an additional 13 million  
2           passengers every year?

3    A.   They do say that these are unconstrained demand.  I'm  
4           not 100 per cent confident that it actually means they  
5           are expecting a throughput of that total by 2015.  My  
6           understanding is the -- the likely throughput at that  
7           point will be considerably less.  This is the  
8           unconstrained demand, as you see in the heading.

9    MR STINCHCOMBE:  I am grateful for that.

10   A.   It's -- I think we -- our understanding is they are  
11           likely to be round about 15 million at 2015 rather  
12           than 23.5.

13   MR STINCHCOMBE:  In any event, Luton could, up until 2015,  
14           and probably for a year or two beyond that, accommodate  
15           the extra 10 million passengers per annum that you want  
16           for Stansted?  That must be right, mustn't it?

17   A.   Well, it could do, if it sort of ceased to serve its own  
18           growth.

19   MR STINCHCOMBE:  With appropriate and related job creation  
20           at Luton?

21   A.   Yes, it's all speculative, Mr Stinchcombe.  As I say,  
22           the most likely throughput in that year is about  
23           15 million, considerably less than 23.5, which, as you  
24           can see, is something like a 3.5-fold increase on  
25           2004 volumes.  Actually that could only be achieved if

1 certain planning permissions were granted, and if it  
2 were able to capture traffic straight from Stansted.  
3 I think a more realistic figure would be about  
4 15 million. But even that is still a doubling on its  
5 2004 volume.

6 MR STINCHCOMBE: But I am talking about capacity, not  
7 throughput. You know that, don't you?

8 A. Yes, but capacity doesn't generate jobs. It is  
9 throughput that generates jobs.

10 MR STINCHCOMBE: I see. You will appreciate, of course,  
11 that it is Government policy to make the best use of  
12 Luton as well as Stansted's runway?

13 A. Yes. But in the case of Luton it requires a new runway.

14 MR STINCHCOMBE: There would be better use of the Luton  
15 runway if Stansted remained capped at 25 MPPA, wouldn't  
16 there?

17 A. Certainly.

18 MR STINCHCOMBE: At least until such time as Luton reached  
19 its capacity?

20 A. Yes.

21 MR STINCHCOMBE: In that circumstance, there would be the  
22 job creation at Luton?

23 A. Well, there will be job creation at Luton no matter  
24 what. If you restrain one in favour of the other, the  
25 one that is not restrained, whether it is Luton or

1 Stansted, will gain more employment, yes.

2 MR STINCHCOMBE: Of course. And because the short point is  
3 that additional jobs at Stansted would be at the expense  
4 of Luton, wouldn't they?

5 A. They will be at the expense of additional additional  
6 jobs. They will not actually necessarily reduce the  
7 level of the employment at Luton.

8 MR STINCHCOMBE: I see. Can I ask you to turn to SSE/10/A  
9 now, please. And ask you if you will turn up table 4.  
10 You've seen this table before in your reading of  
11 the evidence on employment, haven't you?

12 A. No.

13 MR STINCHCOMBE: You haven't seen this?

14 A. No.

15 MR STINCHCOMBE: I don't know if you are in a position to  
16 agree these figures, but if you are not, we can  
17 obviously see whether you can agree them at a later  
18 stage.

19 A. They are new figures to me, and it's not something  
20 I specialise in, I'm afraid.

21 MR STINCHCOMBE: I see. In any event, if they are right, we  
22 can know, can we not, that the unemployment rate at  
23 Uttlesford is 2.6 per cent; East Herts at 2.5 per cent;  
24 the inner area, including Harlow, 4.4 per cent; the  
25 outer area, 3 per cent; and inner and outer area

1 combined, 4 per cent, well below the national average of  
2 5.1 per cent?

3 A. Yes, I can read.

4 MR STINCHCOMBE: Compared to that, Luton has an unemployment  
5 rate of 7.6 per cent, doesn't it, well above the  
6 national average?

7 A. So it says here.

8 MR PHILLIMORE: I think if we are just seeking confirmation  
9 of the figures in these documents, it seems to me it is  
10 something that is better achieved by SSE's own evidence  
11 rather than further cross-examination.

12 MR STINCHCOMBE: I am happy to do that sir. And, sir, can  
13 I take your lead, I take it that will also be with  
14 reference to the split and type of jobs and occupational  
15 groupings?

16 MR PHILLIMORE: I think so.

17 MR STINCHCOMBE: I am obliged. I can move on then from  
18 employment to the final part of my cross-examination,  
19 passenger origins and destinations. Thank you very much  
20 for that guidance, we will deal with it in due course.

21 Can I ask you, on passenger origins and  
22 destinations, please, Mr Maiden, to take up CD 14, which  
23 is ES volume 11, on surface access.

24 I see people searching for it. It may not have got  
25 onto my list, I'm afraid. Have we got that? I think it

1 is just coming. When you have it, if you could turn up  
2 page 83, table 6.2. We can see from the paragraph that  
3 immediately precedes table 6.3, that is  
4 paragraph 6.2.5 that these are BAA's forecasts of air  
5 passenger growth by area between 2004 and 2014?

6 A. Yes.

7 MR STINCHCOMBE: Were you responsible for the production of  
8 these forecasts in this table?

9 A. It was a joint effort between myself and two other  
10 parties.

11 MR STINCHCOMBE: Do you take responsibility for them?

12 A. I do. I keep saying, for all of them.

13 MR STINCHCOMBE: Right. Just so I can be clear on this,  
14 there have subsequently been further sets of forecasts  
15 appearing in your proof at table 16.1, on page 33,  
16 headed "SH&E sensitivity". Can you just tell me, those  
17 forecasts, are they taken to supersede table 6.2 or are  
18 they just a sensitivity test?

19 A. I think we ... I think the status of them is that they  
20 have been taken on board by our surface access  
21 consultants. But we don't yet, if you like, say that  
22 they have any greater merit than the original forecast  
23 we have produced, but we are prepared to accept that  
24 they are, if you like, equally likely, and therefore we  
25 are happy to go along with UDC's request, or we have

1 offered to test the sensitivity of an alternative OND  
2 scenario; but I don't know that we have actually gone so  
3 far as to say: this is our favoured forecast. But we  
4 certainly are happy to work with it.

5 MR STINCHCOMBE: That is very helpful. But as matters  
6 stand, then, I take it, it is 6.2 which currently  
7 represents BAA's current substantive forecast?

8 A. Unless I'm corrected by my side, I will take your word  
9 for that.

10 MR STINCHCOMBE: Well, I am just trying to seek  
11 clarification. Let's have a look at table 6.2, then.  
12 The right-hand column shows forecast growth between 2004  
13 and 2014 to be 59.4 per cent?

14 A. Yes.

15 MR STINCHCOMBE: That is a forecast overall growth in  
16 non-transfer passengers, isn't it?

17 A. Yes.

18 MR STINCHCOMBE: And it's from 18.3 MPPA to 29.17 MPPA.

19 A. Yes.

20 MR STINCHCOMBE: In non-transfer.

21 A. Yes.

22 MR STINCHCOMBE: So it doesn't show, does it, either  
23 transfer passengers or the total of all passengers? Not  
24 that table.

25 A. No.

1 MR STINCHCOMBE: I'm obliged. We can get those figures up,  
2 can't we, if we go back in the document to page 27, and  
3 paragraph 41. Just for completeness. Because there we  
4 see, don't we, the total number of passengers in 2004  
5 was 20.9 million. Is that right?

6 A. I'm lost. In the same document?

7 MR STINCHCOMBE: Yes, the same document. Paragraph 4.2.1,  
8 page 27. First line. Are you there? Chapter 4,  
9 "Existing Stansted travel --"

10 A. Yes.

11 MR STINCHCOMBE: Airport served 20.9 million passengers in  
12 2004.

13 A. Yes.

14 MR STINCHCOMBE: We know that there were 18.3 non-transfer  
15 passengers?

16 A. Yes.

17 MR STINCHCOMBE: That means there must have been 2.6 million  
18 in transfer passengers, doesn't it?

19 A. Yes. If you had asked me directly I could have told you  
20 the transfer percentage.

21 MR STINCHCOMBE: I do apologise.

22 A. I've got -- the transfer percentage in 2004 was  
23 12.4 per cent.

24 MR STINCHCOMBE: Right. Am I right then in thinking that if  
25 table 6.2 had included transfer passengers and an

1 overall total, and an overall total, it would have told  
2 us that the total of all passengers was actually  
3 forecast to grow from 20.9 million in 2004 to 35 million  
4 in 2014.

5 A. Yes.

6 MR STINCHCOMBE: Yes. And by deduction, let's see if I've  
7 got this right as well, the transfer passengers are  
8 forecast to grow from 2.6 million in 2004 to  
9 5.83 million in 2014. Is that also correct?

10 A. I would rather express it in terms of the percentage is  
11 going from 12 to 17. But 17 per cent of 35 5.9 million  
12 yes.

13 MR STINCHCOMBE: Right. I think I had 5.83, but it is there  
14 or thereabouts. Just looking at transfer passengers  
15 independently, that means that they are growing from  
16 2.6 to 5.83 or 5.9. That is a growth rate of about  
17 125 per cent, isn't it?

18 A. It's a significant growth, but it is a relatively modest  
19 growth in the share -- against the background of total  
20 traffic going from 21 to 35 million.

21 MR STINCHCOMBE: Just pausing there, that growth at  
22 21 million to 35 million, that is a growth of about  
23 67 per cent, isn't it?

24 A. I will take your word for it rather than slow everything  
25 down by checking.

1 MR STINCHCOMBE: I think it must be 21 to 35, 21 plus 14,  
2 14 is two thirds of 21.

3 A. It would have been quicker if I had done it. Yes.

4 MR STINCHCOMBE: I am notoriously bad at maths, but I can do  
5 my times table, I think. So just so I understand that,  
6 we have an overall passenger growth of 67-odd per cent?

7 A. Yes.

8 MR STINCHCOMBE: We have a transfer passenger growth of  
9 about 125 per cent?

10 A. Yes.

11 MR STINCHCOMBE: And we have a non-transfer growth of about  
12 59.5 per cent, something like that?

13 A. Correct.

14 MR STINCHCOMBE: Obligated. We will have those figures in  
15 mind when we look at just at a couple of areas of detail  
16 on table 6.2. Can we look, firstly, at the row relating  
17 to central London.

18 A. Yes.

19 MR STINCHCOMBE: The first column, 2.63; just see if I have  
20 understood this for 2004. Is this to be interpreted as  
21 saying that 2.63 million Stansted Airport passenger  
22 movements in 2004 were by people whose journeys started  
23 or ended in central London?

24 A. Yes.

25 MR STINCHCOMBE: Does that include people who would be

1 residents to central London and others who would be  
2 visitors to central London?

3 A. It matters not.

4 MR STINCHCOMBE: I am obliged. Can you give any indication  
5 of what the breakdown is of what proportion were  
6 residents and what proportion were visitors or is that  
7 not possible?

8 A. I can't tell you straight away, but from my experience,  
9 the majority will be visitors, or non-central London  
10 residents.

11 MR STINCHCOMBE: I see. Now, moving three columns to the  
12 right, that is under the heading 35 MPPA, that is the  
13 forecast for 2014?

14 A. Yes.

15 MR STINCHCOMBE: In the first row there we have the figure  
16 of 3.49 under the 35 MPPA column, don't we?

17 A. Yes.

18 MR STINCHCOMBE: That tells us, doesn't it, that when the  
19 airport reaches 35 MPPA in 2014, you expect there to be  
20 3.49 million passenger movements to be by people whose  
21 origin or destination is central London?

22 A. Yes.

23 MR STINCHCOMBE: Obligated. Do you expect the proportions of  
24 residents and visitors to change significantly from the  
25 mix in 2004?

1 A. In the central London zone?

2 MR STINCHCOMBE: Yes.

3 A. Probably the mix will move in favour of visitors,  
4 I would expect. In other words, the visitor growth will  
5 be faster than the resident growth within the total.

6 MR STINCHCOMBE: I see. And we can see, can't we, what the  
7 forecast growth in passengers with London origins is; it  
8 is 32.7 per cent?

9 A. Central London origins, yes.

10 MR STINCHCOMBE: Yes. And that is significantly less than  
11 the projected growth overall of the number of  
12 passengers?

13 A. Yes.

14 MR STINCHCOMBE: So we can see, can we not, that your  
15 projections are for an overall traffic growth in terms  
16 of passengers of 59.4 per cent, but just an increase of  
17 36.5 per cent in central London?

18 A. Yes.

19 MR STINCHCOMBE: I wonder if we can compare that to what you  
20 project for East Anglia, also in table 6.2. Just so  
21 I understand what East Anglia includes, does that  
22 include Norfolk, Suffolk and Cambridgeshire?

23 A. Yes.

24 MR STINCHCOMBE: Let's see if I have understood this right.  
25 Here you are projecting growth from 2.28 million in

1           2004 to 4.64 in 2014?

2    A.   Yes.

3    MR STINCHCOMBE:   That is more than doubling.

4    A.   Yes.

5    MR STINCHCOMBE:   Substantially above the overall average.

6    A.   Yes.

7    MR STINCHCOMBE:   So you are predicting growth from central

8           London to be considerably less?

9    A.   Yes.

10   MR STINCHCOMBE:   And growth from East Anglia to be

11           substantially more?

