



## **Response to the Labour Party's Transport Policy Review by the Aviation Environment Federation**

### **1. Introduction**

1.1 The AEF is the principal environmental association in the UK concerned specifically with the environmental effects of aviation. The Federation's membership comprises over 100 residents' groups, amenity and environmental organisations and local authorities around the UK's airports and airfields.

1.2 The AEF welcomes the opportunity to respond to the Labour's Party's review of its transport policy. Our response concentrates on aviation but it will be seen that many of our comments are applicable to other modes of transport.

1.3 We welcome an answer given by Ed Miliband in Birmingham on the 22nd July: "We can't exclude air travel from thinking about the environment and thinking about our carbon emissions. We decided in Government to go ahead with the Heathrow terminal third runway – it was a mistake. You can't just stop people flying, but you've got to do it in a way that is consistent with your environmental care of the planet." This suggests a different approach from the traditional one in which growth in transport has been pursued with minimal regard for environmental impacts or sustainability.

1.4 Aviation is the fastest growing mode of transport. While its cumulative impacts are currently less than from the road transport sector, emissions of greenhouse gases (GHGs) from aviation will overtake those from road transport and, indeed, most other sectors of the economy if present trends and policies continue. Other impacts, such as local air pollution, noise, landtake, blight, loss of heritage and loss of biodiversity, are also likely to increase.

### **2. Climate change**

2.1 Aviation already contributes some 11.5% of the UK's total GHG gas emissions (DfT report of 2009). The misleading claims of 6% stated in the recent consultation on the reform of Air Passenger Duty and the current consultation on the scoping document refer to carbon dioxide emissions (CO<sub>2</sub>) only. But aircraft emit other GHGs in addition to CO<sub>2</sub> (water vapour and NO<sub>x</sub> at altitude), which have a net warming effect that approximately doubles the impact from carbon emissions alone.

2.2 The UK is committed to reducing CO<sub>2</sub> emissions by 80% (from 1990 levels) by 2050. All commentators agree that this is an extremely challenging target. Those that have studied in detail the targets and sectoral contributions (CCC, Tyndall Centre, Environmental Change Institute at University of Oxford, etc) agree that it will be virtually impossible to meet the 80% target unless emissions from aviation are controlled. Recognising the issue, we welcomed the previous Labour government's decision to set a target for aviation emissions –

that levels in 2050 should be no more than those in 2005. Furthermore, we were pleased that the target required in-sector reductions and did not rely on carbon offsets - to do so risks allowing the target to be met without actually achieving the actual reductions in emissions that are needed.

2.3 There has been great reluctance by Government to specifically include aviation in interim targets for CO<sub>2</sub> emissions, despite the palpable need to do so if 2050 targets are to be met (although we recognise that the CCC's advice on how to include the sector's emissions in the budgets is due next year).

2.4 It is frequently asserted that technological improvements, such as more fuel efficient aircraft, will address the problem of emissions. This is patently not the case. CCC, DfT and others who have studied the matter agree that improvements in fuel efficiency are unlikely to be much better than about 1% pa in a 'business as usual' scenario. If demand increases at several % pa, as currently forecast, emissions will obviously increase.

2.5 The aviation industry and to an extent government claim that the European Emissions Trading System will address the problem of Europe's and the UK's emissions. ETS has a role to play, but a range of other measures - regulatory, fiscal, behavioural – will be needed to address the problem as clearly set out in the CCC's December 2009 advice.

2.6 We recommend that the Labour policies should:

- Recognise that aviation emissions are a major issue and that unless action is taken, it may be impossible to meet the UK's overall 80% reduction target.
- Recognise the importance of non-CO<sub>2</sub> emissions and account for them in all forecasts and targets.
- Confirm that the previous Labour government's 2050 aviation sectoral target is retained (emissions in 2050 must be no higher than 2005 levels) and that carbon offsets are excluded as a means of compliance.
- Accept that technology and ETS cannot by themselves address the climate change problem and that a range of solutions - regulatory, fiscal and behavioural – will be needed.
- Establish a set of detailed policies to ensure the aviation meets its own targets and does not derail the overall 80% target.

### 3. Noise

3.1 Noise is one of the most obvious impacts associated with aviation (and transport generally) and it is recognised as being a significant quality of life issue. There have been extensive studies of noise annoyance/disturbance, the most recent UK study being ANASE, which confirm and quantify what residents living near airports and flight paths have been experiencing and how they perceive the issue. Noise levels over 55dB Lden cause considerable disturbance and noise down to 50dB can cause appreciable disturbance.

3.2 In recent years noise has been recognised as a health issue. In 2011, WHO published 'The burden of disease from environmental noise'. This estimated the healthy life years lost, expressed as 'Disability Adjusted Life Years' (DALYs) in Europe from aircraft noise. The methodology has been applied to the UK population to give the following results:

DALYs lost due to sleep disturbance - 3,300  
“ “ due to annoyance - 22,500

3.3 There have also been estimates made of the economic cost of noise. For example, CE Delft estimated the cost of night noise at Heathrow at £98 million pa ('A ban on night flights at Heathrow, Jan 2011).

3.4 Decisions on airport expansion and many other transport projects have often been taken with the economic costs of noise being ignored in the economic evaluation. This can lead to flawed decisions being taken.

3.5 We recommend that the Labour Party should:

- Recognise that quietness and tranquillity are an important component of quality of life that should be protected.
- Recognise that high noise levels have adverse health impacts.
- Ensure that assessments noise down to 50dB Leq or Lden are made for major aviation projects and policies.
- Include an estimate of the economic cost of noise in the evaluation of major aviation projects and policies.
- Introduce policies to reduce the number of people affected by aircraft noise.

### 3 Air pollution

3.1 Local air pollution is a significant issue in many cities in the UK, with standards breaching UK and EU standards set to protect human health. The main source of high levels of pollution is road traffic and the main pollutants are PM10s (small particulates) and NO<sub>2</sub> (nitrogen dioxide).

3.2 Air pollution is less often a problem at airports, but Heathrow is a notable exception. It contributes to London's air pollution, which has been estimated by the GLA to contribute to the excess deaths of about 4,000 people every year. Heathrow, both its aircraft and road traffic, contribute to a major 'hotspot' where pollution regularly breaches EU 'limit values' as well as a range of other standards. This is shown in the following map from the London Mayor's Air Quality strategy (Dec 2010):

Figure 2. 7: Modelled NO<sub>2</sub> annual average concentrations<sup>8</sup> (µg/m<sup>3</sup>) for the year 2008



3.3 In the study supporting the previous Labour government's decision to allow a third runway, estimates were made which claimed that a third runway would not lead to air pollution exceeding EU limit values. The studies were later exposed as flawed using assumptions that appeared to produce the 'right' results.

3.4 We recommend that the Labour policy should:

- Recognise that air pollution and the resultant health impacts are a major issue.
- Ensure that an evaluation is carried out of the air pollution impacts for major aviation projects and policies. The evaluations should be impartial and peer-reviewed.
- Include an estimate of the economic cost of air pollution in the evaluation of major aviation projects and policies.

#### 4. Other impacts

4.1 There is a range of other environmental impacts arising from aviation. The impacts include damage to wildlife, habitats and biodiversity. There are also adverse impacts, not necessarily regarded as environmental, in respect of visual amenity in town and country, third party safety, sterilisation of land and blight.

4.2 We recommend that the Labour policy should:

- Ensure that an evaluation is carried out for all the potentially significant impacts of major aviation projects and policies.
- Wherever possible, include an estimate of the economic cost of the impacts in the evaluation of major transport aviation projects and policies.

#### 5. Economic issues

5.1 There is constant stream of reports and industry propaganda about the economic benefits of more air travel. The reports are commissioned mainly by the aviation industry and are not peer-reviewed. Where resources have permitted NGOs to employ their own consultants, massive flaws and gaping holes have been found in the industry's reports. The commonest flaws are:

- Selecting economic benefits while ignoring disbenefits. For example, highlighting economic benefits to the UK economy from foreign tourists but ignoring the cost of UK tourists abroad (twice as large).
- Ignoring external costs such as climate change, noise, air pollution, biodiversity, visual amenity, third party safety, sterilisation of land and blight.
- Assuming that because there are some economic benefits from current levels of flying, there must be more economic benefits from more flying.
- Claiming jobs and economic activity within the aviation industry as social and economic benefits in their own right. (There is obviously no economic benefit from more flying for its own sake, any more than there is from consuming more electricity or driving a car more.)

5.2 Present and previous governments have assumed and asserted that there are large economic benefits from more air travel without ever producing real evidence.

5.3 It is widely recognised that aviation is under-taxed compared with other sectors of the economy and other form of consumption. Tax advantages and exemptions include:

- No VAT on tickets
- No VAT on aircraft purchases and parts
- No excise duty on jet fuel
- No VAT on jet fuel
- Duty-free (outside the EU)

5.4 There is a debate to be had about what the right level of tax should be for aviation. However, a widely quoted figure is based on the amount of tax that aviation would pay if its fuel were taxed at the same rate as petrol. This figure does not imply that a tax on fuel at that level and no other tax should be imposed. That basis was chosen because it has merit in respect of equality and equivalence. (Tax on petrol is intended both as means of raising revenue for government and as a levy for the damage and pollution that motoring causes. It seems eminently reasonable to tax aviation at a similar level for similar reasons.)

5.5 The estimate of tax avoided is £10 billion pa. This is a very large sum. It represents between 2p and 3p on the basic rate of income tax. If this tax on aviation were raised, it would mean that cuts to public services could be reduced by a quarter (based on an estimate by the IFS that cuts to public services will be £38.7 billion pa after 4 years).

