

# Gatwick Airport Master Plan Economic Impact Update

28 June 2012



# Agenda

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- Updated economic and employment impact estimates for the Gatwick Master Plan.
- Update needed because:
  - Response to feedback from stakeholders
  - A more recent on-airport employment survey has been produced
  - Traffic forecasts have changed
    - So new on airport employment forecasts have been prepared

# The Economic and Employment Impact of Gatwick

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Direct: Economic activity solely concerned with the Airport and its services

On airport

Off airport



Indirect: Production of goods and services purchased by:

Airport

Businesses at airport



Induced

Goods and services bought from incomes earned above

# Some Definitions

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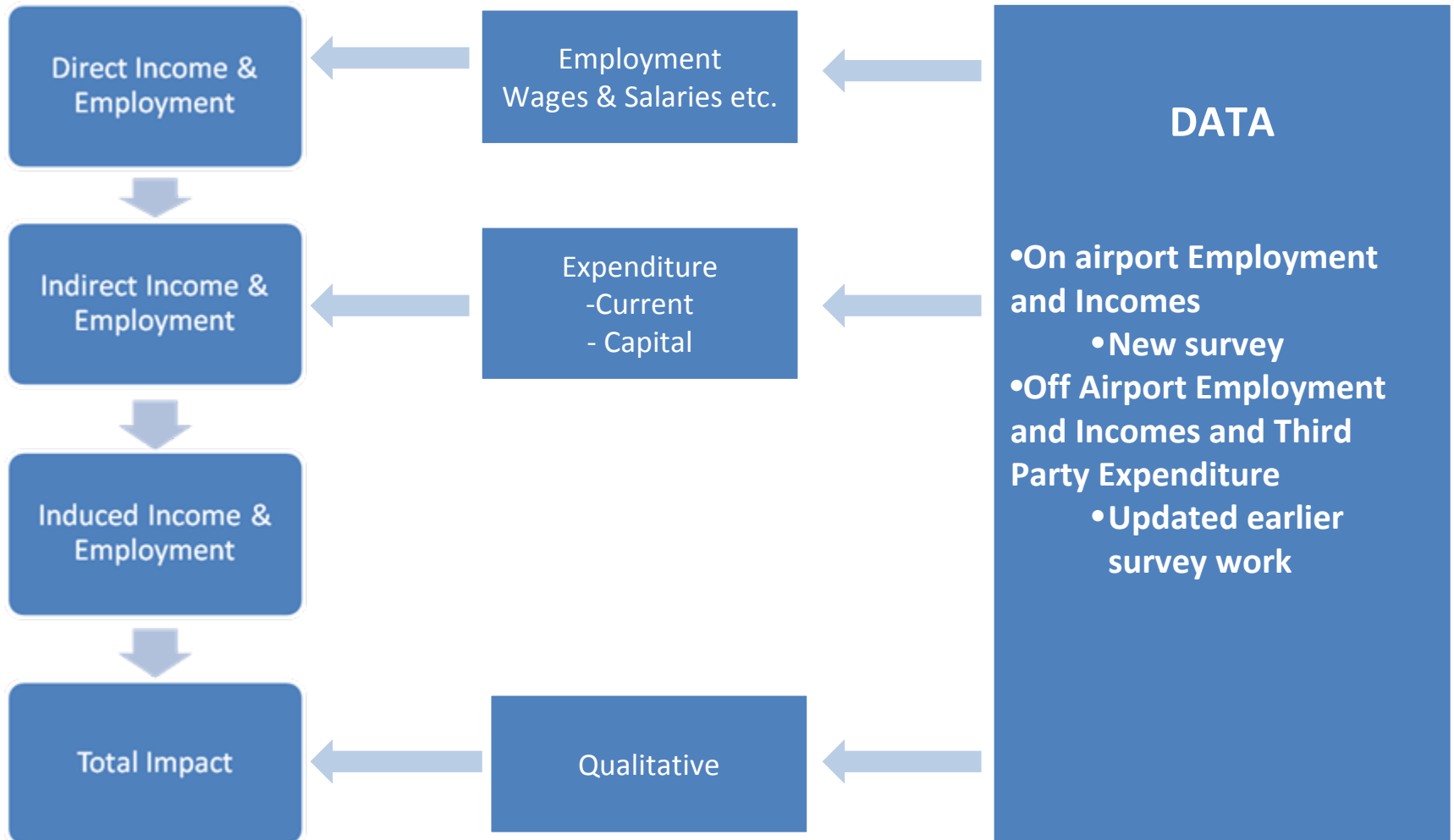
## Impact Measures