12   A.   Yes.

13   MR STINCHCOMBE:   In East Anglia, it is right to note, isn't

14           it, that Norwich Airport has expanded very fast in

15           previous years.

16   A.   From an extremely low base.

17   MR STINCHCOMBE:   I think the answer is yes, isn't it?

18   A.   Yes, but it is material to know the base it has started

19           from.  If it has gone from half a million to a million,

20           it is barely of significance.  If you want the figures

21           for Norwich I can give them.

22   MR STINCHCOMBE:   Yes, that would be helpful.  I mean,

23           I don't --

24   A.   Norwich has gone from half a million to three quarters

25           of a million, so it is currently running at less than

1 a million passengers a year.

2 MR STINCHCOMBE: And its plans are to expand to 4 million?

3 A. I take your word for that.

4 MR STINCHCOMBE: Well, I think that is in an ATWP

5 consultation document. You can confirm that.

6 A. I can't confirm it, but I take your word for it.

7 MR STINCHCOMBE: Can you confirm for us that the

8 ATWP Progress Report sells us that Norwich now serves

9 42 international destinations?

10 A. I find it hard to believe, but I take your word for it.

11 MR STINCHCOMBE: And that is a considerable increase on the

12 seven international destinations it served in 2001,

13 isn't it?

14 A. Obviously.

15 MR STINCHCOMBE: And it is right, isn't it, that as for the

16 East of England plan, unlike Stansted, the East of

17 England region assembly has no equal qualms in endorsing

18 the ATWP position for Norwich, that is the position, is

19 it not, or is that outside your expertise?

20 A. I don't claim to be an expert on the East of England

21 plan.

22 MR STINCHCOMBE: How did you deal with Norwich Airport in

23 your forecasting model?

24 A. We did not deal with Norwich in the forecast, nor did we

25 deal with any of the airports outside the South East.

1 MR STINCHCOMBE: I see. You simply ignored them.

2 A. They were not part of the process at all. I would just  
3 point out, if all of this is going to, how can we  
4 forecast a relatively faster growth for in East Anglia  
5 than in central London, the major reason is that the  
6 propensity of existing residents and visitors to London  
7 to fly is extremely high relative to the propensity to  
8 fly of people in the regions outside the South East,  
9 including East Anglia. Therefore there has been a long  
10 observed catch up in terms of the generation of traffic  
11 in regions outside the South East. And so, if you like,  
12 you are going from the most -- the part of the market  
13 which highest up the consumer curve to tapping markets  
14 which are relatively junior, and therefore exhibit  
15 higher rates of growth.

16 MR STINCHCOMBE: I wonder if it might be possible for you to  
17 give us a note on that then, on the propensities and  
18 what they are. Would that be helpful?

19 A. I think they are set out in CAA documents which may be  
20 already before the Inquiry.

21 MR STINCHCOMBE: Right. Turn to CD 14 if you might.

22 A. That's where I already am.

23 MR STINCHCOMBE: Of course you are. Page 28, table 4.2.  
24 Now looking at the percentage of non-transfer passengers  
25 by origin and showing the figures for the years

1           2000 through to 2005, yes?

2    A.   Yes.

3    MR STINCHCOMBE:   Just help me with one matter of

4           clarification.  The first row shows the proportion of

5           inner London passengers?

6    A.   Yes.

7    MR STINCHCOMBE:   Is that the same as central London or

8           different?

9    A.   It is more or less the same.

10   MR STINCHCOMBE:   More or less the same.  The proportion of

11           inner London passengers has moved from 27.8 per cent in

12           the year 2000, through 26.5, 25.9, 25.4, 28.1 and

13           28.7 per cent in 2005?

14   A.   Yes.

15   MR STINCHCOMBE:   So the proportion of inner London

16           passengers has actually increased between 2000 and 2005?

17   A.   Yes.

18   MR STINCHCOMBE:   Tell me, Mr Maiden, how does that support

19           your forecast that central passengers are about to grow

20           much more slowly than all other passengers?

21   A.   For the very reason that the -- if you like, the recent

22           rapid growth in the low cost market has consisted to

23           a large degree of inbound visitors, overseas resident,

24           a lot of overseas resident leisure trips, tourists to

25           London, in other words.  Starting from where we are, we

1 expect that as the airport matures, more of the growth  
2 will come from tapping markets, the UK traveller based  
3 in the -- other than in central London. We think that  
4 the -- you know, these markets never move in a kind of  
5 strictly linear constant way. It is a sort of dynamic  
6 situation. Our guess is that the -- to extrapolate this  
7 over the next ten years would either be unaccommodatable  
8 in the current hotel stock in inner London, or would  
9 require or entail a sort of extremely slow rate of  
10 growth in the travel of people outside the South East,  
11 central London in particular. So yes, I agree, we are  
12 talking about a reversal of the situation that has  
13 happened up to 2005.

14 MR STINCHCOMBE: So we are talking about a reversal of  
15 the situation up to 2005 insofar as inner London  
16 passengers are concerned. Let's us see what we are  
17 talking about with East Anglia passengers, also within  
18 table 4.2.

19 A. Yes, as I -- that's what I said, it goes to both of  
20 those markets.

21 MR STINCHCOMBE: It does indeed. Let us just see the extent  
22 of it; East Anglia, shown as a proportion, 13.6 per cent  
23 in the year 2000, moving through 14.1 per cent,  
24 13.4 per cent, 14.4 per cent, 12.5 per cent, to  
25 13.2 per cent in 2005. So there the proportion has

1           actually reduced between 2000 and 2005, yes?

2    A.   Yes.

3    MR STINCHCOMBE:  Yet you project that forecast to suddenly

4           grow much faster than all other passengers in the

5           future?

6    A.   Yes.

7    MR STINCHCOMBE:  I see.  Let's just quickly look at the

8           London subtotal, if we might, on table 6.2, that is back

9           on page 83, I think, isn't it?  I may be wrong.  I must

10          be wrong.  Table 6.2.  I am correct, I surprise myself.

11          London subtotal shows a growth of 47.6 per cent.  That's

12          right, isn't it?

13   A.   Yes.

14   MR STINCHCOMBE:  That is well below the overall growth of

15          59.4 per cent for non-transfer passengers?

16   A.   Yes.

17   MR STINCHCOMBE:  Now, the next section, the rest of

18          the South East, that shows a growth of 46.4 per cent?

19   A.   Yes.

20   MR STINCHCOMBE:  Again, well below the overall growth?

21   A.   Yes.

22   MR STINCHCOMBE:  So this amounts to this, doesn't

23          it: looking at London and the South East as a whole,

24          which is the area of the country which is supposed to

25          have the most difficult airport capacity constraints,

1 the area is expected to account for a declining share of  
2 Stansted's business. That is what the implication is.

3 A. Yes, what it is, the better way to look at it is to  
4 elevate yourself above the situation and imagine that in  
5 a position where Stansted grows to 35 million, it takes  
6 on more of a role, an equal role with Gatwick, and gets  
7 closer to Heathrow, the scale of growth at Stansted is  
8 significantly faster than both. In the process, it  
9 takes on more of the kind of role that they occupy in  
10 drawing traffic in from other parts of the UK, because  
11 of the kind of routes they operate. So in other words,  
12 instead of becoming a purely -- an area serving the  
13 north-east sector of London and Essex, and the inner  
14 parts of East Anglia, Stansted assumes a -- I would not  
15 say a national, but more of a regional status. And in  
16 doing so, inevitably it means that the fastest growth  
17 comes from the markets it doesn't currently tap. So  
18 it's about the scale. If you look at the numbers,  
19 central London is still one of the -- or London still  
20 dominates in terms of -- and the South East still  
21 dominates in terms of their share. It is just that  
22 starting from relatively meagre figures in 2004, the  
23 growth is expected to be faster in the outer South East  
24 and in the -- sorry, in the adjoining regions like  
25 East Anglia and the Midlands.

1           But the numbers we end up with in the 35 million  
2           world are still below, significantly below the London  
3           total.

4   MR STINCHCOMBE: Well, the numbers that you have projected  
5           amount to this, don't they: that the area of the country  
6           that is supposed to have the most difficult airport  
7           capacity constraints is actually expected to account for  
8           a declining share of Stansted's business?

9   A. But that area of the country is not solely carrying  
10          passengers originating in London. They may be  
11          London-based airports, but they, to a degree, cater for  
12          a national demand for air travel on many routes. They  
13          would be the only airports that fly to Iran or to  
14          various parts of the world, you have to go to Heathrow  
15          or Gatwick. So to a degree we are saying that Stansted  
16          will take on some of that regional market which is  
17          currently exclusively served by Heathrow and Gatwick.

18   MR STINCHCOMBE: And that is despite the fact that you say  
19          Stansted will have spare capacity in 2015, Gatwick will  
20          be at its limit, and Heathrow will be nowhere near  
21          coping with the level of unconstrained demand?

22   A. That is precisely my point.

23   MR STINCHCOMBE: And that envisages, does it not --

24   A. That's the -- characterises, if you like, the background  
25          to our thinking.

1 MR STINCHCOMBE: That envisages, does it not, that people  
2 from London or especially South and West London, people  
3 from the rest of the South East, Sussex and Surrey, who  
4 cannot get flights from Heathrow because it is  
5 oversubscribed in terms of demand in 2015, end up  
6 accounting for a smaller share of Stansted's passengers  
7 than they do today, despite the fact that Stansted would  
8 have the capacity to accommodate them?

9 A. No, you cannot draw an inference from this as to the  
10 full matrix of traffic from zones to individual airports  
11 in the South East. This is simply saying, for Stansted,  
12 this is how it was in 2004. Fact. And I'm saying that  
13 an airport going by 40 per cent against a background of  
14 relatively little growth at Gatwick and Stansted over  
15 the same period is going to change its characteristics  
16 in terms of the source markets for its passengers. And  
17 to the extent that a relatively small proportion of its  
18 current users come from places like the West Midlands,  
19 East Midlands, East Anglia and so on, those are going to  
20 increase more rapidly, but they remain a relatively  
21 small proportion of the total, 9 million out of  
22 29 million.

23 MR STINCHCOMBE: I see. Just before I finish, I wonder if  
24 I could take you back to the very beginning of  
25 the cross-examination. These forms of forecast, they

1 are vital inputs for other analyses, aren't they, for  
2 example analyses of surface access assessments?

3 A. Yes, they can be, yes.

4 MR STINCHCOMBE: Because if you have underestimated the  
5 number of passengers originating from or going back to  
6 London, that would have serious implications, wouldn't  
7 it, for that area of concern?

8 A. Yes, and presumably it will lessen kind of loads in  
9 other directions.

10 MR STINCHCOMBE: I am obliged. Sir, I do not believe I have  
11 any further questions in cross-examination, but I just  
12 check.

13 I am just wondering if we can ask for one further  
14 point of information. You have kindly offered to supply  
15 us with various forecasts, and we will be chasing that  
16 up in due course. But just one tiny point of  
17 clarification, if you could also help us with this it  
18 would be of assistance. Table 10.2 of your proof at  
19 page 22. You give a percentage load factor forecasts?

20 A. Yes.

21 MR STINCHCOMBE: For the year 2006 and then for the baseline  
22 and then for the 35 MPPA. Could you tell us in  
23 a further note what you have assumed as the seating  
24 capacity for the various aircraft types?

25 A. Yes, that's no problem.

1 MR STINCHCOMBE: Because we couldn't find that information  
2 in the ES, and we find limited use of percentage load  
3 factors without it.

4 A. Well, you have the breakdown of aircraft types I think  
5 in the ES, and you have the overall load factor, so you  
6 can work out by the annual number of types, you know the  
7 relevant journals to find the seating capacities, you  
8 can generate the total annual number of seats.

9 MR STINCHCOMBE: If you can help us with that, obviously if  
10 you can, that would be of great assistance.

11 Thank you very much indeed, Mr Maiden.

12 MR PHILLIMORE: Thank you very much, Mr Stinchcombe.

13 Mr Hill, I don't know how you stand in terms of length  
14 of questioning you might have at this stage?

15 MR HUMPHRIES: Sir, I think I said originally about three  
16 quarters of an hour, a quarter of an hour each side of  
17 that. A lot has been touched upon. I might be able to  
18 get it down to about half an hour. I would have thought  
19 it was sensible to take a break now. I will during the  
20 short adjournment see if it can be reduced further, but  
21 I think half an hour is about right.

22 MR PHILLIMORE: Thank you. Mr Humphries, I am sorry to put  
23 you on the spot again in terms of re-examination, but  
24 obviously we are limited, in terms of the time we have  
25 left today, clearly I think we want to try and complete

1 Mr Maiden's re-examination, but just give us an idea at  
2 this stage of how long that might take?

3 MR HUMPHRIES: Sir, I think something in the region of  
4 an hour to an hour and a quarter, which is slightly less  
5 than I was trying to estimate yesterday.

6 MR PHILLIMORE: That is very helpful. Thank you. We are  
7 now adjourned. It is 3.10 pm. We will adjourn until  
8 3.25 pm. Thank you.

