Expansion of london heathrow airport tourism essay

Introduction

The Labour Party and many business leaders have been arguing for expanding airport capacity in the South East and the quickest option is to expand Heathrow by adding a third runway. They are arguing the expansion would maintain Heathrow's competitiveness, create quality jobs, boost businesses and help the UK's shaky economy. However, the green groups and local residents are concerned and arguing that expanding Heathrow airport is unnecessary and would increase noise and air pollution significantly. The conservative and Liberal Democrats were arguing against expansion. In 2010 the Conservative Party formed the Government with Liberals and according to their manifesto pledge the plan was cancelled. The Conservative leadership now believes the expansion is necessary and good for UK's economy, but there are concerns and opposition within the party against expansion (Pettinger, 2012). [15] Due to opposition to expansion in the Conservative Party and its manifesto pledge in 2010 general election, the Prime Minister has postponed Heathrow expansion decision until 2015 (Out-Law. com, 2012). [13]

Background

In 2003 the Department for Transport published its White Paper ' The Future of Air Transport' in the United Kingdom. The White Paper stated for an urgent need of additional runway capacity and plans to be completed within 12 years in order to deal with future air travel demand. Socio-economic consequences of building additional airport capacity and the question of potential benefits and the need for Heathrow expansion caused concern for

Greater London Authority. Greater London Authority undertook a brief review regarding White paper arrangements, especially the potential benefits of Heathrow airport expansion (GLA, 2006, p. ii). [5]

Issues

Expanding Heathrow will cause destruction of a community to make way for a third runway. If the plan goes ahead the entire village of Sipson could disappear of the map, according to the consultation document no more than seven hundred houses would need to be demolished in order to make way for the third runway. Campaigners say around four thousand households could lose their house and forcing ten thousand people to find new places to live (Beattie, 2007). [1]Environmental campaigners are concerned that the additional flights will increase CO_2 emissions thus it would contribute to the global warming. They argue that the CO_2 emissions will outweigh the economic benefits of the expansion, so the expansion could seriously weaken the UK's role to play its part in tacking climate change (Greenpeace, 2013). [6](Millward, 2012) [9]

Aims and Objectives

Due to Heathrow Airport's congestion issues (operating at 99% capacity) and the rise of international competitors like Paris, Frankfurt and China, the third runway is considered a solution to the capacity issues and also boosts UK's economy by making direct connections to countries around the world like Chile, Philippines and Peru (Valentine, 2012). [19]At the moment Heathrow Airport faces a considerable number of flight delays which is considered one of the worst in Europe due to operating at almost full capacity, which means

that delayed flights affect other flights, and that means that there is no space to avoid that unless a new runway is made. Economically, the owners of Heathrow Airport claim that the lack of capacity is costing the economy 14 billion pounds every year (Sky News, 2012). [18]

Stakeholders

At the moment there are great numbers of entities that are interested in building the third runway and there are also entities that are concerned about it. These entities are the stakeholders of this project and primarily they are the following: BAAGovernmentAirlinesEnvironmental AssociationsPassengersLocal CommunityLocal GovernmentAirport suppliersOrganizations in the RegionParking OperatorsSince there is much at stake with the expansion project, these stakeholders are divided in way that some are very interested in the project like the BAA and the Airlines that are aiming to make money with this and against this project we have got stakeholders like the Environmental Associations and the Local Community because they claim that the runway will cause environmental issues and also there are people that will lose their place to live (Schaar et al., 2013 p. 109). [17]

Decision Makers

This is a large infrastructure project and it is difficult for a Government to decide and deliver. Any Government after 2015 general election first and for most will need to bring all the parties together and make a decision about airport capacity and to look at the issue carefully and bring about the changes, which will address Heathrow's capacity problem that will have in

future and UK's hub status. Now the decision making process lies with an independent inquiry into the UK's airport capacity and it will be carried out by a commission, chaired by former head of the Financial Services Authority Sir Howard Davies. The commission will look at all the evidence and publish an interim report this year that will include recommendations to the Government. The final report and the decision on action are expected after the next general election (Out-Law. com, 2012). [14]

