

Transport Committee inquiry into the Airports National Policy Statement

Evidence from West London Friends of the Earth

1. Introduction

Members of the Committee are probably aware of Friends of the Earth and its role. West London Friends of the Earth is the network which leads on Heathrow and aviation matters generally.

Our evidence is related to “The suitability of the Government’s evidence and rationale in support of a north-west runway at Heathrow”. Detailed evidence on environmental impacts of Heathrow expansion was submitted by various groups to the Environmental Audit Committee. Their report has been published and we assume that members of the Transport Committee will have read the report and will take it into account in their deliberations. We therefore consider environmental impacts only briefly.

2. Economic benefit of a third runway

The Committee will no doubt have heard claims of huge economic benefits from a new runway, with figures as high as £211 billion for ‘wider economic benefits’. While these figures originated from a study commissioned by the Airports Commission (AC) it is important to understand that the figures for wider economic benefits were rejected by the peer reviewers for the Airports Commission and by the Department for Transport. These figures have nonetheless continued to be quoted in public relations material by Heathrow Airport and its promoters. It is important that members are aware of the real evidence about economic benefits that is available, albeit buried in the small print, in DfT documents.

As members will be aware, the recognised approach for evaluating infrastructure projects is to estimate costs and benefits and produce a ‘Net Present Value’ (NPV). This subtracts all the costs from all the benefits and applies a discount factor to bring them all back to a base year. The AC did this and their figures were revised slightly by the DfT in its document ‘Further review and sensitivities report: airport capacity in the southeast’ (page 9). The NPV is a range from 0.2 to 6.1 billion over 60 years. The range depends on assumptions made about the value of wider economic benefits and the cost of surface access to serve an enlarged airport.

The outstanding feature, even for the top of the range, is how small it is. £6.1bn over 60 years represents about 0.0025% of the UK economy. Expressed another way, it is a fraction of the value of a cup of coffee for each airport passenger.

Even this figure almost certainly over-estimates the net benefit. This is due to under-estimation of cost in 3 areas – noise, surface access and climate. Allowing for these, the NPV is -£6.4bn to -£2.5bn. See appendix for derivation of this.

Members may have seen a figure of £61bn for economic benefits which has been displayed in the NPS consultation. However, this is very misleading because it excludes all the economic and

financial costs of a third runway. When the costs are included the net economic benefit is only £0.2bn to £6.1bn as described above (before adjustment).

Citing benefits without corresponding cost as justification for an infrastructure project would be completely wrong. By ignoring costs one could easily demonstrate an economic benefit for bank robberies! (Bank robber benefit included; cost to the bank ignored.)

3. Air pollution

Extensive evidence on this subject has been submitted elsewhere but we wish to draw attention of the committee to a couple of points.

Air pollution is the UK's biggest environmental cause of premature death (second only to smoking overall), killing 29,000 people prematurely a year from particulates alone. However, if the effects of the toxic gas NO₂ are added, the number of premature deaths is expected to double. It is estimated that 9,500 Londoners die every year from air pollution.

It is obvious that, with nearly 50% more flights and passengers, air pollution will be higher with a new runway than without. In its response, DfT merely says that the government believes that EU standards will be met by 2030, even with a third runway. However this belief appears to be based on a mis-interpretation of EU legislation, that mis-interpretation being confirmed in the ruling of the court case brought by Client Earth against the UK government. But irrespective of EU legislation - or its absence after Brexit - we believe the public have a right to breathe clean air.

It is repeatedly asserted by Heathrow Airport and its promoters that the air pollution problem around Heathrow is mainly due to road traffic and not to the airport and its aircraft. The evidence is detailed and technical, but there are strong reasons for not accepting this claim.

The AC commissioned a report by Jacobs 'Module 6: air quality local assessment, Oct 2015'. This report shows (page 62) that NO_x emissions from Heathrow would be 2.2 times higher than emissions from all the traffic on main roads across the whole of west London into the west end. (Traffic in the "model simulation area", figure 5.3 of Jacobs.) This shows a vast and disproportionate level of emissions from Heathrow. It is frankly not believable that the airport is not a major factor and that a third runway would not have major impact in air pollution levels and health.