9 (3.10 pm)

10 (A short break)

11 (3.25 pm)

12 MR PHILLIMORE: The inquiry is resumed. Mr Hill.

13 Cross-examination by MR HILL

14 MR HILL: Thank you very much. Good afternoon Mr Maiden.

15 A. Good afternoon.

16 MR HILL: We have what is called the graveyard slot.

17 A. We do.

18 MR HILL: Late on a Friday, and we will do our very best to  
19 complete within half an hour. Can I just indicate that  
20 the documents that you need to have to hand are largely  
21 in front of you already, the environmental statement,  
22 volumes 5, which is economic effects, and 16, which is  
23 forecasting. Then volume 2 from the 2001 environmental  
24 statement, which is CD 28; and the companion volume in  
25 relation to that application; CD 212, which you should

1 have out, which is the CAA's 2005 survey; and then one  
2 other document which I fear may not be on the list,  
3 which is CD 115, which we will need to turn to for  
4 a very brief reference.

5 I hope all those are within reach.

6 As we have seen and I think as you have already  
7 candidly accepted, forecasting trends in air transport  
8 accurately is a notoriously difficult exercise,  
9 Mr Maiden.

10 A. Yes, it's difficult. I wouldn't say it is any more  
11 difficult than any other area of forecasting activity in  
12 particular, but I would certainly concede it's  
13 difficult.

14 MR HILL: Yes. And you told us yesterday for example that  
15 the Department for Transport were caught out,  
16 effectively, more or less completely by the emergence of  
17 the low cost sector in the mid-to late 1990s, no  
18 particular blame attaching to anyone, but they were  
19 caught out nonetheless when making their predictions?

20 A. Yes, and they were not alone in that.

21 MR HILL: No. Just turning back to the 2001, we have seen  
22 you were ultimately responsible for the 2001 forecast,  
23 as well as those produced last year at 2006. If we just  
24 pause for a moment at the 2001 forecasts, they were  
25 presented by BAA and accepted by UDC as reasonable at

1 the time, weren't they?

2 A. I believe so.

3 MR HILL: But as we have seen, much of what was predicted in  
4 2001 has not come to pass. I will not go through the  
5 details because we have been through them already, but  
6 just as an example, the 17 per cent long haul prediction  
7 and the prediction of significant cargo growth.

8 A. Yes. Although I just add the proviso that I made  
9 before, that we still haven't got to 2010, so some of  
10 the predictions which now look odd may, in the event,  
11 come to pass. But, yes, we have certainly changed them,  
12 there is no doubt about that.

13 MR HILL: Yes. That is simply proof, and again, no  
14 criticism attached here, Mr Maiden, proof that forecasts  
15 can be reasonable at the time they are provided, but  
16 ultimately unreliable?

17 A. Yes.

18 MR HILL: And indeed, even within a relatively short  
19 timeframe, bearing in mind the speed at which things can  
20 happen in the aviation industry?

21 A. Yes. Certainly. But just recalling the forecasts that  
22 were made at the time of the original Stansted Inquiry  
23 in the early 1980s, in the period that we were at the  
24 inquiry, and subsequently, the forecasts made in the --  
25 prior to the inquiry were looking progressively more

1           unlikely to be achieved. In the event, by 1990 and  
2           1995, demand forecasts in the South East were precisely  
3           met, yet after the point the forecasts were made, for  
4           a period they looked extremely unattainable, but in the  
5           event they were attained, almost exactly as forecast.

6   MR HILL: I will not peer back that far, or have any  
7           exchanges with you about that; the only point I seek to  
8           make is that one has to use the forecast, or proceed  
9           with a degree of caution?

10   A. Yes.

11   MR HILL: And be aware of the margin for error?

12   A. Yes.

13   MR HILL: As I indicated to you some time ago, the questions  
14           I have for you are essentially matters of clarification  
15           on the material before us. I hope we can deal with them  
16           relatively swiftly. On the matter of cargo, you have  
17           already been asked a number of questions, I'm not going  
18           to go back to that at all. Can you just take up  
19           volume 16 of the environmental statement, please, the  
20           forecast material, the air traffic data, and help me  
21           with one outstanding point. Can you please turn to  
22           table 11, first of all, just to pick up the reference  
23           points, page 9. That is the one that shows us as  
24           between the 25 MPPA base case and the 35 MPPA G1 case,  
25           cargo tonnage remaining constant at 600,000 tonnes. And

1 we have seen just a moment ago, with Mr Stinchcombe, the  
2 cargo ATMs reported in the data tables behind the blue  
3 sheet, table A1.1, as between 25 and 35 MPPA. There are  
4 no page numbers, I am afraid, but it is table A1.1,  
5 falling from 22 to 20,000 ATMs as between --

6 A. Can I repeat what I said before. I think it is  
7 misleading to use the word falling.

8 MR HILL: I understand.

9 A. This is a difference between two cases. They are two  
10 different scenarios of the same point in time. There is  
11 a difference; but falling implies a motion over time,  
12 and that's not the inference.

13 MR HILL: We all understand that, that it is at 2014 that  
14 you make the predictions, and you have to forgive the  
15 use of the language in this case, Mr Maiden. I was not  
16 seeking to distort the particular factual picture. But  
17 with those two in mind, can you turn to table 13, which  
18 I don't think we've looked at yet, in the main part of  
19 the text on page 10. Do you have that?

20 A. Yes.

21 MR HILL: That is the employee report work location. I just  
22 want to seek clarification from you on this table. You  
23 will see about, I think it is three rows down, we have  
24 "Cargo area".

25 A. Yes.

1 MR HILL: Then we have the 2003 employee figure of 890,  
2 25 MPPA case, 1,290. Then the 35 MPPA case we have an  
3 additional 400-odd employees in circumstances where  
4 the tonnage remains identical to 25 and the CATMs full.  
5 Can you help me with how that additional 400 employees  
6 come to be located in the cargo area?

7 A. I think if you look across to the table 10, there is  
8 a clue, in the sense that --

9 MR HILL: That is 2003.

10 A. -- in 2003 you will see a figure of 480 as the total  
11 employment that was cargo related. If you look to  
12 table 13, you see the figure of 890 as being employees  
13 reporting to work in the cargo area. The inference is  
14 there are activities going on which, for the purpose of  
15 the surface access consultants, are deemed to be the  
16 cargo area, other than cargo. Therefore the growth in  
17 that element of the employment, if you can see that even  
18 if we don't reach 600 tonnes, the growth in cargo is  
19 predicted to be or was predicted to be faster than  
20 passengers, it's not surprising that in total, the share  
21 of employees originating in the cargo area is slightly  
22 up on the base. But cargo, I think, only accounts for  
23 about half of the activities reporting for work in that  
24 area. And I believe that in our forecast, we have got  
25 activities other than cargo in that box, if you like.

1           So it isn't purely cargo related staff.

2   MR HILL:  No, I think I understood that.

3   A.  But I couldn't tell you, I can't tell you now what those  
4       additional activities are.

5   MR HILL:  Because the fact that there would be other  
6       activities for cargo applies to the 25 MPPA and 35 MPPA?

7   A.  Yes.

8   MR HILL:  It is the additional 400, which is of course is  
9       not far short of 20 per cent of the entire extra on  
10       airport growth on the 35 MPPA case, that is the cause of  
11       the question.  I wonder if you could, to save time now,  
12       just provide me with a short note explaining how that  
13       extra 400 comes about.

14  A.  Yes, certainly.

15  MR HILL:  Because I have searched for it and I cannot find  
16       it in the material before us.

17  A.  No.

18  MR HILL:  Thank you very much.  Then turning on to another  
19       matter, transfer passengers; you have already discussed  
20       this with Mr Holgate and with Mr Stinchcombe.  Just  
21       going to page 11, which is very close by in this  
22       document.  We have the figures set out, I think, in the  
23       text of paragraph 7.2.3, and -- actually paragraph 7.2.1  
24       as well.  The current transfer percentage is in 7.2.1,  
25       that's where we see the 12 per cent we have looked at

1 already today. That is, I think -- that applies for  
2 2004 and 2005, doesn't it? Thereabouts?

3 A. Yes.

4 MR HILL: What you have done in the exercise that one sees  
5 in table 14 is for the 25 MPPA fallback position, as it  
6 were, you have depressed the 12 per cent to 10 per cent.  
7 That is what one reads from 7.2.3?

8 A. Yes.

9 MR HILL: And then for the 35 MPPA case you have inflated,  
10 again there is no pejorative intended there, inflated  
11 the 12 per cent to 17 per cent, for the 35 MPPA case?

12 A. Yes.

13 MR HILL: And it is that 7 per cent disparity that accounts  
14 for something in the region of 3.5 million as PPA, of  
15 the extra 10 MPPA associated with the G1 application?

16 A. Yes.

17 MR HILL: So it is a substantial chunk of the extra  
18 10 million PPA?

19 A. Yes.

20 MR HILL: Then again, in paragraph 7.2.3, there is  
21 a sentence, I think it is the second sentence beginning  
22 on the third line, "The introduction of long haul routes  
23 will be an important feature supporting this trend".  
24 You were asked about this by Mr Holgate yesterday,  
25 I will not go over any of those questions, but I assume

1           that nothing that was said to Mr Holgate should be  
2           intended as resiling from that proposition?

3    A.   No.

4    MR HILL:   Of course transfer passengers are particularly  
5           important as they don't require surface access  
6           provisions to be provided for them?

7    A.   They don't.

8    MR HILL:   That is all I want to ask about transfers.  Can we  
9           move on then to another matter, the busy day forecasts,  
10          again in volume 16.  Can you help me by turning to the  
11          tables at the back of the document, tables A12, 13 and  
12          14, not paginated in part, but it is relatively easy to  
13          find them as they are all in an obvious sequence.

14   A.   Yes.

15   MR HILL:   A1.12, 13 and 14 dealing with 2004, 25 MPPA and  
16          35 MPPA respectively.  If we could just look at the way  
17          this information is laid out, it is laid out providing  
18          specific figures for each hour, using GMT, isn't it?

19   A.   Yes.

20   MR HILL:   What I wanted to ask you about was the hour  
21          beginning at 5 o'clock GMT, which I think becomes  
22          6 o'clock British Summer Time, doesn't it?

23   A.   Yes.

24   MR HILL:   That is the sensitive morning shoulder period,  
25          isn't it?

1 A. Yes.

2 MR HILL: And at 2004, in table A1.12, one sees the figure  
3 of 33 in the last column, the total.

4 A. Yes.

5 MR HILL: This is combining arrivals and departures for the  
6 hour beginning at 0500 GMT, 0600 BST. If we turn the  
7 page to the base case of 25 MPPA, we have a modest  
8 increase of three movements in that hour, bringing us to  
9 36, yes?

10 A. Yes.

11 MR HILL: But in the G1 case, the 35 MPPA case, we see in  
12 that an additional nine movements taking one to 45 in  
13 that hour. Which is a 25 per cent increase.

14 A. Yes.

15 MR HILL: Why is it considered appropriate to load a further  
16 25 per cent into this plainly sensitive hour?

17 A. The increase in the hour is actually less than the  
18 increase over the whole day.

19 MR HILL: Not the question.

20 A. Yes, but you made a pejorative statement, saying why is  
21 it necessary to do this. I am actually saying that the  
22 increase in the peak hour, if you notice, on arrivals  
23 you have a 50 per cent increase between 8.00 and 12.00.  
24 That will partly reflect the additional long haul  
25 traffic which has a tendency to arrive in the early

1 morning.

2 The increase in departure peak from 29 to 33 is  
3 a relatively modest one compared to a daily increase  
4 from 334 to 415.

5 So it is actually -- each of the hours have taken an  
6 increase, but the peak hour has actually got a slightly  
7 smaller increase than the rest of the day.

8 MR HILL: The peak hour, did you just say?

9 A. That -- if you look at the departure column, the  
10 table A1.13, you will see the biggest single hour is  
11 5 o'clock, with 29 departures.

12 MR HILL: Yes.

13 A. That only goes up to 33 departures on the 35 million  
14 case, whereas total daily departures go up by nearly --  
15 from 334 to 415.

16 MR HILL: Sorry, I was not asking you about any of that.

17 I am just interested in why you felt it appropriate to  
18 put that --

19 A. Well --

20 MR HILL: Let me finish the question, to put that number of  
21 additional movements, the extra 25 per cent, in that  
22 extremely sensitive hour?

23 A. In that hour, the increase is -- if you like, all of  
24 the hours have to share the increase, that's the pattern  
25 of traffic we expect. It actually represents somewhat

1 of a slow down relative to the overall daily increase.  
2 If you accept the total number of movements in the year  
3 between the two cases as right, if you then look at the  
4 calculation of what an average July would be within that  
5 total, and then a Friday within that, you end up with  
6 certain control totals in the bottom right-hand corner.  
7 You have to distribute the traffic by hour with some  
8 recognition of the way the traffic currently peaks in  
9 different hours of the day, and take a view as to the  
10 character of the traffic, and the way that that hourly  
11 total in the bottom right-hand corner will be made up in  
12 future years. In the case of the busiest hour, there is  
13 obviously a feeling that on arrivals there will be  
14 a 50 per cent increase because of the growth in the long  
15 haul sector, which currently has that tendency to arrive  
16 at that time of the day.

17 MR HILL: So that extra hour is likely to be long haul  
18 movements?

19 A. Is likely to be, yes.

20 MR HILL: Which will be the larger aircraft.

21 A. And I am saying a 10 per cent increase in the departure  
22 hour, only 10 per cent, is a recognition that that is  
23 close to capacity for that direction of movement.

