



The Church of Scotland

Church and Society Council

Official Response

SUBJECT: Air Departure Tax (ADT) consultation on an overall 50% reduction policy plan
REQUESTED BY: The Scottish Government
REFERENCE: OR-2017/12
DATE: 14 September 2017
SUBMITTED BY: Adrian Shaw, ashaw@churchofscotland.org.uk

The Scottish Government is consulting on the Scottish Government's policy for an overall 50% ADT reduction by the end of the current session of the Scottish Parliament. It is asking for views on the following question: *Do you support the Scottish Government's policy plan to reduce the overall burden of ADT by 50% by the end of the current session of the Scottish Parliament?*

The Church of Scotland does not support the plan to reduce ADT. We see this as a confusing and contradictory move by the Scottish Government; and one which stands in contrast to an otherwise distinguished record on responding to climate change. We set out our concerns in response to the proposals on Air Passenger Duty (APD) in 2016 (attached below) and those arguments remain valid.

Since that consultation there have been a number of developments that have reinforced our concerns.

- The draft Scottish Energy Strategy published by the Scottish Government in January 2017 sets out a long term vision to decarbonise the Scottish economy. In our response to the consultation on the draft strategy we strongly supported the ambition of the Scottish Government, but noted that transport was a growing source of emissions compared to reductions in other sectors of the economy. The weakness of policies to reduce greenhouse gas emissions from transport will be exacerbated by the move to cut ADT and highlights a significant contradiction in Scottish Government thinking.
- A recent report from Transform Scotland points to a significant reduction in emissions of greenhouse gases caused by passengers switching from air to rail in journeys between Glasgow/Edinburgh and London. In the past decade there has been a major shift from air to rail between Central Scotland and London, rising from a 20% to 33% market share for rail between 2005 and 2015 (Edinburgh-London from 24% to 34%, Glasgow-London from 15% to 32%). This has prevented an increase in carbon emissions in Anglo-Scottish travel which is equivalent to 681,064 tonnes of carbon dioxide.¹ Any reduction in the cost of airline travel between London and Glasgow/Edinburgh would likely put future savings at risk.
- There are now growing concerns about the impact of poor air quality on health. Any increase in air traffic is likely to aggravate this problem both because of the emissions from planes themselves and more importantly from the associated road traffic in and around airports. Both direct emissions from planes and the associated emissions from road traffic are likely to increase the detrimental effects on health, effects that are now recognised to be potentially extremely harmful – and to which the Scottish Government and local authorities are legally required to address.
- In our response to the APD consultation we pointed to the likelihood that changes in Scotland would lead to demands for changes elsewhere. In Northern Ireland, the Democratic Unionist Party is

¹ A Green Journey to Growth, Transform Scotland, August 2017 <http://transformscotland.org.uk/a-green-journey-to-growth/>

seeking a reduction to APD without financial penalty from the UK Government as part of the Brexit deal.² Elsewhere the travel industry continues to press for a UK wide reduction or abolition. The Fair Tax on Flying (AFTOF) campaign, an alliance of airlines, airports and others are calling for a significant reduction in APD.³

It is significant that the growth in air traffic continues without any cuts to taxes. Friday 21 July 2017 was one of the busiest days in the skies ever recorded, with more than 8,800 flights leaving or entering UK airspace. National air traffic services have reported that there will be 770,000 flights this summer, the highest number in UK history, and a five per cent increase on last year.⁴ The UK Government projects that air traffic will continue to rise by 1-3% per annum. This can only lead to a continued growth in congestion both in the skies and on the ground around airports; increases in pollution and an associated increase in carbon emissions. The proposed cuts to ADT Scotland will only make this worse, and this alone should be enough to give the Scottish Government pause for thought. We call upon the Scottish Government not to go ahead with the proposed cuts.

² <https://www.theguardian.com/politics/2017/jun/26/dup-to-seek-cuts-in-air-passenger-duty-and-corporation-tax-to-back-tories>

³ See campaign from <http://www.afairtaxonflying.org/>

⁴ <http://www.telegraph.co.uk/travel/maps-and-graphics/busiest-day-of-the-year-uk-air-traffic-video-flight-paths/>

Appendix: Response by Church of Scotland (2016)

SUBJECT: A consultation on a Scottish replacement to Air Passenger Duty
REQUESTED BY: Scottish Government
REFERENCE: OR-2016/01
DATE: 3 June 2016
SUBMITTED BY: Adrian Shaw, Church and Society Council. ashaw@churchofscotland.org.uk

The Scottish Government is consulting on proposals to change Air Passenger Duty (APD) in Scotland. Responsibility for APD is being transferred to the Scottish Parliament from the UK Parliament under the Scotland Act 2016, implementing the recommendations of the Smith Commission.

The direction of Scottish Government policy is clear and follows a longstanding SNP manifesto commitment to reduce and possibly remove APD in Scotland to encourage more airline traffic to and from Scotland. In doing this the Scottish Government is following the clear lead of the airline and tourism industries as well as UK campaigners such as the Taxpayers Alliance.⁵

The Church of Scotland is disappointed by the proposals on three grounds.