- Employment
  - Full Time Equivalent
- Gross Value Added
  - Wages and salaries earned by persons employed
  - Profits
  - A measure of contribution to GDP

## The Assessment Area

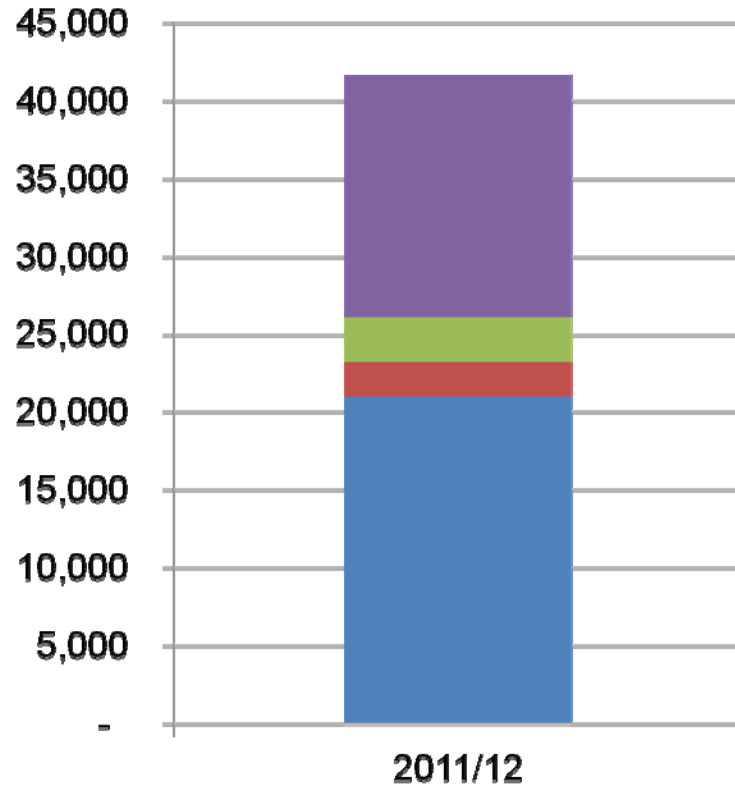
- London
- South East England

# Methodology



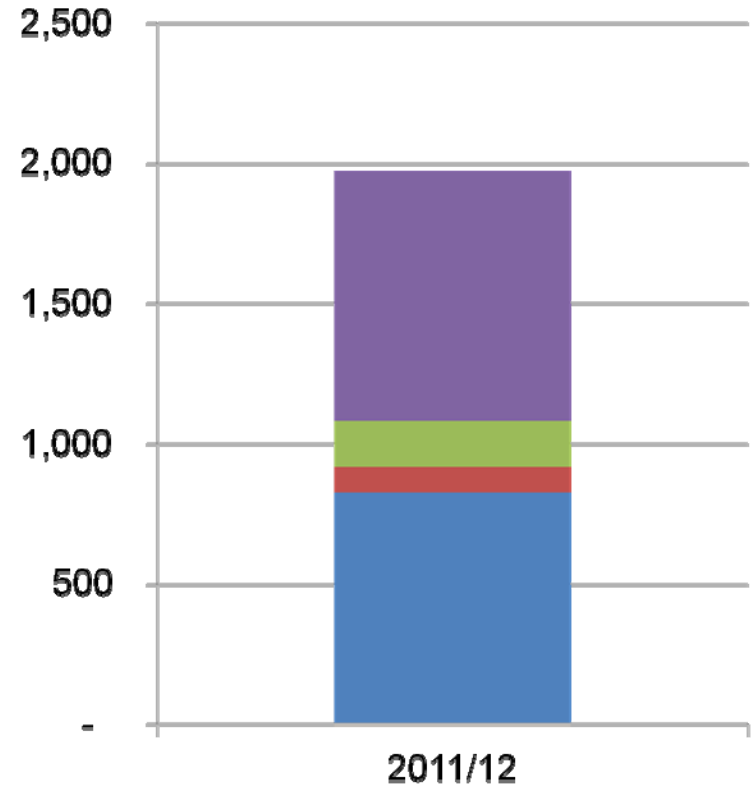
# Updated Master Plan Employment & GVA

## Employment



■ Direct On-Airport ■ Direct Off-Airport  
