



# **Air Passenger Duty**

**UNISON Scotland's response to the Scottish Government consultation  
on a Scottish replacement to Air Passenger Duty**

**June 2016**

## **INTRODUCTION**

UNISON is Scotland's largest trade union representing around 155,000 members working across public services. We welcome the opportunity to respond to the Scottish Government's consultation<sup>1</sup> on a Scottish replacement to Air Passenger Duty.

Our online submission of this response will be in answer to Question 1 of the Consultation, with this repeated in answer to Question 1 of the Strategic Environmental Assessment consultation<sup>2</sup>.

UNISON is a member of the Stop Climate Chaos Scotland coalition and we fully support the SCCS response to the consultation<sup>3</sup>.

## **GENERAL COMMENTS**

UNISON Scotland starts from the position that the Scottish Government should be defending public services and working for social justice by opposing austerity and tackling inequalities. Climate change action is essential and should support these goals. Instead, this policy proposal would benefit the wealthiest, while increasing aviation emissions. A lose, lose proposal for Scottish public services and for protecting our world for future generations.

If Scotland is to meet its proudly proclaimed as world leading climate change targets, a cut to APD makes no sense. The Scottish Government should think again.

APD brings an estimated £230-£300m a year to the Scottish Government. Cutting it takes that money away from essential services like schools and hospitals. That £300m, Stop Climate Chaos Scotland has calculated, could employ 11,507 nurses, or fund a year of childcare for 54,011 children, nearly every child who will be born in Scotland this year. It could install solar panels on 60,000 homes, convert every bus in Edinburgh to full electric, or restore 57% of Scotland's degraded peatlands, saving up to 1.4m tonnes of CO<sub>2</sub> emissions.

Cutting APD would undoubtedly start a race to the bottom with no winners (as noted by the 2015 House of Commons Transport Committee report<sup>4</sup> on Smaller Airports), given the promises by David Cameron that he wouldn't let tax competition damage regional airports in England who argue they would be hit hard by a Scottish cut to APD.

The proposed initial cut of 50% and eventual abolition of APD fly in the face of crucial Scottish Government social and environmental policy objectives. The APD cut is a policy that would not benefit the lowest income groups, while increasing greenhouse gas emissions, despite the supposed commitment to Scottish climate targets and the international climate deal recently agreed in Paris.

UNISON believes that aviation, currently grossly undertaxed, should pay the full environmental cost of its activities. Transport is a major contributor to climate

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<sup>1</sup> <http://www.gov.scot/Publications/2016/03/3238>

<sup>2</sup> [https://consult.scotland.gov.uk/fiscal-responsibility/air-passenger-duty/user\\_uploads/apd---sea-screening-and-scoping-report.pdf-1](https://consult.scotland.gov.uk/fiscal-responsibility/air-passenger-duty/user_uploads/apd---sea-screening-and-scoping-report.pdf-1)

<sup>3</sup> <http://stopclimatechaos.org/sites/default/files/SCCS-response-APD-Consultation-final.pdf>

<sup>4</sup> <http://www.publications.parliament.uk/pa/cm201415/cmselect/cmtran/713/713.pdf> (see par 18)

change and yet the Scottish Government policy would incentivise air travel at the expense of greener rail travel. We need joined up thinking, with transparency and accountability (not an APD ‘stakeholder forum’ dominated by aviation industry representatives<sup>5</sup> with no representation from the rail industry). We need coherent plans for a Just Transition to a low carbon economy. As part of that UNISON wants to see the railways back in public ownership and regulatory reform of the bus industry. Public transport must be made affordable, accessible and reliable for all, with initiatives like green travel to work plans and business travel planning that disincentivises flying, particularly on short-haul routes. We need an integrated transport system that is socially inclusive, not one that prioritises cars and air travel over public transport and cycling and walking.

The AEF (Aviation Environment Federation) notes: “In 2008 the UK Treasury admitted that were aviation to be charged VAT and fuel tax at the same rate as road users this would generate £10 billion annually – a significant effective subsidy.”<sup>6</sup> The figures come from an AEF study in 2003<sup>7</sup>, so by now represent a considerable underestimate.