Case Justification

Expansion of Heathrow Airport has become an important issue that both government and local people have an idea and overview about it. Labour Government thinks that third runway will cause a growth in UKs economy. If the capacity of the Heathrow airport stays the same, it will cause a decrease in tourism and competitiveness. Also building a new airport (Thames Estuary) will take long time which means there will be a lot of time wasted. Most of the local people don't want this expansion as they don't want to move away from their houses. Local people are also concerned from noise and pollution. Also Environmental campaigners think that third runway will increase co2 emissions and they say that this is plan will cause global warming. In this case study we will have a look at these advantages and issues, so we can evaluate this plan in detail. By Researching the opinions and we can come to a point that if this expansion needed or not. Expansion of Heathrow is currently a potential problem for the local people so they have already started to protest the plan by putting up posters on to the local shops indicating that they don't want this expansion. This plan is a major topic that being discussed in the area at the moment. So we thought that

this case would be an ideal case to study in order to find out the benefits and problems of the expansion of Heathrow Airport. Since this case is quite complex and there are different aspects that may influence the final decision, the most predominant sides of the spectrum are the economical and ethical sides. The key driver of this project is without a doubt economical and we chose to provide economic information to the decision makers (Moore, 2012). [10]

Critical Decision Making Information

How much Heathrow is losing by not implementing the project?

Lack of capacity at Heathrow airport costs the UK economy billions a year in lost trade, published in report commissioned by British Chamber of Commerce. British Chamber of Commerce calls for urgent and clear aviation strategy, which implement measures to keep Heathrow as a global hub. Also reading this information we have established lack of enough capacity at Heathrow would deter business leaders in other emerging economies like Brazil, India and China to do business with countries that have better air connection with their countries rather than the UK (British Chamber of Commerce, 2012). [3]Research shows that business leaders in emerging economies as mentioned above see direct air link as important to maintain the UK's prospect in global market. This information could be accessed in British Chamber of Commerce and readily available by surfing the internet for free and the information could easily be accessed in other forms such as interviews and surveys, which were carried out by World Travel Market (WTM) (Woodman, 2012). [20]There are lots of good and up to date

information is available as well as some opposing information, which explains it sufficiently accurate in details that would be beneficial to the decision makers. The information we have been looking at comes from respected organization such as British Chamber of Commerce and has been published in many news sites such as BBC (British Broadcasting Corporation) and other news group, so the reliability of information comes from these organization could be trusted to support decision making. As we have carefully examined all the information we have been reading and also checked the provider of source of information, so we have identified some propaganda in opposing the economic side of expansion that could be dismissed and disregarded as propaganda. We will store this information as data in a secure database and will be displayed as a table in the system to be accessed by all decision makers (Osborn, 2009). [11]

How much Heathrow will earn by making the project?

There are currently two runways and five terminals operating at the Heathrow Airport. More than 69 million passengers a year visit Heathrow airport. This number will increase around to 82 million passengers a year. Heathrow airport is operating at 99% capacity, which means any unforeseen situation would cause lots of disruptions. As the capacity is stretch to its limit British Astronomical Association (BAA) can't sign new contracts with airlines for more flights. By building the third runway, BAA would sign new contracts with airlines for more flights, so BAA will earn more money from landing fees and staying fees (Osborn, 2009). [12]According to British Chambers of Commerce expansion of Heathrow airport will produce £30bn of economic benefits. The research shows that in order to stay in the completion with

global competitors like France and Germany Heathrow Airport should be expanded. This report was published in the media and in many websites like BBC. This shows that we can trust the information on this report, which British Chambers of Commerce published. This information could be accessed in the report that British Chamber of Commerce produced about Heathrow Airport. This is a study funded by Future Heathrow (a lobby group for the third runway). This information is available on internet and can be accessed by any internet user (British Chamber of Commerce, 2012). [4]By expanding Heathrow airport, capacity will increase, more passengers will travel and this will put Heathrow airport ahead from their continental competitors. Increasing flights means more tourists, more landing and more staying fees. More shops will be opened after the expansion of Heathrow airport, which will be located in the new terminal (Terminal 6). This means BAA will earn more money from the rents of the shops.

How much will it cost?

During this project several sources of information pertaining to the overall cost of the project have been looked at. However it was observed that some sources were more reliable than others. It became immediately apparent that much of the information available was biased one way or another, for example many sources were against the planned runway as they were created by residence that would be affected by the runway (Beattie, 2007). [2] After all major available sources had been investigated, most sources of information that were found to be reliable estimate that total fiscal cost of the project to be £10 billion British pound. This figure was widely available throughout the World Wide Web. These figures can also be observed on

several reliable news sources such as the British Broadcasting Channel (BBC) and The Guardian newspapers. As the reliance on information grew, it was observed that there was a large amount of readily available information that could once again be accessed on the Internet (However not all of it was valued as much of it was biased as previously mentioned) also there is a reliable report that was published by the British chamber of commerce that stated that if the run way had not been completed that the United Kingdom would loose on average 14 Billion pounds (purpleparking. com, 2009). [16]The information that we found to be reliable to further scrutinise we found that it was of a good standard, a good quality piece of information can help greatly deciding what pathway a project will take. For example if the government and BAA had information that was reliable and credible, and that stated that the third run way would ultimately loose them both vast sums of money then the third run was proposal would be dropped. Up to date information is vital when attempting to make a decision that will effect whether of not a project will go ahead. However this was not some much a problem whilst going through information as the entire proposal for the third run way is not a particularly aged concept. On the other hand some information that was looked was clearly from the very early stages of the project proposal and certain figures were vastly inaccurate. The appropriate representation of data in a system is of vital importance, as understanding the daters that pertain to a given project will give an accurate indication to the value of said project. Whilst undertaking a project most project managers rely on detailed data so that they are able to make reliable decisions and fully understand the implications of any decision that they initiate. Whilst this

