

Response ID ANON-86C2-1JD2-M

Submitted to **Air Departure Tax (ADT) – Consultations on an overall 50% reduction policy plan and an Environmental Report**
Submitted on 2017-09-12 14:55:55

Consultation One: Policy for an overall 50% reduction in Air Departure Tax by the end of the current session of the Scottish Parliament

1 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?

No

2 Please explain your answer to question 1.

Please explain your answer to question 1.:

Pursuing a reduction in Air Departure Tax is fundamentally incompatible with the Scottish Government's aims and ambitions on equalities, achieving a modal shift to sustainable transport, climate change and sustainable economic growth:

Equalities

Pursuing a tax cut for aviation will increase inequalities. Aviation is disproportionately used by higher income groups, with 70% of all flights in the UK taken by the wealthiest 15% of the population (1). Cutting or abolishing ADT is highly unlikely to allow lower income families to fly abroad as ADT is an insignificant part of the total cost of a holiday. For example, a family of four (all over 15 years old) travelling standard class between Scotland and another European airport would only save £26 with a 50% cut or £52 with a 100% reduction - an insignificant cost compared to the total cost of a holiday.

Lower income groups are, by contrast, disproportionately dependent on buses, cycling and walking as a means of transport (2). At a time when the budget for buses is falling, it is deeply unjust to instead considering giving a tax cut to the aviation industry of over £160 million every year (3). Bus patronage has declined by 10% in the past five years alone; this issue should be the main priority for the Scottish Government, not providing another effective subsidy for the aviation industry.

The Programme for Government states, in the context of Income Tax, that "this Government recognises that taxation must be used responsibly and progressively" (4). It is unfortunate then that the Programme for Government also includes a commitment to "abolishing" ADT "when resources allow" (5), an action that would be both irresponsible and regressive. Given the scale of current receipts from APD (an average of £334m over the next two financial years) (6), a decision not to pursue a cut to this tax would largely obviate the need to consider increases in the Scottish Rate of Income Tax (with a 1p increase in the rate estimated to bring in £500m).

Impact on Anglo-Scottish rail services

Cutting ADT will have a serious impact on rail services between Scotland and England, particularly between the Central Belt and London. Rail offers a convenient, fast and environmentally sustainable mode of travel within the UK and has in recent years increased its market share of journeys between Scotland and England (7). However, reducing the cost of air travel risks permanently damaging rail services in the UK, resulting in fewer services and fewer franchise premium payments to government. This would also undermine the business case for High Speed 2 (HS2) services to Scotland, despite this being a stated objective of the Scottish Government in recent years. Rail does not enjoy the multiple tax breaks given to the aviation industry (e.g. no VAT on passenger tickets, no fuel duty); providing another tax cut will further benefit for the aviation industry at the expense of both train operating companies and rail passengers.

Climate Change

As the SEA Environmental Report acknowledges, a 50% reduction in ADT will result in an estimated increase in carbon emissions by between 87,000 - 101,000 tonnes CO₂e in the first year alone. This will rise to as much as 105,000 tonnes CO₂e by 2021. This figure is likely still far too low, as emissions arising from a modal shift from rail to air have not been accounted for (see comments on the Environmental Report for full details). At a time where reducing carbon emissions is of greater urgency than ever before, it is highly irresponsible for the Scottish Government to be pursuing policies which will result in a significant increase in carbon emissions. Cutting ADT would seriously undermine other efforts to reduce carbon emissions in Scotland. Despite the constant reassurance from the Scottish Government that emissions arising from a cut to ADT would be made up for by increased action in other areas, there has been no clarity or detail as to how or in what sector these additional reductions will be made. Furthermore, with next to no progress having been made in reducing carbon emissions from transport to date - and with transport now the largest source of emissions in Scotland - cutting ADT will further delay the transition to a low carbon transport system. With the upcoming Climate Change Bill setting stronger carbon reduction targets, action is needed in every part of every sector to reduce emissions. This increased effort cannot be used as a justification to cut ADT on the basis that others sectors will make up for the additional emissions generated from cutting aviation tax. Cutting ADT would go directly against the Scottish Government's ambitions to be a leader on climate change, and would send a worrying message that the aviation industry is not required to reduce emissions or tackle climate change.