5.6 While other sectors of the economy have to pay their fair share of taxes, such as VAT and fuel duty, aviation is exempted. This creates economic distortions. It artificially reduces prices, thereby increasing demand and diverting resources from other sector of the economy into aviation.

5.7 Leisure accounts for about 80% of air travel. It is fairly 'price elastic' - the DfT estimates that a 10% increase in price would reduce demand by about 4%. (More precisely, it would reduce demand from whatever it would have been. Given the high growth rate of air

travel, this is more likely to mean a reduction of growth rather than an actual decline.) If the price of air travel were raised there would be multiple benefits:

- Less climate change, noise, air pollution other environmental impacts
- Lower taxes elsewhere or, alternatively, more money for public services
- Equity and equality benefits (see below)

5.8 We recommend that the Labour policy should:

- Underpin its aviation policies with impartial unbiased evidence on economic impacts, not on reports and propaganda paid for by the aviation industry.
- Seek to progressively increase aviation taxes in order to reduce environmental impacts, improve public finances, remove economic distortions and reduce inequality.

## 6. Social issues

6.1 Airports have an adverse effect on people nearby. Pollution, noise, congestion and an ugly environment contribute to lower quality of life. Better-off people can afford to move out, while poorer ones can't, resulting in more deprived communities. It is no coincidence that some of the poorest and most deprived communities are found near airports, eg Longsight near Manchester airport, Newham near City airport and Cranford near Heathrow. More privileged and affluent communities some distance away from the airport, such as Knutsford, Canary Wharf and Richmond, while still impacted, suffer considerably lower levels of noise and pollution. Airports and aircraft thus have a disproportionate impact on poorer and disadvantaged people.

6.2 At the same time as poorer and disadvantaged people suffer the worst of the impacts, they gain least of the benefits. The great majority of flying is undertaken by the well off. This is evident from a range of statistics.

6.3 The CAA undertakes regular surveys of passengers at UK airports. The 2008 survey showed the average income of UK business international passengers was: Bristol £59k; Cardiff £65k, Gatwick £65k, London City £90k, Manchester £68k. The survey shows that for leisure passengers the average household income was: Bristol £45k; Cardiff £43k, Gatwick £54k, London City £83k, Manchester £44k.

6.4 AEF has estimated the 'propensity to fly' of leisure passengers in 2009. This shows that passengers in the top fifth (quintile) are 3.4 times more likely to fly than those in the bottom quintile. The top quintile accounts for over 33% of flights while the bottom quintile accounts for less than 10%. CAA figures show that around 70% of passengers are from socio-economic groups A, B and C1 while only 30% are from C2, D and E.

6.5 These figures show that it is mainly the well off who fly. It has been argued that while that might have been the case in the past, cheap air fares will help poorer people to fly in the future. There is little evidence to support this thesis. The CAA report 'Recent trends in growth of UK air passengers noted that the proportion of passengers who had flown in the year prior to the 2002 and 2006 surveys was unchanged at 51%; in the 2006 survey those travellers were making more trips. It appears that cheaper air fares are not democratising air travel by making it more available to the masses.

6.6 This conclusion confirms what can be surmised by observation. There has been a massive increase in trips such as weekends in Prague, stag nights in Amsterdam and second homes in Spain. It is evident that such trips are not undertaken by poor or deprived families.

6.7 It was noted above that that the aviation industry and its customers enjoy tax advantages of about £10 billion pa. Because most flights are taken by well off people, most of tax advantages accrue to them. Based on AEF's analysis, some £5.7bn or 57% of aviation's tax exemption go the richest 40% of the population. This assumes that average ticket prices are the same for all groups. But better off people almost certainly take longer and more expensive trips. Therefore they benefit from an even larger proportion of the tax. The tax situation is thus regressive.

6.8 The argument that we need cheap flights in order to help poorer people – 'poor hard working families' - is bogus. If we were really concerned about poor people, we would increase taxes on aviation and use the money raised, mainly from the well off, to directly help poor families. We most certainly would not use poor families as an argument for tax dodges that benefit mainly the aviation industry and the well off.

6.9 We recommend that the Labour policy should:

- Give especial attention to poorer and disadvantaged sections of the community who bear the brunt of the impacts of aviation.
- Recognise that the massive tax advantages accruing to aviation go mainly to the well off
- Use higher aviation taxes to help poor people

## 7. Conclusions

7.1 We suggest that an over-arching objective for Labour's transport policy could be to provide sufficient quantity and quality of transport to meet demonstrable economic and social needs, but to ensure that quality of life and health are not sacrificed in the name of economic growth.

7.2 These policy recommendations above would imply constraints on growth of aviation, more effective controls of environmental impacts and a fairer tax regime. Implementing such policies would give multiple environmental, economic and social benefits.

7.3 The AEF would be pleased to meet to meet those concerned with the Labour Party's transport policies to discuss these issues.