Possible.
Inspiring climate action

The Frequent Flyer Levy - making flying fairer

Summary:

Travelling by plane is the only way to produce tonnes of climate-crashing greenhouse gas emissions in less than a day (apart from starting a forest fire). Yet the benefits from these emissions are incredibly unevenly distributed, with most people flying rarely and a small group of people flying frequently, mainly for discretionary leisure travel. The current system of tax for aviation not only undertaxes flights compared to other, more climate-friendly ways of travelling, but also charges the same level of tax regardless of flight frequency. This means that someone taking their first flight in years to visit family overseas pays the same tax per flight as someone taking multiple holidays per year.

Tax on flights must increase to help reduce overall demand, but using flat-rate fiscal measures to do this would be unfair and regressive, just as a flat rate income tax would be. A progressive aviation tax is therefore needed, which increases per flight each person takes in a given time period, or per distance flown. This would lower aviation emissions without putting higher charges on the majority of people, who fly once per year or less. It would also help to more equally distribute the high-carbon service of aviation across people of different incomes levels, making flying fairer. Prioritising equality and fairness will be essential to gain public support for the scale and speed of decarbonisation necessary to tackle the climate crisis.

The need to reduce demand for flights

The world has recognised the urgency of cutting emissions to avoid breaching the 1.5 degree threshold for dangerous levels of damage to the climate, and all sectors must play their part in achieving this.

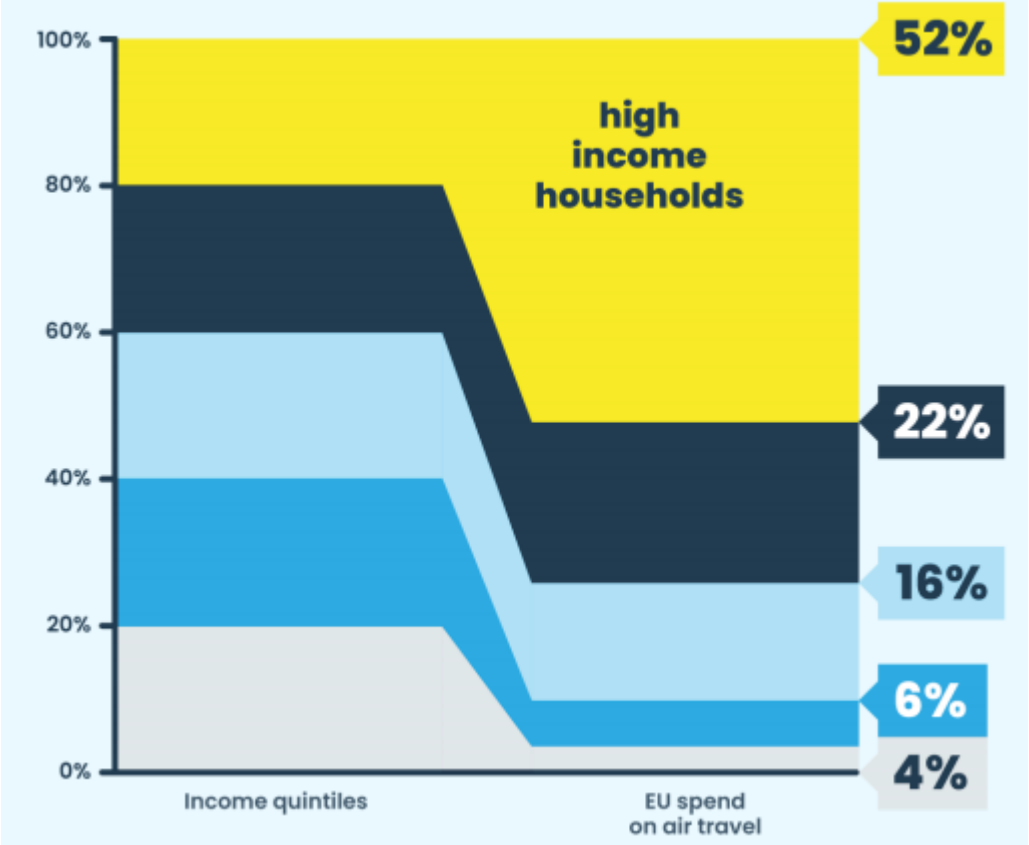
Aviation is exceptionally difficult to decarbonise, particularly for longer flights, and there is no immediate path to genuinely emissions-free flight. The aviation industry's projections suggest that electric planes won't be widely commercially available even for shorter range flights until 2040, and won't be able to make journeys longer than 400km.[1] Hydrogen-powered planes are not likely to enter into service until 2035 at best,[2] and also suffer from constraints due to the size and weight of storage which make them difficult to scale for long-haul flights.[3] The only alternative fuel with potential to remove carbon dioxide emissions from flying is e-fuel produced from air-captured carbon, green hydrogen and renewable electricity - a technique currently at the proof of concept stage, with intrinsically high energy needs and associated costs.

Allowing current levels of aviation demand - not to mention the growth projected by the industry - to continue while complying with the world's net-zero goals would therefore require removal of millions of tonnes of emissions by expensive technologies which are currently untested and unproven at scale. This creates a serious risk that the aviation sector will put climate commitments in jeopardy. There is therefore an urgent need for governments to consider sensible measures to limit demand for aviation, which is an effective and reliable way to constrain emissions.