24 MR HILL: We can see the spread across the day. Am I right  
25 in understanding that, so far as you are concerned, no

1 specific attention has been paid to the fact that that  
2 hour is one of the shoulder hours?

3 A. No, specific attention will have been paid to it with  
4 regard to the actual hourly declared capacity.

5 MR HILL: Yes, but only with regard to capacity, not with  
6 regard to its environmental sensitivity?

7 A. No, certainly there would be no attempt to make it fit  
8 or conform to any environmental impact.

9 MR HILL: Thank you. That's helpful. The effect of those  
10 increases in the shoulder periods takes us to the  
11 position in the LDN night period, the eight hour night  
12 period, that we see at page 22 of this volume, table 28.  
13 Where for the 35 MPPA case, right at the bottom of  
14 the page, we have a figure of 30,600 movements. Yes?

15 A. Yes.

16 MR HILL: Again, do you have CD 115 I mentioned a moment ago  
17 that you may not have had from Mr Stinchcombe's list?

18 A. Yes.

19 MR HILL: Just turn in that to page 40, please. It is the  
20 night flying restrictions to the second stage of  
21 consultation June 2005. I do apologise. It is the only  
22 one --

23 MR PHILLIMORE: Not your fault, Mr Hill. It has been a long  
24 day.

25 MR HILL: I am prepared to take my share of the blame. This

1 of course was the Government's proposal, it was  
2 a consultation proposal. I fully accept it has not been  
3 carried through, but it covered the eight hour night  
4 period in its entirety, the 23.00 to 07.00 period, and  
5 for Stansted the movements limit which the Government  
6 proposed was set at just over 21,000 movements for the  
7 eight hour night period, wasn't it?

8 A. Yes.

9 MR HILL: We can contrast that with the 30,600 eight hour  
10 night period movements that are forecast for the 35 MPPA  
11 scenario, can't we? One is comparing like with like?  
12 I think that's right, isn't it, Mr Maiden?

13 A. Yes, I'm just checking. Yes. Yes.

14 MR HILL: So your loading of the eight hour night period,  
15 which obviously is heavily influenced by the shoulder  
16 periods, will give a number of movements well in excess  
17 of those proposed by the Government in June 2005?

18 A. Yes.

19 MR HILL: Thank you. The only other busy day point, if we  
20 go back to A1.1.4, in the volume 16 set of tables, we  
21 can put CD 115 well out of the way, we are not going  
22 back to that. Table A1.1.4. The busy day movements  
23 under the 35 MPPA scenario. We can see there, in the  
24 last column, runway utilisation is predicted to reach  
25 50 movements at a number of times during the day, and

1 49 as well, one sees there. I think the 50 movements in  
2 the hour beginning 10 o'clock; and again for the 49 at  
3 14.00 hours, and then 50 again at 1700 hours. Yes?

4 I just want to understand this. We can look back at  
5 your 2001 forecast, we don't need to do that, but that  
6 showed that one reached 50 movements occasionally at  
7 times of the day that were not the same times shown on  
8 table A1.1.4. I just want to test this. I presume  
9 there is no magic about the specific hours for which  
10 50 movements on the runway are predicted, and there  
11 could easily be a slightly altered distribution of  
12 peak utilisation?

13 A. It could be slightly altered, yes. Not into the middle  
14 of the night, obviously.

15 MR HILL: No, but say an hour or so either way.

16 A. Yes.

17 MR HILL: And that would, I suspect, depend upon airline  
18 demands?

19 A. Yes.

20 MR HILL: Good. Thank you very much. That's all I need to  
21 ask you about that table, making very good progress.

22 The next topic is the predictions of passengers  
23 travelling for a business purpose. Can we just for  
24 these purposes look back, please, to the  
25 2001 environmental statement. Volume 2, as it was then

1 called, in CD 28. I just want to turn to page 11 in  
2 that document, which is halfway through.

3 Table 7.1, terminating passengers by segment in  
4 millions, and looking at the 25 MPPA forecast as of  
5 2001. We have the UK and the foreign segments, and both  
6 divided in the familiar way into business and leisure  
7 segments.

8 For the UK resident business forecast, the 25 MPPA  
9 is 4.1 million, and for foreign residents it is  
10 1.7 million, yes?

11 A. Yes.

12 MR HILL: That is in the context of 22.3 million terminating  
13 passengers?

14 A. Yes.

15 MR HILL: One looks at the bottom of the column.

16 A. Yes.

17 MR HILL: I think the latest data before us is in CD 212,  
18 which is the 2005 CAA passenger survey. I don't think  
19 the 2006 survey has been validated and published yet.  
20 Is that right?

21 A. I have the 2006 data, but it has not been -- in  
22 a document.

23 MR HILL: You have access to something we don't, then.

24 A. We pay for it.

25 MR HILL: I'm sure there is a reason, Mr Maiden. It is

1 CD 212 that the Inquiry has.

2 A. Yes.

3 MR HILL: And it is table 5.1.3, which we have been to  
4 before on a number of occasions, but not I think  
5 recently.

6 A. I have it.

7 MR HILL: This is the 2005 survey. And we know that for  
8 that year, Stansted is the last of the airports in that  
9 list; purely for alphabetic reasons, rather than  
10 anything else. And some parties may have the figures  
11 written on this table which represent the total UK and  
12 foreign business passengers as a total of terminating  
13 passengers, we went through that exercise with my  
14 learned friend Mr Humphries at some stage.

15 Look at the bottom row, the bottom line. We have  
16 UK business passengers at about 2.59, 2.6 million, yes?  
17 Then the foreign column is 1.08. And they are together  
18 I think about 3.76 million as a percentage of  
19 19.2 million terminating; of course this is terminating  
20 passengers. So one is not at your 25 MPPA prediction  
21 which related to 22-odd terminating passengers yet. We  
22 haven't got there yet, but we are well on the way,  
23 aren't we, in terms of terminating passengers? I think  
24 there is another 16 per cent to go to get to the 22.3  
25 terminating passengers referred to in table 7.1. But in

1 terms of the figures we can see at the present time,  
2 2.6 UK and 1.08 foreign. We are well short, aren't we,  
3 of the figures that were being predicted in association  
4 with 23.3 million terminating passengers in 2001?

5 A. It might be easier to express this -- to normalise for  
6 the numbers, 4.1. The forecast of 25 million was for  
7 26 per cent business, as of 2005, it was ...

8 MR HILL: About 19 per cent?

9 A. 19 per cent, yes. It's just an easier -- easier to  
10 grasp it. So we were forecasting 26 per cent by  
11 25 million; as of 2005 it was 19 per cent. I think it  
12 may have been 20 per cent in 2006.

13 MR HILL: It is about -- I think it is about 30 per cent  
14 short, something like that, if one extrapolates forward  
15 the figures. I have done the maths.

16 A. 6 percentage points short, yes.

17 MR HILL: That is not --

18 A. Well, we have not got to 25 million yet, so I am trying  
19 to normalise for the fact that we are not actually at  
20 the volume. So if we are not at the volume, you cannot  
21 compare the two volumes. You can compare legitimately  
22 the two percentages.

23 MR HILL: There is a substantial leap to reach the figures  
24 you were predicting in 2001, isn't there?

25 A. There will need to be a faster growth in business than

1           was predicted.

2   MR HILL:   Indeed.

3   A.   Yes, it is 20 per cent in 2006.

4   MR HILL:   So we can see how far there is still to go, faster

5           growth required.

6   A.   Well, you say that, but we are still probably 18 months

7           short of reaching 25 million.  I don't think, at the

8           rate we are going, we will be over 20 per cent business

9           by the time we are at 25 -- it is unlikely we will be up

10          at 26, but I don't think it is -- in the context of what

11          you preambled with -- an uncertain world.  I think it is

12          a reasonable stand(?).

13  MR HILL:   I have looked at the figures very carefully as

14          well, and it will not surprise you to know that if one

15          does extrapolate the figures forward on the progress

16          made so far, one gets to about 2.93 million UK as

17          against your target of 4.1.  Does that sound about

18          right?

19  A.   No.

20  MR HILL:   I will put in a table showing the maths,

21          Mr Maiden, then you can have a look at it and see what

22          you think.

23  A.   Thank you.

24  MR HILL:   Future predictions of business passengers.  Can we

25          look at that.  Details of this in your

1 volume 16 document, or the document for which you are  
2 responsible. You can put CD 212 to one side.

3 Volume 16, appendix A2. Can we look at that?

4 And this arises from a point that I put to  
5 Mr Rhodes, and I just wanted to seek your help in  
6 clarification quickly.

7 The point I put to him was from volume 5 of  
8 the environmental statement, which is the economic  
9 effects volume that I referred to a moment ago. We can  
10 have that out at the same time. We need page 11 of that  
11 volume. Pages 10 and 11 in volume 5 of the ES, of 2006,  
12 yes.

13 Now, the volume 5 set of figures. Table 5 is headed  
14 forecast passenger numbers by passenger type and  
15 origin/destination. Page 10 of that document.

16 A. Yes.

17 MR HILL: We have there the 2004 baseline, 2014, 25 MPPA,  
18 35 MPPA, set out.

19 A. Yes.

20 MR HILL: Could I just direct you to the foreign business  
21 line for the 2014, 25 MPPA and 35 MPPA cases. One sees  
22 there that for the 25 MPPA case we have a forecast of --  
23 total forecast, so last column, 1.6 million, yes?

24 A. Yes.

25 MR HILL: And 35 MPPA case, total forecast, 1.5 million?

1 A. Yes.

2 MR HILL: Which leads, obviously, to a reduction or  
3 a reduced prediction of 100,000 foreign business  
4 passengers in the G1 case.

5 A. Yes.

6 MR HILL: Mr Rhodes suggested that this -- to be fair,  
7 I then took him to table 6 on the opposite page, which  
8 has the 100,000 less, 100,000 less, a total,  
9 100,000 less, and then a 100,000 plus for the East of  
10 England. Mr Rhodes thought this was a rounding error,  
11 or might be a rounding error. Can we just look at your  
12 appendix A2, which is -- I say appendix A2, I mean  
13 volume 16, appendix A2. I hold you responsible for all  
14 its contents, Mr Maiden.

15 A. Yes.

16 MR HILL: The 25 MPPA figure there, we have the same figure  
17 set out in a slightly different way, I can see the  
18 source, and it is actually worked out quite carefully,  
19 isn't it, by zone?

20 A. Yes.

21 MR HILL: And you have a figure for each zone. And if one  
22 looks, for the 25 MPPA case, to the third column, that's  
23 the foreign business column, down at the bottom we have  
24 1.58 as the total. That 1.58 is rounded up to the  
25 1.6 in table 5; isn't it?

1 A. Yes.

2 MR HILL: Then the 35 MPPA case likewise, the 1.45 at the  
3 bottom there is rounded up to 1.5 in the 35 MPPA case.

4 A. Yes.

5 MR HILL: So if one avoids the rounding, the difference is  
6 actually 130,000; isn't it?

7 A. Yes.

8 MR HILL: If one looks at the source figures on your table?  
9 A. Yes.

10 MR HILL: So it is actually a slightly reduced figure, even  
11 above the 100,000 in the rounded table for G1. So there  
12 was a bit of rounding, but it was actually in BAA's  
13 favour in volume 5.

14 A. I don't know whose favour it --

15 MR HILL: I'm not criticising it, but it is certainly not  
16 explained away by rounding.

17 A. No, no. I think it is akin to the 300,000 additional  
18 UK business travellers as between the two cases.  
19 I think --

20 MR HILL: Sorry, just remind me, the 300,000, isn't that the  
21 net figure?

22 A. Well, the difference between the UK business in the  
23 25 case and in the 35 case is relatively modest. And  
24 I think that the -- for the reasons I gave in-chief,  
25 that the -- if you look at the 35 million --

1 MR HILL: Mr Maiden, there just isn't time. I make it  
2 clear, I am not criticising the logic.

3 A. Well, it would explain the effect --

4 MR HILL: I understand. I know what you have done.

5 A. Yes, but you don't understand what I am going to say.

6 MR HILL: All I was seeking to explore is whether Mr Rhodes  
7 was right in saying there was a rounding error.

8 A. It wasn't a rounding error.

9 MR HILL: It wasn't. That is the only point. I understand  
10 the basis on which you have put the figures forward. I  
11 don't question that, and I understand it, so we don't  
12 need to spend time late on Friday afternoon with you  
13 developing those arguments. Thank you.

14 Can I turn to the very last point, which is in  
15 respect of the overall business use of the airport.  
16 I do apologise, I asked you to put away CD 212. You  
17 might be able to avoid getting it out again if you can  
18 recall that at 2005, the percentage of business  
19 passengers was about 19.2 per cent?

20 A. Yes.

21 MR HILL: Good. You can avoid that then. If you still have  
22 your table 5 from volume 5 out, so sorry, table 4 from  
23 volume 5 out, which is the previous page, page 9, which  
24 we haven't looked at yet, environmental statement,  
25 CD whatever it is, I know I had to -- is it add three to

1 the volume? Is it CD 8? If we turn to table 4, we have  
2 there the projections for 2014, 25 MPPA and 35 MPPA  
3 cases, the business passengers given in total there of  
4 5.2 and 5.5 in the second row, yes?