A range of reports have challenged the claimed economic arguments for an APD cut, as have recent developments such as low-cost airlines launching new flights to America from Edinburgh. The challenges to the economic arguments include criticism from the STUC<sup>8</sup>, and from a recent Common Weal report, APD Cut: A Flighty Case.<sup>9</sup>

On overall climate policy, as the AEF notes in its responses<sup>10</sup> to the consultations, the independent Committee on Climate Change says that under Scottish and UK climate legislation a ‘high ambition pathway’ is necessary to meet our targets. There is certainly no slack for increasing emissions.

The AEF points out, re the UK legislation:

*“If a reduction in APD either in Scotland alone, or more widely (bearing in mind the Prime Minister’s commitment to protect UK Northern airports from any competitive impacts associated with Scottish APD changes) were to result in an increase in aviation emissions as a result of increased traffic, the scale of the challenge – and potentially the cost – in bringing aviation emissions to a level compatible with the Climate Change Act would be greater still.”*

Our members, many of whom are low paid women, want to see transport policy that works for them and that protects their children and future generations from dangerous runaway climate change. A cut in APD is unlikely to deliver the claimed economic and jobs advantages, but will benefit the wealthiest, while removing money from vital public services such as health and childcare.

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<sup>5</sup> <https://www.commonspace.scot/articles/3704/environmentalist-scottish-governments-apd-consultation-raises-concern-over-process>

<sup>6</sup> <http://www.aef.org.uk/about/#howwerefunded> (see ‘what we have achieved’ section)

<sup>7</sup> <http://www.aef.org.uk/downloads/HiddenCost.pdf>

<sup>8</sup>

[http://www.heraldscotland.com/news/13793864.STUC\\_tells\\_MSPs\\_tax\\_rises\\_necessary\\_to\\_help\\_tackle\\_inequality/](http://www.heraldscotland.com/news/13793864.STUC_tells_MSPs_tax_rises_necessary_to_help_tackle_inequality/) <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=10125&mode=pdf>

<sup>9</sup> <http://allofusfirst.org/tasks/render/file/?fileID=3D5BC022-9AB9-1037-DE7D2CD46BFAECCA>

<sup>10</sup> <http://www.aef.org.uk/2016/05/31/economic-and-environmental-concerns-about-scottish-governments-air-passenger-duty-plans/>

## **Stop Climate Chaos Scotland**

Our comments above are in addition to the SCCS response, which we urge everyone interested to read in full. It makes the following key points:

- *The proposed 50% reduction in Air Passenger Duty (APD) is inconsistent with Scotland's climate commitments. The Scottish Government's assessment shows it may increase emissions by up to 60,000 tonnes CO<sup>2</sup>e per year, at a time when we need action to decrease, not increase, emissions from air travel.*
- *Aviation is already significantly under-taxed through exemption from fuel duty and VAT. This is why APD was introduced. The UK aviation industry continues to benefit from tax exemptions of several billion pounds per year.*
- *There is no independent evidence that cutting APD would provide a net benefit to the economy. In fact, cutting APD could result in a net loss of income resulting from reduced domestic tourism.*
- *There is no independent evidence that APD is a significant barrier to increasing Scotland's international connectivity. The Government's own analysis of a 50% cut suggests that more than half of the passenger increase would come from people flying with the UK, where rail alternatives exist.*
- *Cutting APD, which brings an estimated £230-£300m per year to the Scottish Government, at a time of austerity cuts and whilst funding is urgently needed to facilitate the low carbon transition, directly contradicts the Scottish Government's social and environmental goals.*

*SCCS strongly urges the Scottish Government to take the opportunity to use these forthcoming new powers in a way that strengthens Scotland's action on climate change, and to:*

- 1. Cancel their plans to cut the overall level of APD by 50%, and maintain the overall tax burden of APD at existing levels.*
- 2. Bring forward new proposals for using new APD powers in a way that reduces climate change emissions from the aviation sector.*

### **Conclusion:**

The Scottish Government should cancel its dangerous policy on APD, maintain the overall tax take from APD at existing levels and bring forward new proposals that reduce climate emissions from the aviation sector.

### **For further information, please contact:**

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