



# What if Davies got his sums wrong?

## and a 3rd Runway at Heathrow won't deliver the promised benefits.....

The Airports Commission recommended a third runway at Heathrow largely on the basis of the economic benefits it would bring to the country. However, evidence has now emerged that the economic case for a third runway is much less convincing than it appeared. What strengthens the argument is the fact much of this evidence, whilst unearthed by Gatwick Airport and others, is contained in the Commission's report.

### We now know:

A 3<sup>rd</sup> runway will provide no more than **12** additional long-haul destinations by **2050**

AND

The number of domestic airports linked to Heathrow will fall from **7** to just **4**

The case for a new runway at Heathrow was based on the fact it would significantly improve connectivity to the emerging economies of the world and that it would connect more UK airports to Heathrow. The facts suggest otherwise. Indeed, a second runway at Gatwick would add 10 new long-haul destinations at a fraction of the cost to the taxpayer.

### We also now know:

The **£147 billion** the Commission said a 3<sup>rd</sup> runway would bring to the national economy over 60 years is likely to be considerably over-exaggerated.

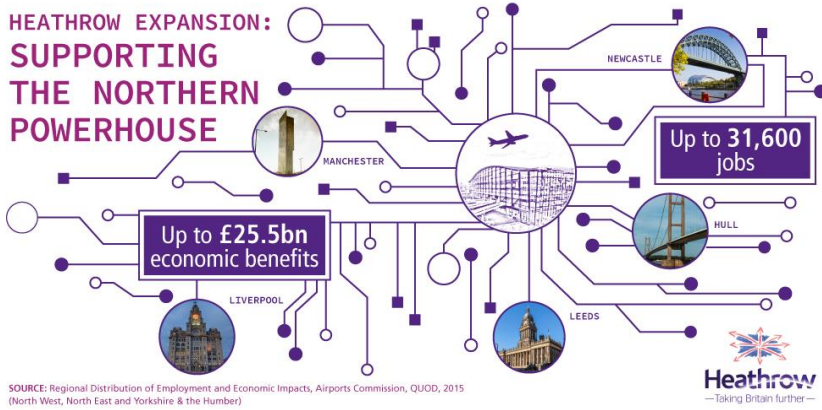
The Commission was told by its own experts the method of modelling used by consultants PwC, which produced the **£147bn** figure, faced "a number of difficulties" and was about three times higher than traditional estimates.

#### Using traditional, tested modelling methods:

- a third runway brings benefits of **£69 billion** over a 60 year period.
- a second runway at Gatwick would bring in just over **£60 billion**.

But, if the costs of the disbenefits (such as noise and emissions) and the costs of delivering the third runway are included, the economic benefits fall to **£11.8 billion** over 60 years. The Commission admits Gatwick would be close behind at **£10.8 billion**. (Gatwick Airport believes this is an underestimate as it argues the Commission underestimated the number of passengers it would attract).

# Heathrow's claims unravelling:



Many MPs and business and local authority leaders from outside the South East will feel misled as much of the support for expansion at Heathrow rests on the idea that it will be a hub serving the rest of the country. Peter Robinson, the first minister of Northern Ireland, Derek Mackay, the Scottish transport minister, and Louise Ellman, the chair of the transport select committee, all support Heathrow expansion because it would improve domestic connectivity. It is

now clear that is a myth. A third runway would **reduce** the number of domestic airports Heathrow serves from seven to just four (there would be three without a new runway). A two-runway Gatwick would serve seven. At present, Schiphol has direct flights to 26 domestic destinations. Heathrow will never be able to compete with that!

*“Mexico, Brazil, Japan and Malaysia... there is a global race out there to win jobs for Britain and I believe in leading from the front. So I make no apology for linking Britain to the fastest-growing parts of the world.” – David Cameron, November 2012*

Few would deny the need to improve connectivity with the emerging markets of the world. But a third runway will only do that to a limited extent. It would provide just 12 additional long-haul destinations by 2050. At a cost of around £22 billion, of which around £5 billion is likely to be public money. It is this huge growth in places like China, India, and Brazil that has convinced Boris Johnson and his allies that a brand-new airport is required – or an airport away from areas of population, such as Stansted, where there is room to expand. Birmingham and Manchester airports, fierce opponents of Heathrow expansion, believe they have the capacity to tap into the demand from the emerging economies. They argue that it is these direct links to the world's markets, that would help regenerate the Midlands and the North. And Gatwick would provide the same sort of connectivity without relying on public subsidy to do so.

## We have always known the downsides of a 3<sup>rd</sup> runway are considerable:

- In the region of 700,000 impacted by noise\*
- Nearly 800 homes demolished, with 3,000 plus more homes rendered unliveable
- Air pollution struggling to meet EU legal limits
- Up to £5 billion in public subsidy
- No guarantee it could be delivered on time

\* Gatwick, with two runways, would impact 24,000 – 35,000 and Stansted even less.

## But what has now emerged is that a third runway will not deliver even in its own terms:

- It has been sold on the basis it will serve critical new markets in emerging economies. In reality, it will only provide long-haul direct flights to an extra 12 cities.
- It was expected to provide better links to domestic airports. In reality, the number linked to Heathrow will fall from 7 to 4.

Willie Walsh, the chief executive of IAG, the parent company of British Airways, the main user of Heathrow, has branded the third runway as “inefficient & not fit for purpose”.

**The question is now more pertinent than ever: *Is a 3<sup>rd</sup> runway really the best option for Britain?***