■ Indirect ■ Induced

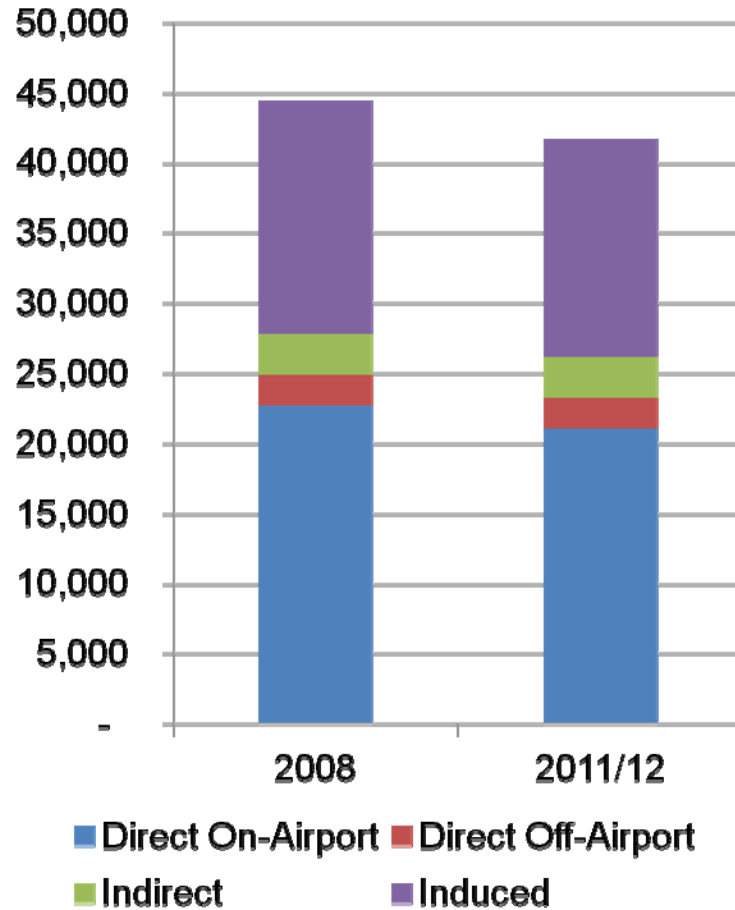
## GVA, £m



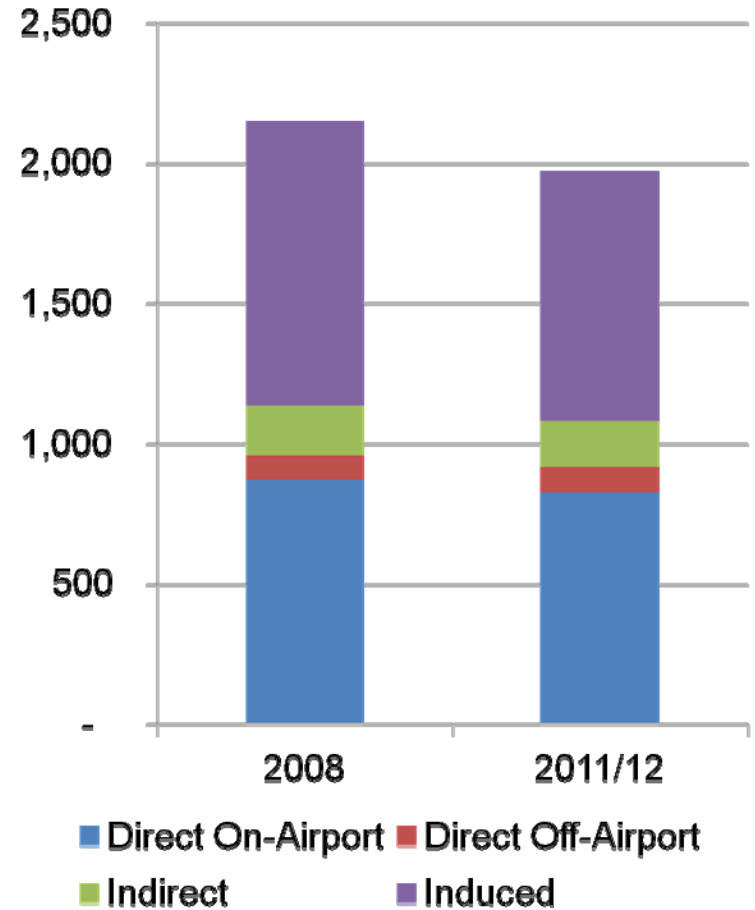
■ Direct On-Airport ■ Direct Off-Airport  
■ Indirect ■ Induced

# Comparison with BAA 2008 Figures

## Employment



## GVA, £m



# Change Since 2008 Figures

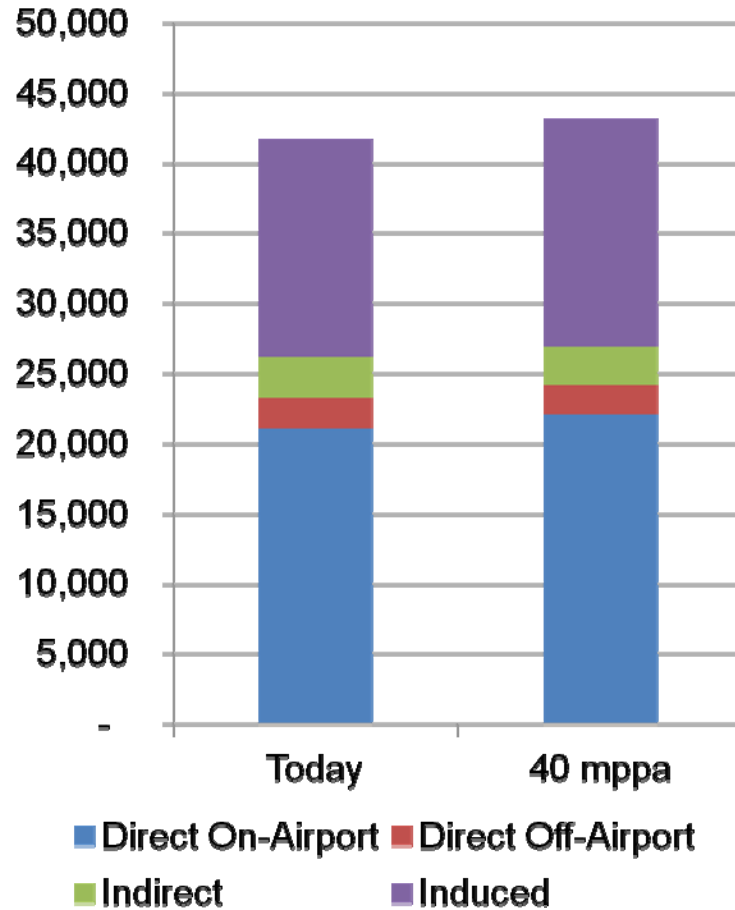
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- Survey conducted by Gatwick Airport shows fall in on airport employment in 2011 compared to 2008
- Reasons
  - 2008 survey followed busiest year in Airport's history
  - 2008 financial crisis initiated three years of falling traffic
  - Collapse of several airlines in 2008
  - “Open Skies” policy led to change in traffic mix towards low cost carries with low staff numbers per passenger.

