

NEW GOVERNMENT MUST ACT ON HEATHROW EXPANSION COSTS

International Airlines Group (IAG) is calling on the Prime Minister and new government to commission an independent assessment of Heathrow's expansion costs.

The airport is set to get the green light from the Civil Aviation Authority (CAA) this week to spend hundreds of millions of pounds of airline customers' money on early construction costs before any planning permission is granted or the scheme's final costs are known. The CAA decision was made before the election and without independent scrutiny as the regulator is basing its decision on estimates provided by Heathrow Airport Ltd. These estimates have increased by more than 250 per cent in the last two years.

The total cost of expansion – runways, terminals and associated development costs - continues to increase and seriously undermines the economic justification of expansion at a time when the environment challenge has increased significantly.

Willie Walsh, IAG chief executive, says “We need a fresh look at the environmental viability and total cost of expanding Heathrow. The airport has a history of spending recklessly to gold-plate projects and paying guaranteed dividends to shareholders while minimising the environmental significance of expansion.

“Boris Johnson wants to make Britain more competitive. Allowing an expanded airport that is considerably more expensive than our European neighbours would be an own goal as we need to compete on the world stage. An independent study would ensure Heathrow expansion is cost-effective and stop the CAA, as regulator, allowing consumers to be taken for a ride. To ask customers to stump up vast sums in advance for a runway that may not get built, based only on Heathrow's cost proposals, is unacceptable”.

ends

December 18, 2019

IAG14

Note to editors

The CAA is scheduled to announce how much Heathrow can spend on planning and early construction costs this week.

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.