project is being scrutinised there will be a culmination of data that ultimately need to be stored. The storage method that is perhaps most appropriate is a database. This will allow the reliable storage of information; furthermore it will allow a decision maker to withdraw any required information with relative ease. As it is most likely for the data to be stored in a database, it is most logical to represent the data using tables. These tables will consist of required information that will be presented after a query has been executed. These databases are also able to execute sub-queries which can specify certain data, allowing for a more appropriate decision.

How Heathrow may have an edge over its competitors?

Knowing how the competitors may affect this project is an important factor to consider when making the decision on actually going through with the project or not. The reason for this is that the growth of competitors will definitely hinder the purpose of Heathrow as a hub airport and therefore have a negative impact in the UK's economy. However there may be key aspects of Heathrow Airport that can make it more desirable than its competitors and we can find that out. This information can be found in the International Air Connectivity for Business briefing which includes information on how connected the UK airports to the world's main business destinations. This briefing is available in the internet and can be accessed by anyone. This briefing includes quality information since it takes data from Heathrow's main competitors (Paris, Amsterdam and Frankfurt) and compares the connectivity between them with the rest of the world. The data was obtained during the busiest month of the year in the airports and we can assume that the data provided is quite accurate although it is a bit outdated

(2011). Moreover, the briefing is reliable since it was produced by AirportWatch and WWF. In our system, this information can be used to estimate the potential of building the third runway by storing the information in a spread sheet and making a graph containing the possible new connections and contrast those connections with its main competitors. The purpose of doing this is to determine if Heathrow can actually compete with the other airports and to support the decision maker by stating if going through with this project will be worthwhile or not (LeftFutures, 2013). [8]

Simulation Modelling

We are suggesting Stella model, a decision support tool that would help the decision makers to decide in a complex situation as expansion of Heathrow. By using Stella modelling, a model could be created to visualize by linking components together that represents the related mathematical expressions. Stella provides a practical way to stimulate and dynamically visualize how a complex idea works (iseesystems, 2013). [7]

Potential Monetary Loss

The time that the third runway planned to be built, will affect the success of this project. Decision makers will have to be sure that it's the right time to implement this project. Before implementing the third runway, decision makers have to calculate how much money they are going to lose every year that this project is delayed. Potential money loss due to a delay would be reasons like; lack of capacity for new flights or during the time that this project is delayed, other competitors may make new deals with the airlines, so that this can cause a loss in future flights. A model is needed to show the

stats to decision makers and by having a clear knowledge about the potential monetary loss every year, the decision makers can make better decisions. This model will be a graph that will calculate the potential money loss for every year that the third runway will not be implemented. The variable of this model will be the time spent to decide to do this project and the time of the construction process.

Capacity over demand

The current capacity and the current demand for additional capacity will no doubt affect the mind-set of most decision makers that are involved in the third runway e. g. the more demand there is the more capability there is so handle varying flows of customers. Having said that it is of the utmost importance to fully understand the information that is being handled and the implication of any decision that are given the go ahead. One applicable way to allow for the full comprehension of any information is to model it. There are varying methods of data modelling that are applicable to this situation. With data modelling the user is able to alter variables and can see the effect that these altered variables will have to a given situation. One way in which the variable can be displayed is in a graph, the user will be able to alter the demand to show the effects of increased demand on the airport, also the user will then be able to view the required capacity to allow the airport to run efficiently.

Long Term Effect of Heathrow's Competitors

Predicting how the competitors will grow in the future, it is possible to estimate how much they can influence the success of the third runway. The

reason for this is that they will take away potential business opportunities and therefore impact negatively the success of the project. To measure this we decided to build a model to allow the decision makers to see how the competitors may affect this project and it will allow them to calculate how risky this project may be. This model will be a graph that will allow comparison between Heathrow and its competitors. The variables of this model will include the growth in flight connections of each competitor and it will have a negative correlation with Heathrow's flight connections. Therefore it will also show the amount of business opportunities the airport will lose. For example, if the decision maker decides to set Frankfurt airport's growth high, it will show how much it will impact Heathrow airport.