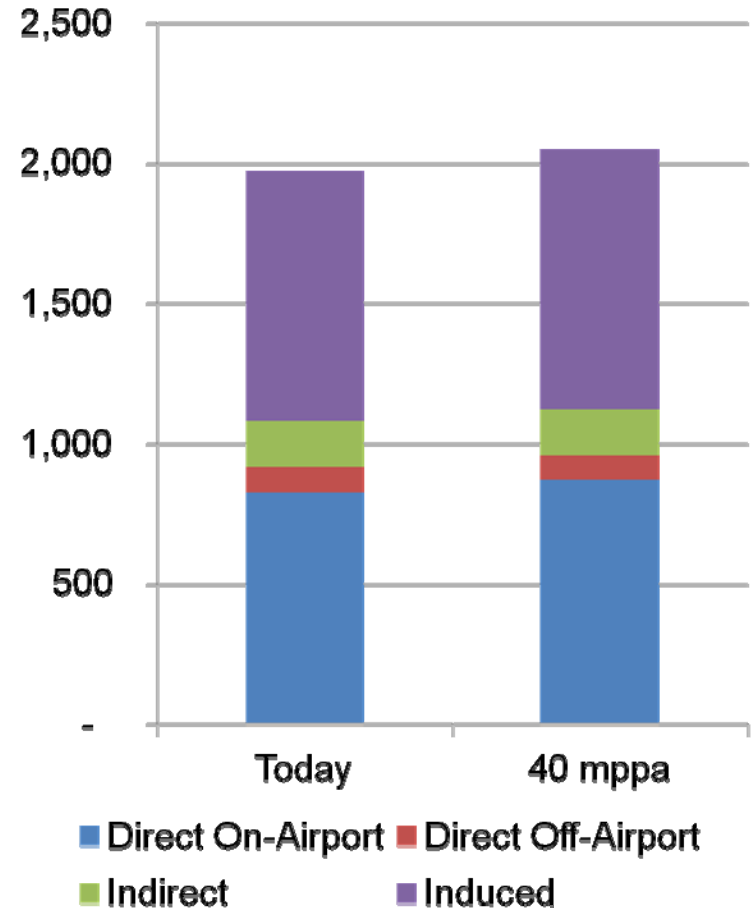


# Looking Ahead – Gatwick Today and at 40m

## Employment

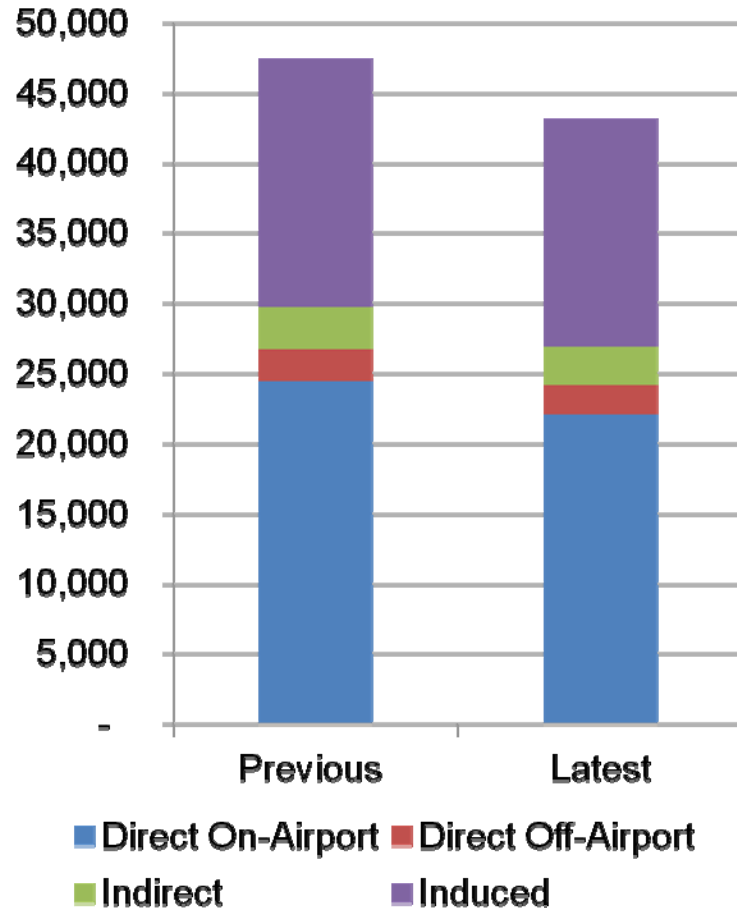


## GVA, £m

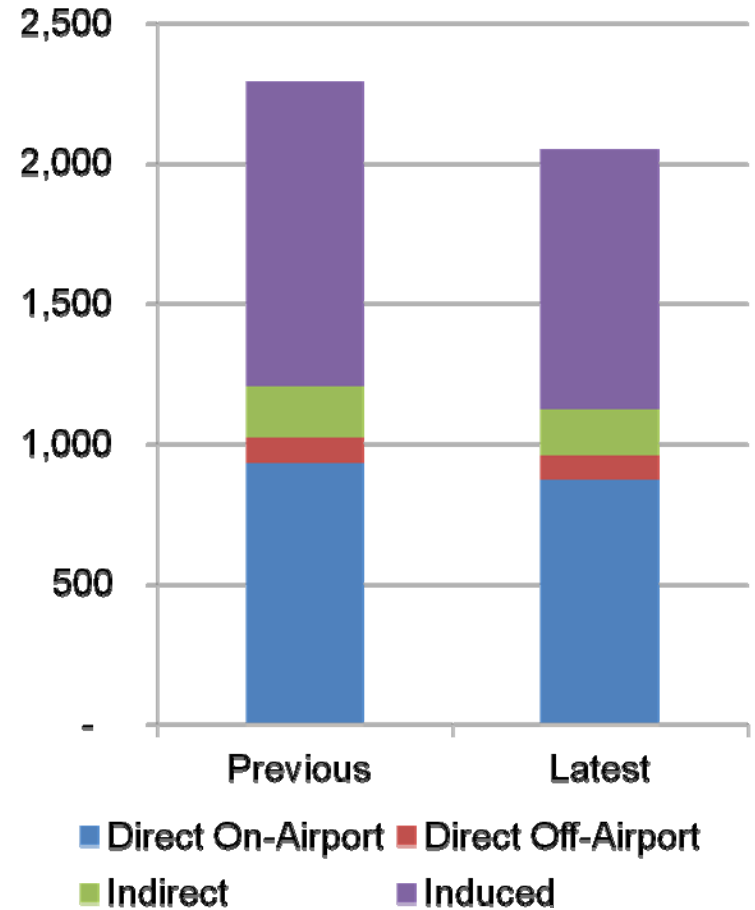


# 40 mppa Forecasts Compared

## Employment



## GVA, £m



# Changes to Forecast

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- Main reduction is in forecast of “on airport” employment
- 40 mppa will be reached later than previously assumed
  - Longer period of productivity growth in economy will reduce employment gain
- Starting from a lower base
  - Employment “shake out” and structural change in 2008