5 A. Yes.

6 MR HILL: As against the terminating passengers of 22.5 and  
7 29.2. If we do a similar exercise in terms of  
8 percentage to get a feel for the business use of  
9 the airport, the 25 MPPA case we have got, I think,  
10 23 per cent business use, yes?

11 A. Yes.

12 MR HILL: And for the 35 MPPA case, 18.8 per cent?

13 A. Yes.

14 MR HILL: For business use. So as a proportion, the  
15 business use will fall for G1 when compared with the  
16 fallback position?

17 A. Yes.

18 MR HILL: Thank you very much, Mr Maiden. Thank you, sir.

19 MR PHILLIMORE: Thank you very much, Mr Hill.

20 Are there any other questions for Mr Maiden from the  
21 parties giving evidence or who will give evidence to the  
22 Inquiry, questions that have not already been asked? It  
23 is Ms Bryce, I think, isn't it?

24 Questions by MS BRYCE

25 NEW SPEAKER: I am not sure if Mr Maiden can actually answer

1 all these questions but he may want to comment on them.

2 MR PHILLIMORE: Can you give me an idea how many there are.

3 NEW SPEAKER: There are four. You have mentioned an

4 increase in passengers from the Midlands wanting to fly.

5 Why do they need to come down to London in order to do

6 so? David Cameron is known to favour better use of

7 regional airports and I understand Ford is flying out of

8 South End, which has recently increased its European

9 destinations. We know there are airports around the

10 country keen to expand. Is there any reason why they

11 should not take some of the future growth in aviation?

12 A. They will are taking an increasing share of UK aviation

13 in the percentage of UK travel accommodated in the

14 regional airports has grown steadily in every year in

15 the last 20, but given that there will not be any law to

16 prevent people travelling from Birmingham to Stansted,

17 there will always be passengers who can make trips from

18 one airport that they cannot make from their nearest

19 airport, and for that reason -- and there will likewise

20 be people in Oxford who travel up to Birmingham to fly.

21 So there has always been criss-crossing between regions

22 in using airports. But there is a dwindling -- sorry,

23 the growth in the South East has been slower than in the

24 regional airports. All the evidence shows that.

25 NEW SPEAKER: Next question is: BAA I believe assumes that

1 the biggest increase will be foreign visitors to London,  
2 so is this compatible with the view that the share of  
3 inner London passengers will decline?

4 A. I don't know that the -- I don't know where we have said  
5 that in total, foreign leisure is the fastest growing,  
6 but we do know that the -- for the market as a total,  
7 the fastest growth are in people making repeat visits  
8 who don't tend to use the capital. So the  
9 first-time visitors to the UK tend to go to the iconic  
10 spots and stay close to central London. The increase --  
11 the biggest increase recently has been in what is called  
12 VFR, visiting friends and relatives business, and that  
13 is a very substantial proportion of the people using  
14 Stansted. Those passengers tend not to be going to  
15 hotels in central London.

16 NEW SPEAKER: Okay, thanks. If Stansted growth appears  
17 reliant upon residual traffic unable to use Heathrow or  
18 Gatwick, rather than upon organic growth from its  
19 catchment area, why has there been no consideration of  
20 improving the efficient use of all London runways,  
21 including for example Northolt, Biggin Hill and  
22 Farnborough, in a system known as networked airports,  
23 which I understand operates in other countries; I think  
24 Japan might be one of them, but I might be wrong.

25 A. The first point is the evidence I have given shows that

1 by 2015, Stansted is only to a very small degree reliant  
2 on overflow traffic from Heathrow and Gatwick, I think  
3 I mentioned a figure of 2 per cent of Stansted's usage  
4 in 2015 emanates from Heathrow and Gatwick. As far as  
5 developing other airports are concerned, we are at the  
6 behest of the DFT and others looking at everything that  
7 can be done to make more use of Heathrow and Gatwick.  
8 I can't comment on the ability to develop airports such  
9 as Northolt. Of course developing Northolt would have  
10 a direct negative impact on Heathrow's capacity because  
11 it interferes with the approach path to the northerly  
12 runway. So Northolt as one example is not a good one in  
13 terms of the London area, because it would actually  
14 overall have a net disbenefit to the system.

15 NEW SPEAKER: Lastly, is it not fair to say that all options  
16 other than Stansted expansion to handle future growth  
17 and demand have not been fully explored by the  
18 Government? Do you have an opinion on that?

19 A. I don't an opinion. I observe that the White Paper and  
20 the exhaustive, most exhaustive review of UK airports'  
21 policy I have ever been aware of did look at all parts  
22 of the UK and not just the South East.

23 NEW SPEAKER: Okay. Thanks very much.

24 MR PHILLIMORE: Thank you very much, Ms Bryce.  
25 Mr Humphries.

1 Re-examination by MR HUMPHRIES

2 MR HUMPHRIES: Sir, it is late on a Friday, it must be time  
3 for me to re-examine again.

4 Mr Maiden, I will take you back, the first questions  
5 obviously are going to relate to the cross-examination  
6 of Mr Holgate. Point number 1, just a short point. You  
7 were asked on various occasions about information that  
8 had been requested by the ACC from BAA.

9 Mr Maiden, without trying to go into every meeting  
10 and every letter, can you just explain to the Inspectors  
11 the nature, the extent and the period over which you  
12 have been engaged with the ACC in trying to satisfy  
13 their request for information?

14 A. I will summarise it very briefly.

15 MR HUMPHRIES: If you would.

16 A. We began in the spring of 2005, I was invited to make  
17 a presentation to the Stansted ACC, at Stansted, on  
18 traffic forecast. It was a fairly brief presentation,  
19 I would have to say fairly hostilely received.

20 Subsequently, in June 2005, I went back with a much  
21 fuller presentation as the beginning of a process known  
22 as constructive engagement, which is a process we were  
23 encouraged to undertake by the regulator, at each of  
24 the South East airports, in the run up to the current  
25 regulatory review.

1           I received an even more hostile reception the second  
2 time, provided an exceptional amount of detail specific  
3 to Stansted, everything from expected future charges to  
4 elasticities to all the kind of structure of our  
5 modelling process and everything else.

6           That seemed to provoke a response which homed in  
7 particularly on the impact on demand of -- or apparent  
8 failure to reflect the impact of rising airport charges,  
9 and I was ridiculed for the kind of elasticity values  
10 that I was quoting us using. And I remember asking:  
11 well, you know, those are averages, could we see what  
12 you, as airlines, you know, you know the fares you  
13 charge your passengers, could you give us some evidence?

14           That led to a series of questions through the autumn  
15 of 2005 in writing. As far as I am aware, all of which  
16 we responded to. Maybe not by return of post, but there  
17 were so many questions, and they were also combined with  
18 a lot of questions about Stansted Airport, about their  
19 development plans.

20           I then made a further presentation in January 2006,  
21 in an attempt to break the deadlock. That presentation  
22 started at 10 o'clock in the morning, finished at about  
23 3.30 in the afternoon, and I think it is true to say  
24 nobody was any the wiser at the end of it from the kind  
25 of passions that were aroused.

1           It became apparent that we were going to be asked  
2           endless questions, every time we answered a question,  
3           that seemed to spawn twice as many other questions, and  
4           we were giving away intimate details of our forecasting  
5           models, the like of which we hadn't revealed to any  
6           other bodies. But that never seemed to satisfy the ACC.  
7           And I think it was towards the end of 2006 that it  
8           became apparent that the entire process of constructive  
9           engagement, not just in terms of forecasting, had broken  
10          down at Stansted, and a regulator admitted that it  
11          wasn't going to produce results.

12           Subsequently, the requests for information  
13          continued, and then we had the meeting with  
14          Miss Congdon, which in turn spawned more questions, and  
15          the response to that spawned more questions. So it did  
16          seem to be a bottomless pit into which we were throwing  
17          our answers.

18           Meanwhile we received very little back in the way of  
19          material. Admittedly we didn't ask for anything like as  
20          much, but not too much was forthcoming.

21   MR HUMPHRIES: Mr Maiden, thank you for that. I move to the  
22          second point. You were asked some questions about  
23          forecasts in the 2007 CIP. I'm going to give the  
24          Inspector a reference. I don't think it will be  
25          necessary for you to look this up, but that was in

1 ACC/10 at page 22. And you were asked about the various  
2 notes, and in particular the one at letter G. That  
3 says:

4 "Pending the results of the evaluation of  
5 the environmental impact of Heathrow expansion, the  
6 forecasts do not assume the introduction of either mixed  
7 mode or a third runway at Heathrow within the period."

8 And the period is obviously the period of  
9 the capital investment programme 2007 forecast. Can you  
10 just explain to the Inspectors why it was that in the  
11 timeframe of that particular forecast, you haven't  
12 assumed mixed mode or a third runway? In broad terms,  
13 briefly.

14 A. In broad terms, we know that both developments would  
15 require planning applications; we know that the third  
16 runway would be a massive project to undertake, both  
17 physically and in terms of obtaining a permission. We  
18 also know that to exploit mixed mode would both, first,  
19 have to satisfy the air quality problems which cause the  
20 Government to ask for these studies to be carried out to  
21 meet EU limits; secondly, we would have to get  
22 permission, have to make a planning application to  
23 operate mixed mode, which obviously could not be  
24 bankable; and thirdly, we would have to make the  
25 physical alterations to the infrastructure at Heathrow

1 to accommodate 10 to 15 per cent more peak hour aircraft  
2 movements.

3 All three of which, we felt unsafe to assume could  
4 be delivered by 2015.

5 MR HUMPHRIES: Thank you for that. Third point, again,  
6 still with Mr Holgate. A different issue altogether.  
7 You then started a period where you were asked a number  
8 of very detailed questions about the modelling  
9 methodology, and there were a number of questions about  
10 the catchment zones you used, and you said at various  
11 points that this is the way you had done things, and it  
12 could be done differently. Can you again just try and  
13 capture in a relatively short answer for the Inspectors  
14 the way in which these catchment zones work, and the way  
15 in which you use them and the implications of that?

16 A. The reason we use them is that we have observed that  
17 a primary -- or the primary factor which determines the  
18 airports that passengers use is their accessibility to  
19 those airports. And if you draw these catchment zones,  
20 if you like statistically using the definition which  
21 I spelt out, it is very strange that they always seem to  
22 draw up, if you colour the zones in, contiguous areas on  
23 the map around or extending from the airports  
24 considered.

25 That in my mind demonstrates emphatically that

1 accessibility is a key overriding factor which  
2 determines which airport passengers use. There are  
3 others, including the price of the service, the  
4 frequency and so on, but airport accessibility is  
5 fundamental.

6 So if that is the case, and we can observe that year  
7 in, year out, from the CAA data, it remains it is  
8 a fairly stable but subtly evolving pattern, that seems  
9 a very good way to mimic or to look at future --  
10 a future system where you may be making subtle changes  
11 in either the accessibility of an airport or the nature  
12 of the service in terms of flight frequency, by  
13 increasing runway capacity and so on. So given that we  
14 had that data, very good quality, of its kind the best  
15 that is available in the world for this particular  
16 subject, I thought it useful to use that data and it  
17 would furnish us with the ability to plug in those  
18 sectors of the market which are in our forecasting, our  
19 econometric modelling, found to be key.

20 So it was possible to make a holistic forecast which  
21 went from econometric down to providing the raw material  
22 for allocating passengers to airports in a system where  
23 you have heavily overlapping catchment areas.

24 MR HUMPHRIES: Fourth point, Mr Maiden. There was then  
25 a period when you were asked questions about the outcome

1 of the overall system-wide econometric model forecast,  
2 which is then used to allocate passengers to  
3 a particular airport, and then you explained that at  
4 that stage, having got a number of passengers for  
5 a particular airport, you then provided or created  
6 a market mix, by which I mean a mix dividing passengers  
7 between long haul, short haul, short haul low cost,  
8 charter, and so on.

9 Again, can you just explain for the members,  
10 bringing together what were a number of answers over  
11 a period, briefly, that final stage of taking the  
12 Stansted passengers, and how you identify that market  
13 mix, and then explain whether you are able to cross  
14 check that to verify your judgment?

15 A. The cross checking, if you like, is done at the start.  
16 We take the output from the allocation processes, which  
17 is nominated in terms of total passengers in the four  
18 major groups: UK resident, leisure, business and so  
19 forth. We therefore have a control total. We also have  
20 the base situation in terms of the service types as  
21 defined, low cost and charter and so forth. We then fit  
22 the four passenger types as we know they conform to the  
23 service types, so for example we won't take the charter  
24 passengers and assume they are full of business  
25 travellers, so clearly the four-way break that comes out

1 of the model gives us a very strong clue as to how we  
2 might form the various service elements, particularly  
3 having regard to the way the airport is in the base, and  
4 taking account of any adjustments in terms of new  
5 traffic which isn't in the base. Long haul for example.  
6 You could not model the growth in long haul. You can  
7 impose it. And that is why -- I think what Miss Congdon  
8 has criticised me for in her proof is not having  
9 a holistic approach which extends to everything we do.  
10 The reason why is that there is a disjoint between the  
11 relevant categories we are using for econometric  
12 modelling and those particular types of passenger who  
13 fly either on charter or low cost and so forth.