4. Climate change

The Airports Commission (AC) estimated carbon emissions if there was no constraint on aviation. This is called a 'carbon traded' scenario. Based on advice from the Committee on Climate Change, this would lead to the UK failing to meet its overall 2050 target for emissions. To overcome this problem, AC devised a 'carbon capped' scenario whereby aviation emissions were capped at a level that (just) enabled the UK to meet its overall carbon target. In the NPS statement, the government has not mentioned any constraints on aviation in order to cap its emissions. It has dropped the carbon capped scenario and thereby conceded, without admitting as such, that it does not intend to meet the UK climate target.

5. Conclusions

DtT publications show a net economic benefit of a third runway of £0.2 to £6.1 billion over 60 years. This is infinitesimal compared with the UK economy and gainsays all the claims about huge economic benefits. But even these DfT figures over-estimate the net benefit. Allowing for more realistic costs of noise and surface access and allowing for climate change impacts, the net economic benefit falls to -£6.4bn to -£2.5bn.

There are large environmental and social impacts from a third runway, such as the destruction of homes, communities and Green Belt, none of which are factored into the economic benefit calculations.

Given the huge impacts and negligible to negative net economic benefits of a third runway, we would urge members of the Transport Committee to think very carefully about why they would support a third runway. We ask members to consider the actual evidence, not be swayed by hype and sound bites such “A new runway shows Britain is open for business”.

Nic Ferriday 24/3/17

Note – Various of these estimates have been superseded, due to updated figures from DfT. However, the overall conclusions are unchanged.

Appendix. Under-estimation of costs

The economic cost of extra noise due to a third runway quoted by DfT is £1.0 billion over 60 years (taken from the Airports Commission). But this estimate uses Heathrow Airport data to conclude that the number people affected by noise would only increase by 9%. Since a new runway would increase flights and passengers by nearly 50%, an increase in noise of 9% is barely believable. The increase in noise (between a two and three runway airport) is likely to be nearer 50% than 9%. If this translates into an economic cost, that cost would be about 5 times as large – £5.0bn as opposed to £1.0bn. We recognise that there is not a linear relationship between people “affected by noise” and economic cost and therefore take a more conservative figure of £3bn (average of £1bn and £5bn). On this basis the noise costs have been under-estimated by £2bn.

The Airports Commission estimated the cost of surface access improvements needed to service an enlarged airport at £5bn. (Of which Heathrow Airport was prepared to pay £1bn.) Transport for London produced a counter-estimate of £15bn. Chris Grayling intervened and the DfT reduced the AC’s estimate to a range of £1.4bn to £3.4bn. We prefer to accept the estimate of £5bn from the independent AC rather than a figure tainted by political intervention. The surface cost has therefore, in our view, been under-estimated by between £1.6bn and £3.6bn.

The government evaluation of economic benefits is based on a ‘carbon traded’ scenario. This is the scenario where emissions of CO₂ are not constrained and, as a result, emissions will cause the UK’s overall target of 80% cuts by 2050 to be missed. AC produced an alternative scenario called ‘carbon capped’ in which aviation’s emissions are capped in order to make them consistent with UK’s 2050 target. The economic benefits of this were lower. As the government has rejected the carbon capped approach, allowance needs to be made for the economic cost of the carbon generated by a third runway. Using a ‘social cost of carbon’ we estimate a figure of £3bn.

The effect of these 3 under-estimates is as follows:

NPV before adjustment	£0.2bn to £6.1bn
Less extra noise cost of £2bn	-£1.8bn to £4.1bn
Less extra surface access cost of £1.6bn to £3.6bn	-£3.4bn to £0.5bn
Less climate (CO ₂ only) cost of £3bn	-£6.4bn to -£2.5bn

Note – Various of these estimates have been superseded, due to updated figures from DfT. However, the overall conclusions are unchanged.