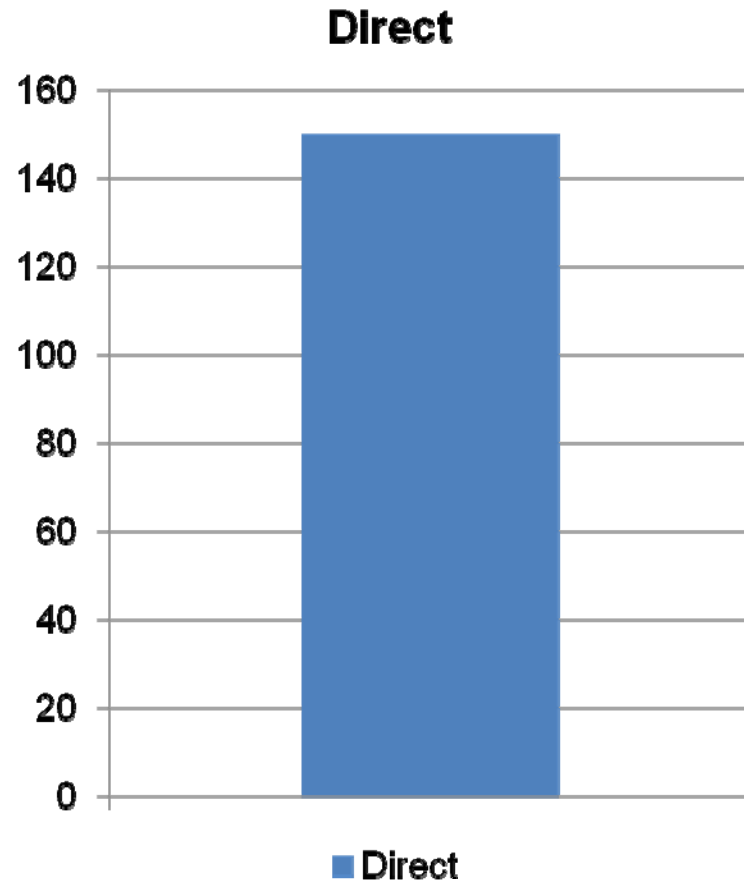
# Comparison with DfT Study

	DfT	Present Study
Year of data	2009	2011
Definition	Narrow – airlines, ground handling, air traffic control	Broad – DfT definition plus retail, catering, hotel staff, car parks etc.
Coverage	Direct impacts only	Direct, indirect, induced
Study area	UK	London and South East
Methodology & Assumptions	Published data on employment & GVA	Survey data, input-output analysis
Results	Turnover, employment, GVA	Employment, GVA
Other	Acknowledges ‘many more’ indirect jobs	

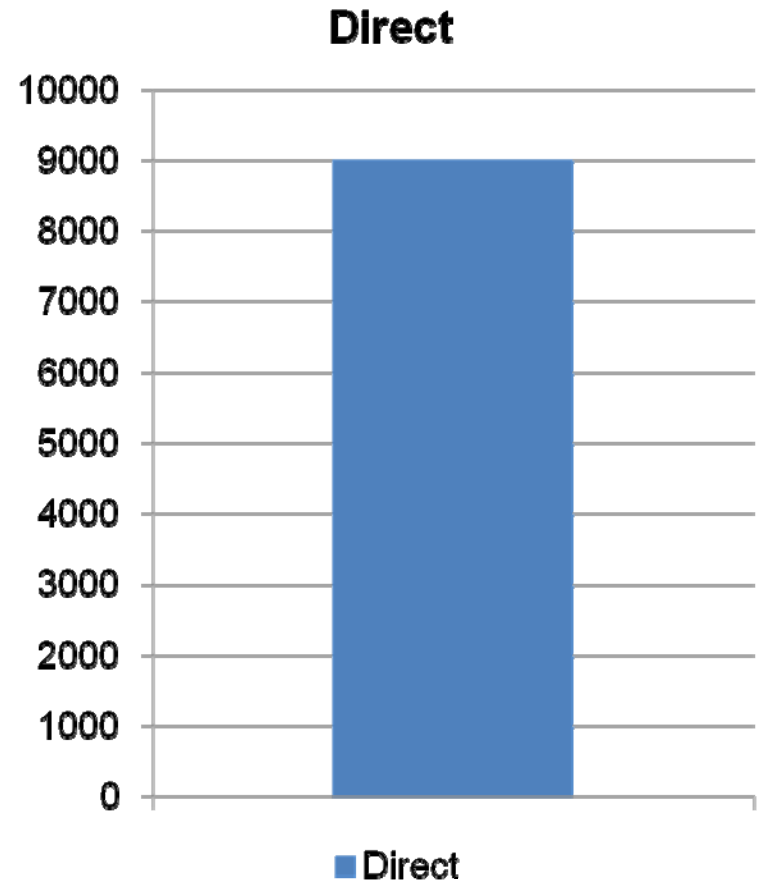
# Dft Study (UK)

