

What would be the effects of a large-scale business expansion in the area where you live?

BAA is proposing to build a gigantic new terminal near Heathrow, which will be called Terminal 5. This would be the biggest structure ever built on Green Belt land. It will involve a huge amount of building work and adding to the already huge Heathrow airport. This has caused mixed feelings amongst environmentalist groups, local residents and other stakeholders. The New Terminal 5 would cause negative externalities e.g. major increase in traffic, congestion, noise, air pollution, health risks and danger. But also positive externalities e.g. more tourism, more jobs created, more flights means less of a weight for a flight and will be a boost for the local economy.

There will be many stakeholders involved in the expansion of the airport. Stakeholders are the people who have an interest in the business or are affected by business.

The Airport Authority will benefit from terminal 5 because of economies of scale. This is where the average cost of production may fall as the output increases. They will benefit from the new terminal because there will be a new run way which will mean more flights and more landing fees, more shops, more people going through the airport so more people spending money in the airport.

The airlines benefit because there will be more flights for them so they get more money from the sales of tickets.

Retailers in the airport will benefit from the expansion as there will be more room for outlets and they can sell their goods to more customers. This is definitely a good point because if terminal five does go ahead there will be more retail outlets than in the local shopping centre in Staines. BAA makes more money from the retail outlets than it does from air travel. Some friends of the earth groups believe that Terminal five may be an excuse for a new shopping centre.

The local Residents will suffer from negative externalities such as a major increase in traffic, congestion, noise, air pollution and health risks.

Local Businesses will benefit from selling more products to tourists and holidaymakers, as there will be a lot more of them in the area.

The tourism industry in the UK will be one of the main positive externalities, as the expansion to the airport will increase the amount of tourists coming into the country. With 90 million people going through the airport after terminal five is built in comparison to the current 65 million there are obviously going to be a lot more tourists willing to spend money once they enter London. This will have a big impact on the local economy.

The workers in the area will be a positive externality as Heathrow brings many jobs for local people. It is one of the UK's largest employers, with an estimated 68,000 people employed directly at the airport. In total 108,000 jobs are provided for the local area dependent upon the airport. Indirect and induced employment is believed to add further employment of around 245,000 across the UK. Terminal 5 will generate or safeguard around 16,500 jobs plus create some 6,000 -construction jobs.

There will also be greater traffic congestion with more people trying to get to the airport so they will have to build more roads to spread out the congestion. This would have a negative affect on the local community and will also take up more Green Belt land. Workers in the area will benefit from the expansion, as there will be a huge amount of jobs on offer in construction, retailing and other areas.

The Public Opinion regarding Terminal 5, BAA has been undertaking professional market research into local opinion on Terminal 5 since 1993. Over 1,000 residents around Heathrow have been included in each survey to give a true and representative sample of local views. In the immediate Heathrow community, made up of residents from local authorities most affected by Heathrow; Slough, Windsor and Maidenhead, Richmond, Hounslow, Hillingdon, Spelthorne, Ealing, Runnymede and South Bucks, polls have shown the following results:

- Support for Terminal 5 outweighs opposition by two to one.
- The vast majority (69%) describe their attitude towards Heathrow as 'broadly positive' with just 7% taking the opposite view.
- Local residents recognised the strong positive implications Terminal 5 brings with it.
- 90% recognised the importance of ensuring Heathrow remains a leading European airport.
- 83% acknowledged the improved job opportunities Terminal 5 would stimulate.
- 80% agreed the development would result in more money and business being brought into the local community.

Support from the wider London area, the 33 Boroughs that make up the Greater London Authority, is also widespread. A poll conducted in August 2001 showed:

- Over three quarters of Londoners questioned described Heathrow as important for London's continued prosperity and helping maintain London's international competitiveness.
- Almost two thirds of Londoners have flown from one of London's three major airports in the last two years, while 72% expect to use one of the airports in the next two years.
- 60% of those questioned supported Terminal 5 going ahead with the conditions put forward by BAA at the Inquiry.

During the public inquiry 56,000 people registered a view about the development of Terminal 5. The majority, 35,000, supported Terminal 5 and two thirds of Heathrow's 16 most local MP's are neutral or supportive towards the Terminal 5 development.

Throughout this investigation I have found that there are a lot of negative and positive externalities. If Terminal 5 is built it will have a huge impact on the local economy and a lot more money will be brought into the country. This is a good thing that people will benefit from when the terminal is built they are now supporting the development. The Friends Of the Earth Group thinks that this expansion could end up spiraling out of control, as an extra terminal would force an extra runway, which would mean more expansion. The greater demand for flights will make greater traffic congestion, which will force the M25 to be widened and maybe even force the government to build a new motorway. This could be the destruction of the green belt land and have too many negative environmental factors.

I personally think that the positive externalities do outweigh the negative and the local residents who live near Heathrow knew when they moved there that it was right by the airport and so they should be supportive of the plans to expand.