



## UNISON Scotland response

### Air Departure Tax – consultations on an overall 50% reduction policy plan and an Environmental Report. September 2017

#### Introduction

UNISON is Scotland's largest trade union with members across the public, private and voluntary sectors. We welcome the opportunity to take part in this consultation.

We are also a member of the Stop Climate Chaos Scotland coalition and we support the submission<sup>1</sup> from SCCS.

#### General comments

UNISON Scotland has argued strongly against this tax reduction from when it was first proposed. As we said in our June 2016 response to the consultation on a Scottish replacement to Air Passenger Duty<sup>2</sup>, we start “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.”

Nothing has changed in favour of this regressive tax cut since then. Quite the opposite. The world has seen continuing record temperatures and major climate impacts, including the recent devastating hurricanes and floods, with many lives lost. Climate change is real and happening now and in America many can see the folly of President Trump's withdrawal from the United Nations Paris Agreement. Former Vice President Al Gore said to the BBC last month that “state governments, local governments and businesses are moving forward with [greenhouse gas emissions] reductions in spite of Donald Trump<sup>3</sup>.”

In this context, Scotland's Climate Act and new Climate Bill and climate policies are important. The 2009 Act, passed unanimously by the Scottish Parliament, aimed to be world leading, setting ambitious examples, it was hoped, for other countries. The Scottish Government claimed earlier this month, with various positive policies announced in the Programme for Government (PfG), that it maintains its aims to be a world leader on climate change, supporting the Paris Agreement.

Yet, as the SCCS submission says:

*“Using a tax reduction to deliberately increase aviation gives the impression that the Scottish Government is not serious about tackling climate change.”*

We do not understand why the Scottish Government has not taken on board the overwhelming criticisms of a policy which Labour says will take £189m annually from the budget for public services. Ministers' determination to cut Air Departure Tax detracts from the undoubted merit of some of the PfG policies. Along with other trade unions, through the STUC, we have particularly welcomed some of the PfG policies<sup>4</sup>, including the establishment

<sup>1</sup> SCCS submission will appear on their website soon. <http://www.stopclimatechaos.org/>

<sup>2</sup> <http://www.unison-scotland.org/2016/06/03/air-passenger-duty-consultation-response/>

<sup>3</sup> <http://www.bbc.co.uk/news/av/40885831/al-gore-on-the-paris-agreement-trump-and-climate-change>

<sup>4</sup> <http://www.stuc.org.uk/news/1316/stuc-welcomes-aspects-of-programme-for-government>

of a Just Transition Commission. (We await details that it will be properly representative, resourced, with real teeth to - and willingness to act on - recommendations it may make<sup>5</sup>. We suggest that it would be certain to oppose cutting taxes to increase aviation.)

As part of our proposals for the new Climate Act, we had been calling, with SCCS, for the phasing out of fossil fuel vehicles by 2030, so we are pleased that the PfG proposals at least said this will be done by 2032. (UNISON always calls for action on transport demand management measures to be part of fair, green travel-to-work plans, negotiated with recognised trade unions and we have longstanding policies in favour of massively improved public transport, including the renationalisation of rail and bus re-regulation, recently referenced in our August 2017 response on Air Quality<sup>6</sup>.)

But as SCCS points out, the Committee on Climate Change, in its March 2017 advice on the new Scottish Climate Change Bill, said on aviation:

“Scotland’s shares of international aviation and international shipping emissions should be included within the scope of Scottish gross emissions targets, as measured by bunker fuel sales. Scotland should pursue cost-effective policies to reduce emissions in these sectors”<sup>7</sup>.

Cutting tax revenue and acting to increase flight numbers flies in the face of this advice.

The Scottish Government argues that it wants to boost Scotland’s air connectivity and economic competitiveness. Yet, Scotland’s airports have just reported booming numbers of flights<sup>8</sup>. Government policies should be promoting rail travel above flying, particularly for short-haul flights. This cut does virtually nothing to help our members, many of whom are low paid women. Instead, June 2017 research published by the Scottish Greens shows it to be “predominantly a tax giveaway for Scotland’s wealthiest households and corporations”<sup>9</sup>.

UNISON believes that aviation, currently grossly undertaxed, should pay the full environmental cost of its activities. We give some more detail on this and other points in our responses below to some of the consultation questions.

**In conclusion**, the Scottish Government should cancel plans to cut ADT by 50%. It should maintain the overall tax burden from ADT at current levels and seek to use ADT to minimise emissions from aviation. The only opposition parliamentary support for the plans comes from the Scottish Tories. If Ministers are serious about opposing austerity and tackling climate change, this is the only credible decision to take on ADT, and it would win wide praise.

## **UNISON Scotland September 2017**

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<sup>5</sup> <http://www.stuc.org.uk/news/1316/stuc-welcomes-aspects-of-programme-for-government>

<sup>6</sup> <http://www.unison-scotland.org/2017/08/17/air-quality-scotland-2/>

<sup>7</sup> <https://www.theccc.org.uk/wp-content/uploads/2017/03/Advice-to-Scottish-Government-on-Scottish-Climate-Change-Bill-Committee-on-Climate-Change-March-2017.pdf>

<sup>8</sup> <http://www.scotsman.com/news/scottish-airports-flying-high-with-record-breaking-traffic-1-4556899>

<sup>9</sup> <http://www.scotsman.com/news/air-tax-plans-to-reward-scotland-s-richest-report-1-4479156>

## Responses to consultation questions:

(NB: For question 3 and for the Environmental Report questions, we have used the SCCS submission response.)

**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? Please answer ‘Yes’ or ‘No’.**

No.