14 It's also impossible in an econometric model to  
15 predict new service start-ups. But also, it's  
16 unrealistic to assume these things will not happen  
17 because they don't come out of a model.

18 MR HUMPHRIES: Point number 5, you were then asked questions  
19 and impliedly criticised for not having set out your  
20 modelling methodology in the environmental statement.  
21 Have you, however, set out in the environmental  
22 statement the modelling results broken down by various  
23 categories?

24 A. Yes.

25 MR HUMPHRIES: In the various contact between BAA and SH&E

1           advising Uttlesford District Council, was there any  
2           criticism of the range of traffic data made available?

3   A.   No.

4   MR HUMPHRIES:   Point number 6, again, was a theme that came  
5           up many times during the cross-examination, and relates  
6           to judgment in forecasting.

7           The first point under this heading: is the use of  
8           judgment unique to your forecast, or your forecasting  
9           methodology?

10  A.   No.

11  MR HUMPHRIES:   Do the DFT and CAA forecasts include  
12           judgment?

13  A.   Yes, in abundance.

14  MR HUMPHRIES:   What about, as a methodology, the bottom up  
15           method that York Aviation have promoted? Does that  
16           involve judgment?

17  A.   Yes, extensively. There is no form of forecasting, save  
18           tossing a dice, that doesn't involve a judgment.

19  MR HUMPHRIES:   And you have explained that for the type of  
20           forecasts you have prepared, where you are looking at an  
21           entire airport's growth, and over a number of years, you  
22           have preferred your method to a bottom up method,  
23           although you told us that a bottom up method was  
24           perfectly appropriate in other circumstances. Again,  
25           I am trying to capture it in a single answer, can you

1           just encapsulate why it is you think your method is  
2           appropriate for this form of modelling that the  
3           Inspectors are considering in this inquiry, and why you  
4           do not advocate the bottom up method for this exercise?

5    A.   It is largely to do with the timespan over which the  
6           forecast is meant to look.  If I was asked to forecast  
7           for Stansted for the next year, I would clearly have  
8           regard to what I know, which aircraft are flying to  
9           which destinations, and what the schedules are, and  
10          I could compute it by reference to the base and known  
11          additions in alterations to the schedule.  However, that  
12          would not get me ten years down the road, or 20 years,  
13          as we are often forecasting.  And that is why all the  
14          major bodies, whether aircraft manufacturers, airlines  
15          or regulatory authorities or the DFT, tend to use  
16          econometric modelling for long-term forecasting, because  
17          it has been shown how close is the relationship between  
18          the long-term air travel demand and economic factors.  
19          And so extrapolating or using the bottom up approach as  
20          a method, very quickly, fails to satisfy within two or  
21          three years of the base.  And we are looking often on  
22          projects which have a 10, 15, 20 year life.

23   MR HUMPHRIES:  And in relation to these current forecasts  
24          which are forward to 2015, again, how appropriate would  
25          it be to use a bottom up forecast for those types of

1 models, in your view?

2 A. I think it is entirely inappropriate more than five  
3 years out from a particular point.

4 MR HUMPHRIES: You told us at various points about research  
5 and surveys undertaken for your department. In  
6 exercising and forming your judgment in the model, what  
7 reliance are you able to place on both your own research  
8 data, and indeed that of others? And obviously we have  
9 seen the CAA data. But what reliance, what assistance  
10 do you gain from all of that data?

11 A. I get great assistance. We, in the BAA, interview  
12 between 400 and 500,000 travellers at our airports every  
13 year in various surveys. And I manage the market  
14 research resource, so a great many of those surveys I am  
15 asked to comment on, analyse, interpret, present on. So  
16 we have a constant oxygen supply of research material,  
17 and also we subscribe to the CAA surveys. Now, that is  
18 not to say that every survey I get, I believe every last  
19 percentage, but the accumulation of that material and my  
20 closeness to it does over a period of time build up --  
21 as I say, the best way I can describe it, a feel for who  
22 is travelling, why are they travelling, where are they  
23 travelling and so forth, which -- I am given greater  
24 confidence by my access to this research material.

25 MR HUMPHRIES: Still on this point about judgment, insofar

1 as you have made judgments, and your forecasts have been  
2 reviewed by SH&E, what is your understanding of their  
3 view of the judgments you have arrived at?

4 A. They seem to be saying that they find our methodology  
5 appropriate, and our judgments reasonable, and our  
6 output to be reasonable. They had certain caveats which  
7 we have looked at, but -- I think it's best summarised  
8 as being: they seem to regard them as fit for purpose.

9 MR HUMPHRIES: I'm going to move on to point number 7. You  
10 were asked at one point, again by Mr Holgate, to assume  
11 that long haul was in fact lower as a percentage than  
12 you had predicted, and you were asked whether this could  
13 result in a fall in total traffic, and you answered,  
14 "Not necessarily". Can you just explain to the  
15 Inspectors your position in relation to that, and  
16 precisely what you see the position, if, as ACC has  
17 suggested, you were to assume that long haul was lower  
18 than you have predicted?

19 A. I think the best way to explain why I qualified or used  
20 the words "not necessarily" is to say that we didn't  
21 make the total of 35 by adding a series of blocks  
22 together, so we had a long haul component to which we  
23 added a low cost, a charter, and the total arrived at  
24 35 million, take away the long haul, slump to 30 million  
25 or whatever. It was more that out of the model, we had

1 a forecast demand collectively of 35 million.

2 Categorised in the way I have described, we chose to  
3 if you like attach to 10 per cent of that demand the  
4 label "long haul", for the reasons I explained. Hence  
5 if I was wrong in overestimating or underestimating that  
6 10 per cent figure, I wouldn't claim -- or sorry, I  
7 wouldn't suggest that it would either increase or reduce  
8 the total 35 million.

9 MR HUMPHRIES: Mr Maiden, I'm going to move on now to point  
10 9, because I misnumbered the last point.

11 MR HILL: Could I just remind my learned friend, he has not  
12 told us how many points he has.

13 MR HUMPHRIES: It is 25, and these were some of the longer  
14 ones. I think it is 25.

15 Point 9, but you know you can never trust my numbers  
16 anyway. Point 9, long haul. You were asked questions  
17 again by Mr Holgate, who took you to the current long  
18 haul passenger numbers at Stansted, and then took you --  
19 no need for you to look at it, but I give the reference,  
20 CD 19, table 2 -- to your forecasts of long haul, which  
21 are for 4 per cent in the 25 million case and  
22 10 per cent in the 35 million case, therefore being  
23 3.5 million in that 35 MPPA case. The thrust of  
24 the questioning was that that was a very rapid rise.

25 Again, Mr Maiden, can you explain firstly why you

1           come to the view that there will be this rapid rise;  
2           secondly, is there anything in recent experience which  
3           assists you with that judgment, that this will come  
4           about?

5    A.   The kind of recent future -- sorry, recent future.  The  
6           recent past at Stansted has seen, as I mentioned, the  
7           very rapid and to me surprisingly successful growth of  
8           what are called the niche carriers on certain US routes,  
9           but really fundamental to the assumption is the fact  
10          that it would seem to be extremely odd that an airport  
11          accounting for 35 million passengers and a 20 per cent  
12          share of the South East would not be taking its  
13          relatively modest share of the total long haul demand,  
14          given the growth in long haul and the suitability of  
15          the capacity of the terminal infrastructure at Stansted  
16          to accommodate it.

17                 I'm aware that there are discussions with long haul  
18                 carriers about moving into Stansted.  I don't think it  
19                 would be fair for me to itemise them right now.  But  
20                 I am aware that there are at least two significant long  
21                 haul carriers who are in discussions with the Stansted  
22                 team about starting services here.

23   MR HUMPHRIES:  Still on the same issue, you were  
24                 forecasting, as you have explained, a rapid growth in  
25                 long haul at Stansted --

1 A. From a very small base.

2 MR HUMPHRIES: Indeed. If one was to look to the 1990s and  
3 the growth of low cost carriers, what does experience  
4 tell you about the ability of a market to expand very  
5 fast?

6 A. Well, the reason I guess why we under-predicted Stansted  
7 is that we had between 25 and 30 per cent compound  
8 growth in traffic over a period of about eight years,  
9 which is a phenomena never seen before in the UK. It  
10 just shows what can happen at an airport that has the  
11 capacity with an innovative product like the low cost  
12 services, supported by use of the internet and all the  
13 other things which have promoted it. So there are  
14 precedents, let's say, for sustained and very rapid  
15 rates of growth. And this came from an airport which in  
16 the early 1990s struggled, really struggled, to develop  
17 any kind of momentum at all. And it would have seemed  
18 outlandish in the early 1990s to have predicted the kind  
19 of growth we actually saw.

20 If, and I don't imagine for a moment I would have  
21 done, but had I forecast 25 per cent compound growth at  
22 the time, nobody in BAA would have believed me, so it  
23 would have had no effect.

24 MR HUMPHRIES: I want to move on now to another point, and  
25 I'm going to try and roll several points into one, which

1 means I'm afraid that the numbering goes completely  
2 haywire. We will call this one 13. You were taken to  
3 Louise Congdon's figure 5.1. Again, I suspect, no need  
4 for you to look at it. It is the chart which showed  
5 actual growth at Stansted and then various BAA  
6 forecasts. And at various points during your  
7 cross-examination, you made the point that forecasts  
8 very often were overtaken by external events, and you  
9 gave examples, including 9/11, SARS, and so on.

10 What approach do you and your department have to  
11 reviewing your forecast? When is that typically done;  
12 why typically is it done?

13 A. Probably the most systematic review is done at each of  
14 our five yearly regulatory reviews, where at the start  
15 of each quinquennium we have to file forecasts with the  
16 CAA, and the CAA themselves generally publish their own  
17 forecasts. Given that those forecasts underpin the  
18 capital investment programme, we are judged at the end  
19 of the five years, and particularly with regard to our  
20 future landing fee income, in terms of our delivery of  
21 the capital expenditure programme relative to the  
22 forecast and on the performance of the forecast. So we  
23 are held to account to a degree every five years, and we  
24 have to see for our own purposes how well we have done.

25 That's why I was answering a point today, because

1 I do have -- it's very painful when we have to admit we  
2 have got quinquennium forecasts incorrect. So far we've  
3 got two major victories and one sort of relative defeat  
4 on that score.

5 MR HUMPHRIES: Can I also ask you, in the context of  
6 forecasting and in particular forecasting at Stansted,  
7 to explain to the Inspectors any differences there may  
8 be between forecasting the future for an airport that  
9 has a small throughput with an immature market, as  
10 opposed to a larger airport which has a more mature  
11 market and throughput?

12 A. Well, it is the case that everything else being equal,  
13 the easiest airports to forecast are large airports with  
14 a wide portfolio of markets, where if you get one market  
15 wrong, another market may do better than you predict, so  
16 the overall effect is a levelling one. You also have  
17 that larger airports tend to be slower growing, so they  
18 almost become an inbuilt predicability to them.

19 As I actually recall vividly setting out in a chart  
20 to the ACC, because they kept asking me about the  
21 confidence I could attach to forecasts, I actually made  
22 a small presentation on the fact of forecasting  
23 uncertainty, and in that chart I pointed out the things  
24 which made an airport easy to predict. And Stansted  
25 missed the box in several of these in that it was,

1           certainly in its infant stage, small; it was  
2           over-dependent to a degree, possibly still is, on  
3           a single market without the stabilising effects of  
4           a wide portfolio of routes.

5   MR HUMPHRIES:  As the airport grows, and we know it is now  
6           at about 23.7 MPPA, and you are forecasting forward some  
7           seven or eight years to 35 MPPA, what degree of  
8           confidence are you able to express when carrying out  
9           that type of forecast as opposed to those kinds of  
10          forecasts we saw illustrated in Miss Congdon's figure  
11          5.1 where the airport was very much smaller?

12   A.  I think we have three advantages.  Firstly, we know more  
13          about the low cost business than we did.  Secondly, the  
14          airport is already showing signs of increased maturity.  
15          It's going from if you like teenage-hood into manhood.

16                 Thirdly, there is an upside limit, effectively,  
17          which didn't exist in the early 1990s, where we had  
18          a 15 million -- a statutory limit of 15 million; we were  
19          handling 1 million.  Clearly there was not the -- there  
20          certainly wasn't the runway capacity problem that we  
21          have now.  So in a sense the top end of the range is  
22          already sort of fairly predictable, because it has  
23          regards to capacity, which was not the case in the  
24          1990s.  And there are the two previous reasons which  
25          I have mentioned.

1 MR HUMPHRIES: I pick up a point there that I was going to  
2 deal with later, but you talked about the maturity now  
3 of market, and at a later stage when you were being  
4 asked about the April/May 2007 figures, you made a point  
5 about the market now not exhibiting year on year the  
6 large percentage increases in growth that it has  
7 experienced in the past. Again, what influence does  
8 that have on your ability to forecast for the next  
9 10 MPPA?

10 A. Well, it clearly shows that the days of double digit  
11 growth at Stansted over any prolonged period are over,  
12 and it gives you -- if you like, although the month to  
13 month fluctuations will always be there, if one takes  
14 a rolling annual trend, you can see clear evidence of  
15 a maturation in its growth down to 3 to 5 per cent per  
16 annum, which is ahead of Heathrow and sort of at  
17 the moment on a par with Gatwick.