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## Employment, (000s)

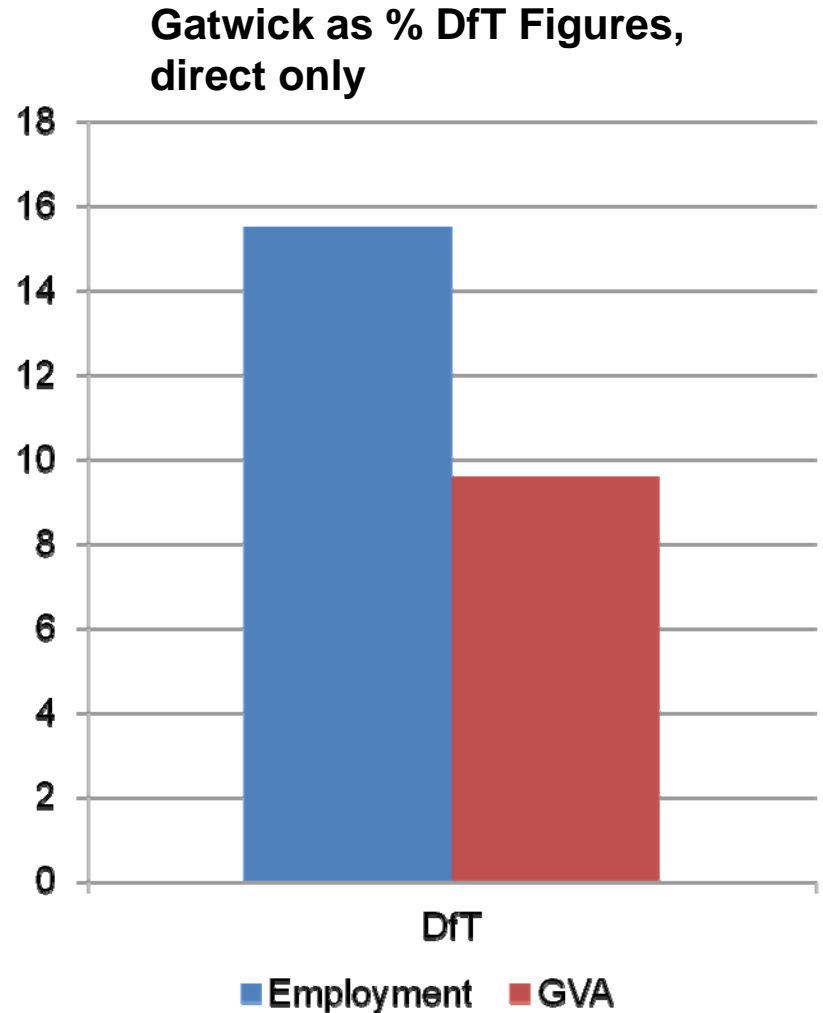


## GVA, £m



# Comparison of Gatwick with DfT

- Only 'direct' results comparable
- Gatwick has 15% of UK air passengers
- However, Gatwick figures include "non airside" employment
  - Overstates employment share
  - Airside jobs have high average wages
- Our best estimate is that Gatwick is about 10% of UK airport employment (above average productivity)



# Summary

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- Gatwick passengers:
  - 15% UK pax (2011)
  - 33.7 mppa (2011)
  - 40 mppa (2021/22)
- 2011/12 Gatwick impact in London & SE :
  - 41,700 jobs
  - £1,972 million of GVA
- Gatwick forecast impact in London & SE at 40 mppa:
  - 43,300 jobs
  - £2,051 million of GVA