**2. Please explain your answer to question 1.**

Please see our general comments above. In addition:

The plan to cut ADT is wrong on climate change grounds, wrong on economic grounds - particularly when public services budgets are under such pressure and the Scottish Government claims to be opposed to austerity – and wrong on tackling inequalities. The Fellow Travellers report cited above<sup>10</sup>, published by the Scottish Greens, notes that the biggest individual beneficiaries of a blanket 50% cut will be wealthy frequent flyers. It says the average per journey saving for a passenger on a luxury jet is £54, a first class passenger would save £20 and an economy class passenger just £8. Yet more than half of the Scottish public do not take any flights in a given twelve month period. As the report notes, “the large majority of Scotland’s lower income households are in this no-flying group.” Direct benefits to UK leisure passengers are skewed towards the wealthiest sections of society, with £13.5m going to passengers in the richest 10% of Scottish households and £4m to the poorest 10%. This is an “overwhelmingly fiscally regressive” tax cut.

Our members are absolutely fed up with those earning the least bearing the brunt of austerity, while the rich get richer. This proposal exacerbates that growing gap, which contributes also to health inequalities. We believe in government action to promote socially just policies and condemn this retrograde step that will also benefit an industry that is grossly undertaxed. It does not pay fuel duty or VAT, which together are estimated to be worth at least £10 billion per year.

As was noted in the SCCS/Transform Scotland briefing for the Stage 3 Debate on the ADT Bill in June 2017<sup>11</sup>:

“There is a lack of any independent evidence which shows economic benefits of cutting APD, as was highlighted by the Scottish Parliament’s Finance and Constitution Committee earlier in the year.”

The Scottish Government says it won’t publish its economic impact assessment (and some other assessments) on the ADT plan until autumn 2017, which means consultees do not have access to this. Nor do we know if these will look at, for example, social impact.

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<sup>10</sup>

<https://greens.scot/sites/default/files/Air%20Departure%20Tax%20report%20for%20Green%20MSPs.pdf>

<sup>11</sup> <http://transformscotland.org.uk/wp/wp-content/uploads/2017/06/ADT-Bill-Stage-3-debate-briefing-from-SCCS-Transform-Scotland-2017-06-20.pdf>

Meanwhile, rail does not benefit from the tax breaks that the aviation industry enjoys and the cut to ADT threatens to seriously damage existing demand for Anglo-Scottish rail services.

A government serious about climate change would not be making such a perverse decision with such skewed outcomes that go against its claimed priorities in so many areas. Transport is the largest source of emissions in Scotland and we need action to cut emissions from aviation, not increase them.

**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. For example, should: (a) all of the ADT reduction only be applied to short-haul flights; (b) all of the ADT reduction only be applied to long-haul flights; (c) ADT be reduced equally by 50% across all flight types; (d) some other differential combination be applied?**

We did not answer yes to question 1: Stop Climate Chaos Scotland strongly objects to proposals to reduce ADT by 50%, and ultimately phase ADT out completely. If the Scottish Government were to proceed with the policy despite the environmental impacts, and despite our concerns, it would be particularly unwise to apply a reduction to short-haul flights, and flights where there is a viable rail alternative, as this would give high carbon modes of transport an advantage over lower carbon modes.

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

UNISON Scotland wants to see decent pay rises for public services staff, an end to austerity and policy action to bring about a socially just Scotland. This regressive tax cut reduces the opportunities to do any of this, while increasing greenhouse gas emissions and richly rewarding an undertaxed industry. It flies in the face of common sense as well as the advice of the Committee on Climate Change.

## **Air Departure Tax (ADT) – 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).**

Other than the Transport Scotland work on the impact on emissions of a reduction in ADT, it is not clear what the evidence base is for the SEA, so it is not possible to comment on it. It is not clear whether the Transport Scotland figures take into account the multiplier effect of emissions from aviation at altitude: transparency about this is crucial to understanding the climate impacts of the proposed tax cut.

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

We welcome the recognition that climate change is a primary pressure on biodiversity, and on water and soil. We would suggest that it has a similar impact on human health and air quality: exacerbating existing problems.

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

The SEA states that it “has not been possible to consider” the impacts on modal shift of a reduction in air departure tax. Modelling conducted by Virgin Trains suggests that a third of the Edinburgh-London rail market could be lost if ADT were removed, which could damage rail growth and future investment, including development of high speed rail. Rail investments that encourage modal shift are sorely needed, including better high speed routes. A 2012 study<sup>12</sup> showed that maximising carbon benefits of high speed rail depends on modal shift from air to rail.

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

The ER suggests that there will be emissions increases in the short term, but that it is “more challenging to predict the implications of any increase in greenhouse gas emissions and the significance of these in the medium to long-term.” As it is currently written, the ER implies that greenhouse gas emissions will increase in the short term only; to rectify this, and to address the uncertainty in the modelling, likely emissions for subsequent years should be given as a range, with an indication of the confidence of the estimates.

An increase in greenhouse gas emissions as a result of a reduction in ADT, no matter how “marginal” and “easily offset”<sup>13</sup>, it is still an increase, and it has a symbolic importance. Using a tax reduction to deliberately increase aviation gives the impression that the Scottish Government is not serious about tackling climate change

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

We are surprised that the SEA didn’t consider a third reasonable alternative, of no ADT. This would have been in line with what was proposed in the scoping report, and with the stated end goal in the programme for government of abolishing ADT when resources allow. The ADT Bill does not contain any provision to automatically carry over the current tax rates, so until the Ministers set tax rates by order, the default will be no tax being applied.

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<sup>12</sup> <http://www.cpre.org.uk/resources/transport/rail/item/3081-the-carbon-impacts-of-high-speed-2>

<sup>13</sup> Draft Climate Change Plan, page 66, <http://www.gov.scot/Resource/0051/00513102.pdf>