Sustainable economic growth

The Scottish Government has an ambition to achieve sustainable economic growth. Making the most polluting form of transport even cheaper is in no way sustainable in an environmental or social sense, for reasons outlined in above. We are not aware of any independent evidence which shows that cutting ADT would have a positive economic benefit. Cutting ADT by 50% would result in a loss of around £150-190 million per year available to the Scottish Government, meaning less money available for the Government to invest in improving sustainable modes of transport. Furthermore, another tax cut for aviation will seriously damage the business case of Anglo-Scottish rail, which has in recent years seen strong growth and has helped to deliver sustainable economic growth in Scotland and England.

(1) DfT Statistical release, July 2014: Public Experience of and attitudes towards air travel, Table ATT0601 and DfT's National Travel Survey, 2013, 2 Table NTS0316.

(2) <http://transformscotland.org.uk/wp/wp-content/uploads/2014/12/Warning-Signs-report.pdf>

(3) Based upon OBR forecasts for APD receipts in 2018-19 and 2019-20. Source: page 3 of <http://www.gov.scot/Resource/0051/00511808.pdf>

(4) <https://beta.gov.scot/publications/nation-ambition-governments-programme-scotland-2017-18/pages/2/>, page 98.

(5) <https://beta.gov.scot/publications/nation-ambition-governments-programme-scotland-2017-18/pages/2/>, page 60

(6) Based upon OBR forecasts for APD receipts in 2018-19 and 2019-20. Source: page 3 of <http://www.gov.scot/Resource/0051/00511808.pdf>

(7) See e.g. <http://transformscotland.org.uk/a-green-journey-to-growth/>

3 If you answered 'Yes' to question 1, please provide any suggestions you may have on the most effective way, in your view, in which a 50% reduction in the overall ADT burden should be applied across tax bands and tax rate amounts in order to achieve the Scottish Government's overall connectivity and sustainable growth objectives.

Comments::

4 Please provide any other comments you have on the policy plan.

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Consultation Two: An assessment of the likely significant environmental effects (SEA Environmental Report)

1 What are your views on the evidence set out in the Environmental Report that has been used to inform the assessment process?

Please give details of additional relevant sources.:

The environmental report is correct in identifying the significant negative environmental consequences that will occur should a cut to ADT be implemented. The increase in carbon emissions, air pollution and noise pollution - arising from both increased air traffic and increased surface traffic around airports - are all factors which need to be given much greater consideration in any decision taken to cut ADT.

However, we consider it to be a serious misjudgment not to have included the potential emissions arising from a modal shift from rail to air within the UK in calculations of the carbon impact of a cut to ADT. Given that Virgin Trains have forecast that they will lose as much as one third of their customer base if a cut to ADT is implemented, the true level of carbon emissions that would arise from a cut to ADT is likely far greater than that estimated in the Environmental Report.

2 What are your views on the predicted environmental effects as set out in the Environmental Report?

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3 Are there any other environmental effects that have not been considered?

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4 Do you agree with the conclusions and recommendations set out in the Environmental Report?

No

4. Do you agree with the conclusions and recommendations set out in the Environmental Report?:

We are not content with the recommendations as set out in the Report, as they do not go far enough to implement the necessary level of carbon reduction from the aviation industry. Aviation emissions are growing nationally and internationally, and commitments made through CORSIA and the EU ETS do not set strong enough targets to reduce emissions from aviation. The recommendations of the Environmental Report, if implemented, would indicate an abnegation of the Scottish Government's responsibilities to reduce national or international aviation emissions.

5 Please provide any other comments you have on the Environmental Report.

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About You

What is your name?

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Are you responding as an individual or an organisation?

Organisation

What is your organisation?

Organisation:

Transform Scotland

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

Publish response only (without name)

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Yes

Evaluation

Please help us improve our consultations by answering the questions below. (Responses to the evaluation will not be published.)

Matrix 1 - How satisfied were you with this consultation?:

Neither satisfied nor dissatisfied

Please enter comments here.:

Matrix 1 - How would you rate your satisfaction with using this platform (Citizen Space) to respond to this consultation?:

Slightly satisfied

Please enter comments here.: