



## HOUSE OF COMMONS

LONDON SW1A 0AA

Aviation Tax reform consultation  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

Our reference: BS14392

14 June 2021

To Whom It May Concern,

I am writing to submit my views to the Aviation Tax Reform consultation. Runnymede and Weybridge benefits from close links to Heathrow and Gatwick airports and through these the world. As a result, we are one of the best places in the UK to work and set up a business, and the UK's aviation industry is key to the success of our local economy: from the many residents directly employed by Heathrow or carriers, to the freight and logistics companies reliant on open transport routes.

It is clear that the aviation sector can bring many benefits, but that also comes with having to deal with the noise and air pollution it causes. The key to long term success for the industry is to deliver a more sustainable sector, one which can help to meet our environmental aims, reduce the impact on our communities, and support a world-leading innovation, creating jobs and investment in our local and national economy.

I welcome the work already happening to achieve sustainability, but I believe this consultation on Air Passenger Duty (APD) reform offers another opportunity to incentivise research and innovation and a more sustainable aviation sector.

APD is the UK government's principal tax on the aviation sector, as tickets are VAT free and aviation fuel incurs no duty. APD raised £3.6bn in 2019-20 and its primary aim is to ensure airlines make a fair contribution to public finances. Policy changes must ensure the sector continues to contribute to the exchequer, but the best way to deliver maximum return is to ensure its' long term success by developing world leading technology and fuels which place UK aviation at the forefront of the industry. Reform must therefore be framed in a way which incentivises delivery of our broader environmental objectives and encourages innovation.

In this response I will be focusing on the opportunities of APD reform to boost our economy and connectivity, and encouraging this growth to be the driving force behind delivering a greener and cleaner aviation sector.

### Improving domestic connectivity

Prior to the covid pandemic the number of domestic routes were steadily declining, leading to a reduction in connectivity and a huge impact on local communities who no longer benefit from frequent domestic routes. To support our commitment to levelling up and investing in our communities, I support introduction of a reduced rate of APD for domestic flights, which could deliver jobs and provide better connectivity for people and businesses, as well as supporting the thousands of supply, logistics and hospitality businesses which rely on the aviation sector and have been so affected by the pandemic.

As current banding is based upon distance travelled, if this system is maintained the introduction of a new band for domestic travel would be easiest to implement, placing the minimum administrative burdens. However, in order to deliver benefits, measures should also be in place to ensure a reduction in APD is passed on to passengers, not just retained by airlines, or else it is unlikely the change would deliver the intended benefits. There is clearly a balance to be struck between meeting our environmental objectives and encouraging additional flights, however by supporting growth we can also incentivise innovation in clean technologies, as I set out below.

### Environmental objectives

Aviation is currently responsible for 8% of the UK's Greenhouse Gas Emissions, with international aviation responsible for the majority of the sector's environmental impact, which has more than doubled since 1990. Reforming APD is a great opportunity to help address this and to tackle the environmental impact of long haul flights.

I very much welcome the measures that the Government has already set out to reduce emissions from aviation and deliver a more sustainable sector. In recent years the Government has been encouraging the production and use of sustainable alternative aviation fuels in the UK by rewarding renewable aviation fuels with tradeable certificates.

Investment has also supported research and development of low carbon fuels, including sustainable aviation fuel. Moreover, £20 million of capital funding has been made available through the Future Fuels for Flight and Freight Competition, to projects that will produce low carbon waste-based fuels to be used in aeroplanes and lorries. Investment by both Government and industry is also supporting the development of exciting new forms of transport, such as electric passenger planes. In addition, new powers are being created to ensure that airports modernise their airspace, as modernising flight paths can reduce CO2 emissions from aviation and reduce noise for those near flightpaths.

The UK has set a legally binding target to reach net zero greenhouse gas emissions by 2050, and aviation must play its part in reaching 'net zero'. To help deliver this the Government plans to publish shortly a Transport Decarbonisation Plan aiming to set out an ambitious range of actions to decarbonise transport, including aviation. The Government also plans to launch a consultation on aviation and climate change to inform the upcoming Aviation 2050 strategy.

I particularly welcome the launch of the Jet Zero Council, which brings together leaders from the aviation sector, academia, environmental groups and Government. These actions build on the work already taking place to reduce aviation emissions.

The reform of APD offers a further opportunity to continue and expand our efforts to reduce aviation emissions and achieve our national and international environmental goals. The current APD banding of just 2 bands, for flights under or over 2,000 miles, needs to be reformed to a 'polluter pays' model, so that those companies who invest in cleaner fuels and technology benefit most. However, proposals set out in the consultation suggest continuing to link tax rates to the distance travelled.

I believe we can be bolder and even clearer in our objectives, and I am calling for APD bands to be linked to emissions produced (based on bandings, not per plane data, for ease of administration) rather than distanced travelled. This would mean that while planes continue to use current aviation fuels, longer flights would continue to pay the highest rates, however the development of alternative fuels would have a direct and immediate financial benefit, incentivising research and development, driving towards a more sustainable sector and tying the policy even more closely with our environmental aims.

I have regular meetings and discussions with residents, including the Englefield Green Action Group to discuss ways in which we can reduce the negative impact of air and noise pollution from aviation. I believe this offers the opportunity to deliver real benefits for our communities and our environment, as well as supporting innovation in the UK, creating jobs and boosting our economy.

I look forward to working with Ministers and colleagues as these proposals progress.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'B. Spencer', written in a cursive style.

**Dr Ben Spencer MP**  
**Runnymede and Weybridge**