

Submission to Department for Transport

Aviation and the Environment Using Economic Instruments

1. The Department for Transport and HM Treasury have asked for the views of stakeholders on their paper on Aviation and the Environments. As the local authorities most affected by the operations and any potential development at Stansted, Hertfordshire, Essex, Uttlesford and East Herts would like to take the opportunity to respond.

Comment

2. The authorities fully support the stated policy of Government that the aviation industry should meet its external, including environmental, costs. They therefore welcome this paper on how this policy is to be achieved but do have to express concern that it has appeared so late in the consultation period on airports policy, 3 months after that consultation should have ended.
3. The paper re-iterates that the development of aviation should be sustainable and that the Government intends to have an environmental framework 'to ensure that the long-term development of aviation in the UK is sustainable'. The four local authorities question whether development can be termed sustainable when in balancing economic, social and environmental factors it is intended to maximise the benefits of the first two whilst only seeking to minimise the impacts of the latter. The framework should not only minimise impacts but, where relevant, ensure they are kept below absolute thresholds.
4. This has important implications in achieving the right mix of economic instruments and regulatory ones.
5. The paper raises three separate issues:
 - (i) have the external costs of the industry been adequately assessed in monetary terms.
 - (ii) if the aviation industry can be shown to pay these costs is that sufficient to allow growth to continue.
 - (iii) what is the role of economic instruments in requiring the industry to pay the costs and to make the revenue raised available to mitigate impacts.
6. The authorities are strongly of the view that the paper's assessment of costs is inadequate in that only three environmental costs are considered. The paper and the airport consultation reports recognise there are many other costs, both environmental, such as the loss of archaeological, historic and ecologically valuable resources, and others, such as increased congestion on local roads and railways. That it is difficult to put a monetary value on these costs does not negate the need for them to be considered. Comparing the impacts between sites is not adequate.

7. The costs that have been estimated for noise and local air quality would seem to be gross under-estimates. Relating noise costs solely to house prices within the 57 LeqdB_A contour is inadequate as even if the figure were accurate it would still ignore the impact on open spaces used by the public, such as Hatfield Forest and Areas of Outstanding Beauty. The impact on residents' quality of life and on education establishments is not solely house prices. The costs should take this into account and should cover the provision of mitigating works such as secondary glazing for homes, schools and health facilities.
8. The authorities are not in a position to comment on the cost estimate for climate change given the known scientific uncertainties. However, if the paper's estimate is accepted and the industry were to raise prices to pay it, then it is estimated that demand would fall by only about 10%. This compares with a forecast increase in emissions from the UK aviation industry of 2.3 times in the next 30 years.
9. It is very clear therefore that the result of a climate change charge as estimated in the paper would do little to reduce aviation's overall emissions which with the radiative forcing effect of aircraft means the anticipated growing contribution of the industry to climate change will continue. Given the UK Government's commitment to reduce CO₂ emissions under the Kyoto agreements this level of increase cannot be regarded as sustainable.
10. It is therefore the authorities view that for the industry simply to pay the external costs as estimated is insufficient to contain the environmental impacts. The fall in demand as a result of higher prices is inadequate to stop the growth of the industry increasing its impact on the environment and in aspects such as climate change, noise and local air quality that is unacceptable.
11. The paper recognises the limited role of economic instruments. Clearly there are elements of aviation pollution, such as climate change emissions, that need to be brought down to set limits and this will require a mix of both economic and regulatory instruments. An alternative approach for climate change would be for the Government to determine a ceiling for pollutant emission by aircraft and introduce a charging regime that will restrict traffic growth to that ceiling.
12. The use of economic instruments to require the industry to pay its costs however they are estimated is welcomed as it will contribute to reducing environmental impacts to some extent. The Government does however need to make clear what is intended as the paper appears contradictory.
13. Section 2 (paragraph 2.2) states that "The Government's principal environmental objective for aviation is that, *where appropriate* (italics added), the industry should pay for its environmental costs". This is not the same as the Government's objectives listed in Section 1 of the report, which clearly state "...aviation, like other industries, should meet its external costs, including environmental costs."
14. Whatever the level of contribution made by industry, as local authorities we would wish to see an assurance from Government that money raised to cover local impacts, such as noise, local air quality, traffic congestion, is to be made available and spent in the local areas around the airports. It would be little consolation to residents to know

that a 'noise tax' was being paid if there was no evidence of it being spent on local mitigation.

15. It is also recognised that the instruments should seek to reward the industry for reducing its impacts. This can be through support for research and investment in newer less polluting aircraft etc.

Questions

16. The paper asks a number of specific questions. The authorities would not wish to comment on all of them but would note:

Climate Change

- In the short term an emissions charging regime should be introduced, preferably at the EU level. In the longer term emissions trading for all pollutants, but having regard to the radiative forcing effect (2.7-3.0) of aircraft emissions, may be a way forward but it is unclear at present.
- International aviation emissions should be brought within the Kyoto Protocol. This would ensure that emissions from international flights would be subject to the same standards as other, non-aviation, sources of pollution.
- In terms of international agreement and domestic measures, both should be pursued in parallel. Potentially, it will be economically damaging (and probably impractical) for the UK to act in isolation. Initially agreement must be sought at the EU level as waiting for full international agreement will take too long. Short-term domestic measures must also be employed.

Noise and Local Air Quality

- Specific noise and emission charges should be raised at each airport and spent locally. If different levels were to be charged at different airports great care would be needed to ensure that charges are not used as a competitive tool. The level of charges cannot be based on localised estimates of external costs as such estimates cannot be made with any accuracy but should be set to meet the wider policy goals of the Government's environmental framework.
- It is particularly important that money raised from noise and local air quality levies is ringfenced and made available for spending in the local areas affected for mitigation purposes.
- Noise impacts in particular would also need to be subject to a range of regulatory controls such as the permitted area of the 54 Leq dBA contour, night flight restrictions, etc.

Conclusions

17. The four local authorities welcome the statements that aviation should meet its external, including environmental, costs. This consultation is a start to implementing this policy but does not go far enough in that the range of external costs is partial, the cost estimates made are inadequate and the implications of the environmental impacts increasing over time regardless of costs are not being considered. Money raised to meet local environmental costs needs to be made available locally for mitigation works.