

Campaign for Better Transport

Response to the Transport Select Committee's inquiry 'The future of aviation'

Summary

- Continued airport expansion is incompatible with the Government's carbon-reduction targets
- To tackle this problem, the number of short-haul flights should be reduced by transferring journeys to rail
- High-speed rail alone cannot do this; cost is a major barrier to modal shift
- The prices of travelling by plane and train do not reflect the carbon emissions that each produce
- People are being priced off trains and priced on to planes
- A tax on fuel used for domestic flights would reduce demand for short-haul flights and reduce carbon emissions
- Regulating rail fares at RPI-1 would give people an incentive to switch to rail

Aviation cannot keep expanding

1. Aviation accounts for 13% of the UK's impact on climate change and causes noise, air pollution and road traffic around airports. The Climate Change Act includes an ambitious target to achieve an 80% reduction in carbon emissions by 2050 and Geoff Hoon recently announced a new Government target: emissions from British aviation must be reduced to below 2005 levels — 37.5 million tonnes — by 2050.
2. However, Department for Transport (DfT) figures for the growth of aviation carbon dioxide show that, even assuming steady improvement in aircraft fuel efficiency, emissions will rise to 59.9 million tonnes in 2050. The DfT also forecasts that the expansion of Heathrow will result in its CO₂ emissions increasing from 17.1 million tonnes in 2005 to 23.6 million tonnes in 2030. This means that proposed expansion at regional airports around the UK cannot go ahead if Heathrow's third runway does, because an expanded Heathrow would use two-thirds of British aviation's carbon ration by 2050.
3. The DfT's forecasts assume that annual passenger numbers will more than double from 228 million in 2005 to 525 million by 2050. But continued airport expansion is incompatible with the Government's targets to reduce greenhouse gas emissions.

Rail is the alternative

4. We've published research showing how the Government could reduce business and other flights by boosting alternatives such as rail travel and teleconferencing. Business people are using teleconferencing more, and when they have to travel, they prefer rail travel to flying. They find stations easier to access and less stressful than airports, and trains more comfortable than planes. Train travel allows travellers to make more productive use of their time than plane travel.
5. A high-speed rail link needs to be considered, but many short haul flights can already be replaced with train journeys – for example, London to Manchester takes only two hours by train. One of the main barriers to modal shift from plane to train is cost.

People are being priced off trains and priced on to planes; cost trends are driving growth in demand for domestic aviation

6. We recently published research by Steer Davies Gleave (SDG) which shows that a package of pricing measures, involving cutting bus and rail fares and increasing motoring and aviation taxation, could

reduce carbon emissions from transport by 13% by 2025. SDG suggest that the Government should rebalance prices to give people an economic incentive to choose low-carbon travel.

7. Geoff Hoon acknowledges in the foreword to *Delivering a Sustainable Transport System* that tackling climate change means 'facing people with true carbon cost of (their) choices'. At the moment, this is not happening. The climate change impact of flying is eight times greater than taking the train (taking into account both CO₂ emissions and a radiative forcing factor of 2.7). Yet it is often cheaper to fly than to take the train.
8. Trains are the alternative to planes but people are being priced off them. The SDG research shows that if public transport fares had been reduced by 20% (to around the European average) in 2000, bus and rail travel combined might now be 120 billion passenger-km a year, an increase of 10 billion or around 9%. Reducing fares today by 20% could increase rail travel by 17% by 2015. Rail fares have risen by 5% in real terms over the last 10 years, and Government policy is to make passengers pay 75% of the cost of running the railway by 2014. This means above inflation fare increases every year – franchises have been negotiated on the assumption of increasing fares.
9. Meanwhile, the price of one-way flights from UK airports has, on average, halved in the last 10 years. This dramatic reduction in price has increased demand.

Government should tax domestic flights and reduce rail fares

10. The aviation industry as a whole receives a £10 billion subsidy. Although fuel cannot be taxed on international flights due to the Chicago Convention, it could be taxed on domestic flights. Other countries such as the US, Norway and the Netherlands already tax fuel on domestic flights. This would be an equivalency tax on domestic flights using pilots logs to determine the amount of fuel used, so that airlines wouldn't have an incentive to refuel outside the UK. Calculating the tax required using an industry average would incentivise airlines to prove that they are more efficient than average, which would further reduce carbon.
11. The SDG research models the impact of taxing aviation fuel on domestic flights. This showed that a tax which increased the overall price of air travel by 50% and the fuel price by 200% would reduce CO₂ by 1.3 million tonnes a year by 2025 (a 45.5% reduction in passenger-kilometres relative to Government forecasts).
12. A tax on fuel used for domestic flights could be set at any level. If fuel were taxed at the rate currently used for motoring, around £460 million a year would be raised (based on 2006 figures).
13. Taxing aviation fuel on domestic flights could provide the extra funding needed to reduce rail fares, for example by regulating them at RPI-1. If the Government regulated rail fares at RPI-1 from 2010/11, the loss of revenue would be £142 million in 2014/15 and £339 million in 2019/20. (An increase in demand would mean some extra investment in capacity would be needed). This need not involve hypothecation; it could simply mean a higher budget for rail and new revenue to the Treasury from aviation fuel tax.
14. A reduction in domestic flights would also open up slots at airports for long-haul trips where there is little alternative – this would be a more efficient use of limited airport capacity.

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*Campaign for Better Transport. 12-18 Hoxton Street London N1 6NG 020 7613 7720
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