18 So the variability from year to year in growth is  
19 considerably less than it was in its previous life.

20 MR HUMPHRIES: Again, picking up on a point I was going to  
21 take later, but it fits together well at this point, in  
22 a situation where currently you have a base of about  
23 23.7 million and you are forecasting towards 35 million,  
24 and BAA has offered a condition to limit throughput at  
25 35 million, what is the effect in forecasting terms of

1 growth being on the one hand slightly slower, or on the  
2 other hand slightly faster?

3 A. Well, the mathematical consequence is either an  
4 advancement or a deferment in the date by which you  
5 reach any given traffic level.

6 MR HUMPHRIES: And on that basis, we know that you have  
7 already in the CIP forecast indicated in your view  
8 a slight slowing of growth which produces a delay of  
9 some 18 months. Is there any credible reason to believe  
10 that any forecast will reduce dramatically different  
11 results from the forecast you currently have?

12 A. I have nothing in mind at present.

13 MR HUMPHRIES: Now, move on to cargo. Again, quite a lot of  
14 questions on this, and also today from Mr Stinchcombe.  
15 The first point: the point has been made that you have  
16 600,000 tonnes in both the 25 MPPA case and the 35 MPPA  
17 case. Should anyone be surprised at that?

18 A. I don't think so, because it is a forecast of demand,  
19 which in the case of Stansted is not constrained.  
20 Therefore -- it is the constraint which causes the  
21 difference between 25 in terms of passenger carriage,  
22 the constraint does not apply to cargo, therefore there  
23 is no particular reason why the cargo market, which  
24 after all is completely, completely separate from the  
25 passenger market, should be different in those two

1 passenger scenarios.

2 MR HUMPHRIES: I just want you to assume, because a number  
3 of questions have been put to you on the basis that your  
4 cargo forecasts are too high, so I just want you to  
5 assume that the cargo growth was slower than you  
6 forecast and that you only got to 600,000 tonnes and the  
7 relevant number of CATMs in both the 25 MPPA case and  
8 the 35 MPPA case by 2020, so the passenger forecast is  
9 the same but the cargo forecast is just delayed. On  
10 that assumption, what happens to the impacts, all of  
11 the impacts of cargo movements, and indeed the benefits  
12 of cargo movements?

13 A. Well, every one of them, from employment to lorry  
14 traffic to aircraft noise from freighters, to that  
15 extent is deferred.

16 MR HUMPHRIES: Right. When we make the comparison, though,  
17 of some other date in time, is the analysis which is  
18 currently being carried out still a valid analysis? In  
19 other words, if one was looking at, as it was put to  
20 you, cargo CATMs, and the air noise from that, is the  
21 analysis again simply deferred in the way that you have  
22 said?

23 A. It might not only be deferred, it might actually be  
24 reduced in its deferment, in the sense that with five  
25 years' more productivity, the labour required to handle

1           600,000 tonnes at the airport would be smaller in 2020  
2           than in 2015; the aircraft might be newer and quieter;  
3           and there might be fewer of them to handle. We may have  
4           if you like a more efficient and cleaner fleet of  
5           aircraft to fly the same tonnage five years later than  
6           at 2015.

7   MR HUMPHRIES: Again, still on cargo, have any other  
8           parties, the CAA, the DFT or indeed anyone else,  
9           produced forecasts of cargo at Stansted for 2015, well,  
10          (a) at all, or (b) which are any different from yours?

11   A. I don't know of anybody else who produces airport cargo  
12          forecasts.

13   MR HUMPHRIES: Next point, which on my notes is 15,  
14          elasticity. You explained to us, still in relation to  
15          Mr Holgate, that elasticities come into your modelling  
16          for Stansted at two stages: firstly at a system-wide  
17          stage, early in the process, and there is price  
18          elasticity in the model; then at Stansted alone, to take  
19          account of landing charges.

20   A. Yes.

21   MR HUMPHRIES: I just want you to explain. I just want to  
22          understand how you get to 35 million by that process at  
23          Stansted. In relation to the first set of modelling,  
24          which produces system-wide demand which is then  
25          allocated to Stansted, the figure allocated to Stansted

1 before you have applied the second set of elasticities,  
2 is that above 35 million?

3 A. It is.

4 MR HUMPHRIES: And then how do you get from that figure  
5 above 35 million down to your actual 35 million  
6 forecast, at Stansted?

7 A. By applying the price assumptions or the effect of an  
8 increase in the airport landing charges per passenger,  
9 via the elasticities, which we discussed yesterday, has  
10 the effect of reducing the demand by about 5 per cent,  
11 which is sufficient to take it down I think to about  
12 34.8 million. It is very close to 35.

13 MR HUMPHRIES: Now, in that process, can you explain to the  
14 inspectors the relationship between the elasticity for  
15 a market sector, and by the market sector, I mean long  
16 haul, short haul low cost, short haul charter on the one  
17 hand, and on the other hand the average fare for each  
18 market sector? How do those two interplay?

19 A. We have different elasticities according to the  
20 different passenger types and according to the routes  
21 they fly. Passengers travelling -- the general rule is  
22 that passengers travelling for leisure purposes have  
23 higher price elasticities than those travelling for  
24 business. In other words, they are deemed to be more  
25 sensitive to price changes, both price cuts and price

1 increases. Also, in the case of low cost, we assume  
2 that the lower fares mean that passengers are even more  
3 price sensitive.

4 However, however, we have a -- we're very conscious  
5 of the fact that when it comes to an elasticity, it  
6 doesn't work in a linear fashion. In other words, if  
7 somebody is paying a £10 fare to fly to Rome, and they  
8 are suddenly told that the fare has gone up to £15,  
9 that's a 50 per cent increase. Conventionally, using  
10 the kinds of elasticities that are regarded in the  
11 business, that would imply -- you would expect  
12 a 50 per cent drop in the number of people flying to  
13 Rome on that service. Equally, anybody paying £500  
14 flying to Bangkok(?), a £50 increase is a £750 fare.

15 In the theory, the same percentage drop would occur.  
16 We believe strongly in the ultra-low fares that the low  
17 cost airlines are charging, the conventional wisdom on  
18 elasticity doesn't apply, and the CAA found evidence of  
19 that themselves when they surveyed the market.

20 So the lower the absolute fare, to some degree, the  
21 less sensitive people become to any given price  
22 increase, because it is a very small proportion of their  
23 overall costs. So in other words, if the increase of  
24 the landing fee from £2.90 to £8 were passed wholly on  
25 to passengers, even if all was passed on, that amounts

1 to an extra two cups of coffee at the airport while they  
2 are waiting, is that really going to cause them to be  
3 50 per cent less likely to fly? And that's where we  
4 have a problem with some of the elasticities which the  
5 low cost airlines allege apply in their field.

6 MR HUMPHRIES: So you gave that example; we know the sort of  
7 increases in landing charge. Again, taking an example,  
8 would a £2.50 increase in landing charge have a high  
9 effect -- you would have to explain what "high" is --  
10 but a large effect in your judgment on low cost  
11 passengers?

12 A. I would just ask people to consider it in common sense  
13 terms. Forget the arithmetic; forget the economic  
14 jargon. We are saying that on a typical increase in  
15 fare, if all of it were passed on to the passenger of  
16 about £2.50 on a single sector fare, is it reasonable  
17 for us to have reduced the demand by 1 in 20 passengers,  
18 5 per cent? I would contend that's a reasonable cut in  
19 demand in response to a pretty modest absolute increase  
20 in the cost of travel.

21 MR HUMPHRIES: I'm going to move on to the questions of  
22 Mr Stinchcombe, and I've already tried to wrap up some  
23 of his points in those taken earlier, so forgive me if I  
24 don't have a long list of separate ones.

25 The next point I want to take is this: there was put

1 to you various mathematical exercises assuming higher  
2 numbers of passengers per PATM culminating in a figure  
3 of 200 passengers per PATM leading to a throughput of  
4 49 MPPA at the airport.

5 By reference to that figure, but the same point  
6 applies to other numbers that were put to you, does the  
7 terminal or indeed the apron capacity at the airport  
8 exist for 49 MPPA?

9 A. I very much doubt it.

10 MR HUMPHRIES: Is there any reasonable prospect of SSE's  
11 higher passengers per PATM figures being achieved  
12 firstly by 2015?

13 A. If you are talking about the 200 average load, that is  
14 way in excess of Heathrow, which is currently 144. And  
15 if you look at the operations at Heathrow and you look  
16 at Stansted, it seems to me inconceivable that it could  
17 be operating on average loads of that size.

18 MR HUMPHRIES: We know that BAA has proposed an MPPA  
19 condition of 35 MPPA. If higher numbers of passengers  
20 per annum were achieved than you had forecast, what  
21 would that do to the number of PATMs of the airport?

22 A. Well, within a 35 cap, it would automatically reduce the  
23 number of passenger ATMs.

24 MR HUMPHRIES: You obviously don't accept those figures, you  
25 made it clear. But in general terms, what would that do

1 for impacts which have been assessed, such as air noise  
2 impact?

3 A. It would reduce all the impacts which were triggered by  
4 growth in aircraft numbers.

5 MR HUMPHRIES: On that point, then, about growth impacts per  
6 PATM at Stansted, the point was put to you on a number  
7 of occasions that the growth in the past at Stansted had  
8 been higher than you are currently forecasting. Again,  
9 to encapsulate things in a single answer, why is it that  
10 you feel that that past growth impacts per PATM should  
11 not be extrapolated forward to the future?

12 A. I think the -- that was largely associated with the  
13 change in the aircraft being deployed by Ryanair. It  
14 went up from cheap, secondhand 111 aircraft with just  
15 over a hundred seats to the aircraft they currently fly,  
16 with 190 seats. So that had a radical impact on the  
17 overall average load.

18 That process is largely accomplished now. So we  
19 have already seen in the last two to three years  
20 a distinct tailing off in the growth of passengers per  
21 aircraft at Stansted to more normal rates.

22 MR HUMPHRIES: The next point, returning, this time with  
23 Mr Stinchcombe, to a point we touched on earlier: long  
24 haul. Again, your forecasts of long haul in the 35 MPPA  
25 case, and you drew attention, or indeed I think in

1 fairness it was drawn to your attention that the  
2 managing director of Ryanair had indicated that he may  
3 be involved in a spin off company, I think, from  
4 Ryanair, which may enter the low cost long haul market.

5 What relevance is that sort of development or indeed  
6 similar developments to the confidence with which you  
7 forecast long haul at about 10 per cent?

8 A. Well, it gives greater confidence. I mean, about five  
9 years ago, I was alone in the wilderness in the circles  
10 I move in, in saying that I thought there was a strong  
11 chance at one point we would see low cost long haul  
12 operations. At the time, the conventional wisdom was  
13 that low cost business models only applied to short haul  
14 routes. And I'm increasingly hearing from all sides,  
15 and actually seeing on the ground, and in the air,  
16 evidence that low cost long haul will happen. So given  
17 that it was one ingredient of the long haul component we  
18 put into Stansted, we didn't think it was going to be  
19 entirely a low cost operation. But it's one of the legs  
20 that we stand on in forecasting a 10 per cent long haul  
21 component.

22 MR HUMPHRIES: Next point. You were asked some questions  
23 about business aviation, and you said that business  
24 aviation tended to be squeezed as airports grew, and the  
25 competition for slots became keener, and you said that

1 very often they are squeezed to -- basically you gave  
2 a list of other airports, Farnborough and so on. And  
3 I think at a later point, I think it was Ms Bryce who  
4 made the point about Ford Aviation going to South End.  
5 Just explain, what happens when business aviation is  
6 squeezed? Should one assume that it simply disappears  
7 and those business trips are not made, or does something  
8 else happen?

9 A. No, I think as a sector, it is growing fairly rapidly.  
10 The kind of business jet market is a rapidly growing  
11 one. But there are far more points at which they can  
12 operate than the major airports. In fact, most of  
13 the airports listed in the CAA stats will be showing  
14 a decrease in the total level of business aviation. But  
15 the tier of airports like the Blackbushes and the  
16 Northolts and Farnboroughs are showing a significant  
17 increase in that activity. But it doesn't need to  
18 operate from the major terminals, because they don't, in  
19 fact, use terminals, mostly.

20 MR HUMPHRIES: Just literally now, Mr Maiden, two or three  
21 more points. Bear with me.

22 You were asked some questions then about CD 209,  
23 which is the 2006 statistics from the CAA. You might  
24 just get that out, please. And you were taken to table  
25 13.1, we looked at it on two occasions.

1           13.2, sorry, I apologise. At 13.2, you were taken  
2           to it on a number of occasions to look at overall trends  
3           in growth of cargo tonnage and also then trends at  
4           Gatwick, for example. But can you just look at the  
5           Stansted figures, and just explain for the Inspectors  
6           what is happening in relation to Stansted, and what part  
7           that plays in your forecasts.

8    A. Well, the Stansted trend over the same period, instead  
9           of contracting in the case of Gatwick and a slight  
10          increase in the case of Heathrow, Stansted has more than  
11          doubled its cargo tonnage since 1996 and has now  
12          overtaken Gatwick. It has been largely because, two  
13          reasons: one, it had the scope and the runway slots to  
14          offer the specialist carriers, the TNTs and UPS and  
15          FedExes, the operational flexibility to do the kind of  
16          services which they want. They would never have got the  
17          slots they needed at Heathrow and Gatwick. And also,  
18          it's provided the space and the slots for the more  
19          itinerant whole plane cargo movements which have grown  
20          at the airport over the last ten years.

