

HEATHROW'S £3.3 BILLION EXPANSION HEIST

International Airlines Group (IAG) has slammed Heathrow airport's plans to make passengers stump up £3.3 billion in advanced costs for a third runway before planning permission is guaranteed.

In a submission* to the Civil Aviation Authority (CAA) today, IAG says it has absolutely no confidence in Heathrow's ability to deliver cost-effective expansion. Initial construction and planning costs, originally forecast at £915 million, have jumped by more than 250 per cent in two years. And Heathrow continues to cover up the true cost of expansion.

The airport says expansion will cost £14 billion. Initially that covered both the runway and additional terminal and aircraft stand capacity. However, its latest masterplan says that now only builds the runway. The total cost is £32 billion.

Willie Walsh, IAG chief executive, said: "Advance costs are spiralling out of control and total expansion costs are being covered up. This latest development proves beyond doubt that Heathrow can't be trusted.

"The airport's chief executive thinks expansion is a "fait accompli" but with judicial, environmental and political hurdles ahead, there's no guarantee. Spending £3.3 billion before receiving planning permission is irresponsible and it's completely unacceptable to expect passengers to pick up the tab.

"Heathrow's on a massive gravy train and will do everything to protect that. We have absolutely no confidence in its ability to deliver cost-effective expansion.

"The total bill for expansion is already running at £32 billion and yet they are trying to deceive everyone by continuing to claim that it can be done for £14 billion".

IAG's submission urges the CAA to regulate Heathrow effectively and stop the airport from steamrolling through massive cost increases.

Willie Walsh added: "Heathrow told the CAA that pre-planning permission costs were £915 million. They've now been ramped up to £3.3 billion. The airport is treating customers with contempt and the CAA like puppets".

Ends

Notes to editors.

*IAG is responding to the CAA's consultation on economic regulation of capacity expansion at Heathrow: consultation on early costs and regulatory timetable.

<https://consultations.caa.co.uk/corporate-communications/economic-regulation-of-capacity-expansion-at-heath/>

Heathrow's proposed early construction costs have risen from £650 million in April 2018, to £1,600 million in Autumn 2018 and £2,800 million today.

Proposed planning costs have nearly doubled from £265 million in 2017 to around £500 million.