- We believe they are inconsistent with Scottish Government commitments to reduce Scotland's greenhouse gas emissions.
- They promote inequality: those on high incomes fly most and will benefit most; while those living in poverty fly least and will benefit least, if at all.
- They put pressure on the UK Government to follow suit; pressure that will be amplified by the airline industry and which could lead to UK wide changes to APD.

Air travel and the Environment

Air travel is arguably the least sustainable form of travel. The easy availability of cheap air travel has encouraged the growth of carbon intensive long distance travel. In the EU the total emission of greenhouse gases from aviation has risen from 84 million tonnes CO₂ equivalent in 1990 to 150.7 million tonnes in 2012.⁶ While planes are becoming more efficient the rapid growth in air travel, both past and projected, swamps energy efficiency savings and emissions will continue to increase. The International Air Transport Association (IATA) projects that passenger numbers are expected to reach 7 billion by 2034 with a 3.8% average annual growth in demand (2014 baseline year). That is more than double the 3.3 billion who flew in 2014.⁷ An analysis by Transport Scotland concluded that cutting air passenger duty by 50% would lead to an increase in emissions of carbon dioxide by up to 60,000 tonnes a year.⁸

The timing of the consultation is equally unfortunate, coming months after the Paris climate summit where governments from around the world agreed the need to take urgent action to address climate change. The Scottish Government has been a leader in climate legislation and has taken important steps to reduce Scotland's carbon footprint. It is difficult to reconcile the policy on APD with the positive steps taken elsewhere by the Scottish Government.

The growth of airports has led to further environmental impacts, taking land for airport related development, encouraging out of town developments and generating considerable road traffic. In every way air travel has

⁵ <https://abta.com/news-and-views/news/britain-deserves-a-break>;
http://www.taxpayersalliance.com/its_time_to_end_the_hated_air_passenger_duty

⁶ European Commission, EU Transport in Figures, 2015, p130

⁷ <http://www.iata.org/pressroom/pr/Pages/2015-11-26-01.aspx>

⁸ <http://www.transport.gov.scot/report/j340458-01.htm>

profound and negative environmental impacts including noise pollution from aircraft, more traffic congestion and increased pressure for development on land near airports.

The airline industry has a vested interest in promoting air travel and it is a concern to see that the Scottish Government's principal advisers (the APD stakeholder forum) are drawn primarily from the industry; and also to note that the proposals were formally launched in partnership with representatives from the airline industry at Edinburgh airport on 14 March 2016.

What kind of economic development do we want?

The Church of Scotland is concerned that the benefits of economic growth in Scotland have not been equally shared. The report of the Church of Scotland Special Commission on the Purpose of Economic Activity, *A Right Relationship with Money* published in 2012, set out four priorities for economic life in Scotland:

- Reducing inequality
- Ending poverty
- Ensuring sustainability
- Promoting mutuality

We question the contribution that the proposed cut in APD would make to these priorities. To quote from an analysis of poverty and travel:

*Air travel is not 'the reserve' of those on high incomes, but like car travel the major differences are much greater amounts of air travel by some on higher incomes than lower amount by those on lower incomes. 75% of those in the lowest income quintile did not fly in the year before the survey.*⁹

As a means of tackling poverty it is difficult to see how this tax cut would have any real benefits other than possibly boosting employment in the Scottish tourist industry or other sectors of the economy. Evidence on this appears to come from primarily from the aviation industry which cannot be treated as impartial.¹⁰ There is also a very real risk that cheaper air fares within the U.K. would lead to a diversion of traffic from rail, which has much lower carbon emissions. This is a particular risk on the busy routes between London and Scotland. As such we conclude that the proposals are likely to widen the inequality gap as well as increase carbon emissions.

Would it lead to the reduction or abandonment of APD across the UK?

There is a vocal lobby pressing the Chancellor of the Exchequer to reduce or remove APD in the rest of the UK. Business leaders in England called upon the Chancellor to cut APD in the 2016 budget and expressed disappointment when he failed to do so.¹¹ Airports and in the north of England and regional airlines are particularly vocal about creating a 'level playing field'.

If the Chancellor needs the overall £3 billion levied through APD, then we urge him to raise it more fairly by cutting the charge to Scottish levels at regional airports and establishing a higher levy or 'congestion charge' at the congested airports in London such as Heathrow and Gatwick."

Saad Hammad, CEO, Flybe

Reducing APD elsewhere in the UK would reduce any competitive advantage the Scottish Government may hope for and would serve to multiply the increased environment impact by generating more air traffic. The signals the Scottish Government are sending with this policy may have wider and more damaging consequences.

⁹ National Travel Survey Analysis, Gordon Stokes and Karen Lucas, Working Paper N° 1053, Transport Studies Unit, School of Geography and the Environment, University of Oxford, March 2011

¹⁰ A survey of web resources (1 June 2016) on the economic impact of air traffic suggested the great majority were published or sponsored by aviation business or aviation trade bodies.

¹¹ <http://buyingbusinesstravel.com/news/1625460-budget-2016-industry-bemoans-lack-action-apd>