21   MR HUMPHRIES: The next point, I would get you to have out,  
22          please, CD 28, volume 2, the air traffic data from the  
23          2001 application. In particular, table 7.1, which is on  
24          page 11.

25   A. Yes.

1 MR HUMPHRIES: You were asked about your forecast there of  
2 4.1 million passengers per annum, business passengers,  
3 UK resident, and the forecast for foreign resident, 1.7,  
4 and comparisons were then made with the 2005 CAA data in  
5 CD 202, table 5.13. There is no need to have that out.  
6 And you told us what figure we had got to now, in 2006.  
7 What year were you forecasting in the 25 MPPA case in  
8 the 2001 forecast?

9 A. It was either 2010 or 2015.

10 MR HUMPHRIES: I think it was 2010 if I may be permitted to  
11 lead on that.

12 A. 2010.

13 MR HUMPHRIES: Does therefore a comparison part way through  
14 that forecast, by reference to 2005 data, assist greatly  
15 in whether that forecast will be correct in 2010?

16 A. It does not.

17 MR HUMPHRIES: Final point, Mr Maiden, then we can all stop  
18 and go home.

19 Finally, you were asked about the forecast in your  
20 current air traffic data forecast, that is CD 19, and in  
21 particular, by reference to the figures in CD 19 and the  
22 figures in the employment volume, I think it was, CD 8,  
23 about the fall in the foreign resident business  
24 passengers. We saw it went down and you confirmed it  
25 wasn't a rounding error. Is there a particular

1 explanation as to why the figures are shown as going  
2 down?

3 A. Do you want the short answer or the long answer?

4 MR HUMPHRIES: I think probably the short answer.

5 A. I thought you might say that. The short answer is  
6 there's no material -- nothing turns on that really,  
7 other than the comment I made about the relative modest  
8 difference in the UK business travel sector, that the  
9 difference between 25 and 35 is one in which the higher  
10 prices commanded in the 25 case will tend to deter  
11 leisure travellers more than business. And in the  
12 calculations, it has ended up with a slight, very slight  
13 drop in the foreign business element, and a very modest  
14 increase in the UK business element. There is no more,  
15 no less than that.

16 MR HUMPHRIES: Thank you very much. Sir, those are all my  
17 questions.

18 MR PHILLIMORE: Thank you very much, Mr Humphries.

19 I appreciate the compression of your re-examination,  
20 just under an hour. We are not quite there, I am  
21 afraid; there are the questions from us.

22 Questions from THE PANEL

23 MR BOYLAND: I am afraid there are just a couple. If  
24 mid-afternoon was a graveyard shift, I'm not sure what  
25 this is.

1           Just a couple of points of clarification, if I may,  
2           Mr Maiden. First of all, if I understood your answer  
3           correctly, you were asked about the ultimate capacity of  
4           the runway. I think you said that 265,000 ATMs, which  
5           is now the suggested cap, did not represent the actual  
6           physical capacity. You thought it could go up to about  
7           274,000. Is that right?

8           A. Yes.

9           MR BOYLAND: You said that implicit in such an increase  
10          would be a reduction in the number of non-ATMs?

11          A. Yes.

12          MR BOYLAND: Which would be -- I think you said in a single  
13          figure of thousands?

14          A. Yes.

15          MR BOYLAND: The difference between those two figures is  
16          9,000. Did you mean by that that 9,000 would all be  
17          accommodated by a reduction in ATMs, or would it be  
18          a bit of each?

19          A. No, it will be -- are we talking about the ability to go  
20          to 274?

21          MR BOYLAND: Yes.

22          A. First of all I would say if we are talking that --

23          MR BOYLAND: Sorry, I suppose what I am really meaning is  
24          would an increase from 265 to 274 mean an increase in  
25          the total number of movements, or not?

1 A. Yes, because I think by the time we are at 265, the  
2 number of non-air transport movements will have reduced  
3 still further, so I think the differences between the  
4 265 and the 275, let's say, for sake of argument, would  
5 be additional movements.

6 MR BOYLAND: There would still be some reductioning of  
7 ATMs --

8 A. Yes. There would not be a hard core of non-ATMs that  
9 say 5,000.

10 MR BOYLAND: Thank you. Then Mr Stinchcombe asked you two  
11 questions in relation to the consultation document on  
12 this application, and about how the capacity could  
13 increase in terms of flights could increase from 43 to  
14 48 per hour. Do you remember that?

15 A. Yes.

16 MR BOYLAND: I think I understood you to say that that would  
17 be achieved by filling the periods between the peaks?

18 A. More than increasing the peaks, yes.

19 MR BOYLAND: But the question I want to -- the figures of  
20 43 and 48 are the capacity of the runway, not the actual  
21 traffic. So can you just explain what you meant by  
22 that? I don't understand how simply filling vacant  
23 slots actually has any bearing on the capacity of  
24 the air fill.

25 A. Okay. The air traffic control authorities do not

1 declare peak hour flows consistently over the day. They  
2 allow for what are called fire breaks, which are  
3 intervals which allow the operations to get back to  
4 normal, if there is a snag, some kind of disruption,  
5 which causes delay. If airlines are scheduled to  
6 continuously operate the runway to its maximum capacity,  
7 any delay that builds up in the first hour of the day is  
8 never dissipated. So they schedule for a two hour  
9 period of below their capacity. Now, at the moment, the  
10 airlines are taking up in those hours less -- well less  
11 than there available. So it can be both a question of  
12 the air traffic control people increasing the number of  
13 hours that they -- or the values of slots available in  
14 those hours, and the operators making more use of  
15 the slots made available. It's a combination of  
16 the two.

17 MR BOYLAND: So is it fair to say that that increase from  
18 43 to 48 would be at the expense of the capacity of  
19 the airport to recover from any disruption --

20 A. To a degree. At the moment -- at the moment, Stansted  
21 has the lowest delays, average delays of any airport in  
22 the South East. The busier it gets, the more we can  
23 expect there to be an increase in the likelihood of  
24 delays, not internal but caused by air traffic control,  
25 snags on the runway.

1 MR BOYLAND: Okay, thank you. And finally, I recall it  
2 having been said that if there were a second runway  
3 here, each of the two runways would be used in single  
4 mode operation. Is that correct?

5 A. Yes, I think -- no, we did originally -- we were  
6 originally looking at a mixed mode operation, which  
7 conveyed high capacity. My belief is the mainstream  
8 assumption now is it will be in segregated mode.

9 MR BOYLAND: Okay.

10 A. Which implies a lesser hourly capacity.

11 MR BOYLAND: That is really the point I was going to get at,  
12 because certainly in relation to Heathrow it seemed to  
13 be implicit in the suggestion of moving to mixed mode  
14 that that would increase capacity?

15 A. Yes, by about 10 per cent --

16 MR BOYLAND: Can you just explain how it would do that?  
17 Intuitively I would have thought it would be the  
18 converse.

19 A. No, it is to do with the fact that when you are  
20 operating in segregated mode, one runway is nominated  
21 for arrivals and one runway is nominated exclusively for  
22 departures. There are times of the day when the balance  
23 between arrivals and departures movements is way  
24 different from 50/50. In those hours, say first thing  
25 in the morning, the arrivals runway may have a stream of

1 aircraft waiting to come in, and the departures runway  
2 has no aircraft waiting to depart. So mixed mode  
3 enables rivals to use both runways.

4 MR BOYLAND: That is very helpful. Thank you.

5 MR PHILLIMORE: Just a couple of points, if I may. You were  
6 taken to the Future Development of Air Transport  
7 Consultation Document, and there was a particular answer  
8 you gave in relation to the figure for Heathrow, the  
9 unconstrained demand figure, which was a DFT forecast,  
10 which was 126 million passengers per annum. You said  
11 you had no problem generally with the DFT forecast, but  
12 you weren't so convinced in relation to the forecast for  
13 individual airports. I think you suggested you actually  
14 had your own figure for an unconstrained demand for  
15 Heathrow. Two points arising from that. First of all,  
16 in relation to your methodology, I understood you to  
17 allocate demand to individual airports on the basis of  
18 capacity rather than on an unconstrained basis which  
19 your answer suggested you do do. Can you just clarify  
20 that, please?

21 A. That's certainly true. But in the case of Heathrow,  
22 because it is the primary airport in the system, if you  
23 like, it does not attract traffic from other airports,  
24 instead it is the first one to lose traffic to other  
25 airports.

1           You can run the econometric model for Heathrow alone  
2           and you can see what you get. So in other words, we  
3           don't set about as part of our process forecasting an  
4           unconstrained demand for Heathrow. The DFT did that.  
5           But we know if we were to do it, I feel absolutely  
6           confident we would not be coming up with a figure of  
7           126. Starting from there, that growth would be, as  
8           I said, around about 6 to 7 per cent compound. And  
9           again, if you imagine a system demand, unconstrained  
10          demand, that we are talking about, and the DFT is round  
11          about 3.5 per cent compound, there is no reason why the  
12          Heathrow growth, which is predominantly in -- in many of  
13          the more mature markets it doesn't have any low cost,  
14          why demand for Heathrow would be growing at twice the  
15          average, bearing in mind it actually accounts for two  
16          thirds of the total.

17       MR PHILLIMORE: The second point arising from that was in  
18          relation to the differences between you and the DFT  
19          forecast. In relation to the White Paper and the  
20          forecasts for Stansted, is there anything in relation to  
21          that, differences between you and DFT, that you would  
22          want to draw attention to?

23       A. That hasn't been put to me in evidence, but my  
24          recollection is in the White Paper they had something  
25          like 54 million for Stansted in 2015 with two runways.

1 We didn't have a figure as high as that. When we  
2 investigated, first of all, the DFT did back down from  
3 that initial starting point in the White Paper. They  
4 also agreed that their assumptions about capacity at  
5 Gatwick in particular were significantly -- I think  
6 their capacity assumption for Gatwick in 2015 was  
7 between 30 and 35 million, and we are already over what  
8 they were assuming. Likewise, for Heathrow, they had  
9 a very conservative view of capacity. The effect of  
10 that was to throw more traffic into Stansted. That was  
11 the major difference. It wasn't a difference in total  
12 demand; it was their assessments of capacity at Heathrow  
13 and Gatwick, which were, we think, way adrift of where  
14 they should have been. But they have modified their  
15 view.

16 MR PHILLIMORE: I have no other questions, so thank you very  
17 much, Mr Maiden.

18 A. Thank you.

19 MR PHILLIMORE: Does anybody have any points before we now  
20 adjourn for a week and a half?

21 MR STINCHCOMBE: Yes, just a couple, if I may, shortly,  
22 before we do adjourn. One a request and one  
23 a forewarning.

24 So far as the request is concerned, sir, you will be  
25 aware that there are discussions and negotiations going

1 on between the council and BAA in respect of surface  
2 access. And you will understand that we have an  
3 interest in that, indeed an interest that is partly  
4 touched upon at the end of the cross-examination today.  
5 But we are not parties to those negotiations, and we  
6 make no complaint about that at all. We would like to  
7 be kept informed, however, and this is our request, so  
8 that if our concerns are not properly taken into  
9 account, we can be made aware of that and make  
10 representations accordingly. So that is the request.

11 So far as the forewarning is concerned, you will  
12 have heard today, very helpfully, Mr Maiden indicate  
13 that there were certain forecasts and inputs on  
14 forecasts that might be made available. So what we  
15 intend to do is to look over our notes, and also over  
16 the transcript, and put in writing a request for such  
17 information as we think should be made available, and we  
18 will do that over the course of the adjournment and see  
19 where it goes from there.

20 MR PHILLIMORE: Just starting with the second point first,  
21 you are suggesting that it is not areas of new  
22 information, it is the ones coming out of the  
23 cross-examination?

24 MR STINCHCOMBE: Indeed. For example, we asked for a note  
25 on the configuration of seats on the various aircraft

1 and things like that, and the loading model. So that  
2 kind of area, where we think there was a genuine offer  
3 to provide new information, we will look at our notes  
4 and we will make a request. And if it causes any  
5 problems, doubtless you will be told.

6 MR PHILLIMORE: I understand, it is a confirmation of  
7 the information being sought. Mr Humphries?

8 MR HUMPHRIES: I actually think it would actually be helpful  
9 if the things were gathered in a single place. Whilst  
10 one tries to make notes and get it right, it would be a  
11 shame if we got it wrong and there is no confusion, so  
12 I have no problem with that.

13 MR PHILLIMORE: I am sure we can agree that as well. Again,  
14 on the first point it sounds sensible. We certainly  
15 urge the parties to keep SSE in the loop as far as those  
16 discussions are concerned. It is something we  
17 encourage.

18 Is there anything else before we adjourn? I'm sure  
19 it is a welcome break for everybody, but we will see you  
20 back here at 10.00 am on 5th July.

21 This inquiry is now adjourned. Thank you.

22 (5.32 pm)

23 (The Inquiry adjourned until 10.00 am on 5th July 2007)

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MR MAIDEN (continued) ..... 3

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