[1] www.sustainableaviation.co.uk
[2] https://physicstoday.scitation.org/doi/10.1063/PT.3.4632, www.greenaironline.com/news.php?viewStory=2717
[3] www.euractiv.com/wp-content/uploads/sites/2/2020/06/20200507_Hydrogen-Powered-Aviation-report_FINAL-web-ID-8706035.pdf

Reducing flights fairly

Higher taxes on flights are an essential tool to reduce total demand for aviation to avoid bursting carbon budgets. However, fiscal measures need to be progressive, or include a progressive element, to avoid worsening existing high levels of inequality in access to aviation. Globally, just 1% of the world's population is responsible for half of the emissions from aviation.[4] For the EU, data suggests that the 20% of highest income households were responsible for more than half of all expenditure on air travel, and 14 times the expenditure of the 20% lowest income households, as the below graphic sets out.[5]



[4] www.theguardian.com/business/2020/nov/17/people-cause-global-aviation-emissions-study-covid-19

[5] www.wearepossible.org/s/Elite-Status-Global-inequalities-in-flying.pdf

This means that there is scope to significantly reduce emissions from aviation by targeting frequent flyers, without impacting the majority of people who don't fly often. Possible is therefore proposing reducing demand for flights and aviation emissions with a Frequent Flyer Levy: a progressive tax which increases per flight which each person takes within a given year. As well as reducing the total number of flights, a progressive tax on frequent flying could also help to redistribute the remaining flights more fairly among people across the income spectrum.[6] In contrast, relying on flat-rate measures alone to constrain aviation demand, without a progressive element, is likely to further worsen existing inequality in access to flights. Because of this, while flat-rate measures such as taxes on kerosene or emissions are welcome and necessary, by themselves they will not be able to sufficiently reduce demand for flights in a way that's seen as fair or compels public support.

If tax measures price the poorest, who already fly rarely, if ever, out of the skies while allowing the richest to continue to fly frequently, they will be much less likely to be supported by the public than measures which are perceived as fair. This is supported by the data on the acceptability of a Frequent Flyer Levy to people in the UK, where recent polling by the Department for Business, Energy and Industrial Strategy found that a majority of people are in favour of a Frequent Flyer Levy, with fewer than one in five people opposed.[7] A Frequent Flyer Levy was recommended by the Climate Assembly UK,[8] and the Climate Change Committee, the UK's government's advisors on climate, also supports a Frequent Flyer Levy.[9]

Our modelling with the New Economics Foundation of how a Frequent Flyer Levy would work for the UK suggests that it would help keep aviation emissions within climate targets, raise £5bn a year, and make flying cheaper for the UK's poorer households.[10] Under the proposed replacement of Air Passenger Duty with a

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[6] https://s3-eu-west-1.amazonaws.com/media.afreeride.org/documents/FFL+Modelling+paper.pdf

[7] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/996578/Annex_1_Data_Tables.ods

[8] www.climateassembly.uk/report/read/how-we-travel-by-air.html#how-we-travel-by-air-summary-of-recommendations

[9] www.bbc.co.uk/news/business-49808258

[10] https://neweconomics.org/2021/07/a-frequent-flyer-levy

Frequent Flyer Levy, a passenger would be charged no tax on their first flight, with a tax of £25 on their second flight and £60 on their third.[11] Passengers who fly once per year or less would therefore see the cost of their ticket go down. This would increase the accessibility of overseas travel or an annual family holiday for the majority of people, while disincentivising the frequent flying which accounts for most of the flights.

The European Union is currently taking steps to end the tax exemption for jet fuel.[12] This is a very positive step forwards but, to avoid worsening existing inequalities in access to air travel across the EU, it should be accompanied by a progressive tax element such as a frequent flyer levy.

Implementation

Bringing in the levy would need to minimise the administrative burden, along with the additional requirements on people entering the EU and businesses. It would also need to ensure collection of reliable data and minimise the requirements for gathering new passenger data, while ensuring data is collected and stored securely. Existing mechanisms and bodies for collecting air passenger data and checking passports should not have difficulties in ensuring this.

Data collection requirements could be met by creating a database with information on the number of flights each passenger has taken. Passengers would be required to submit their passport numbers to airline companies before they purchase a ticket. Airline companies would send the passport number to a central database operator that provides airlines with information on the number of flights the passenger has taken and the level of tax they should be charged. Once a ticket has been sold, airlines would send a notification to the operator of the database, confirming that the submission of the passport number by the passenger resulted in a payment and a flight. Airlines already submit market-sensitive information to the relevant tax authority, and using existing

[11] https://neweconomics.org/uploads/files/frequent-flyer-levy.pdf
[12] www.marketwatch.com/story/eu-to-hit-aviation-with-tax-on-kerosene-and-other-polluting-fuels-11626090229

government tax collection departments would remove the need to share data with an additional body.

We do not believe that the data collection and processing requirements of a frequent flyer levy would pose a barrier to implementation, given the level of data (including passport data) already collected for flight passengers. Tax experts such as the Association of Accounting Technicians have agreed with this position, and have called the UK government's concerns about data processing "greatly exaggerated".[13]

A frequent flyer levy would ideally be implemented in such a way as to link charges as closely as possible to emissions. Charges would be differentiated both by class of flight (first class and business class produce more emissions than economy seats), and by length of journey. An air miles levy has therefore been suggested as the fairest and most efficient way to implement a frequent flyer charge.[14] In addition, to avoid distortions or leakage the tax would ideally be implemented globally, or at least regionally, rather than nationally. The harmonisation and joint policy making across EU member states, along with the existing high degree of data sharing and cooperation, make the European Union the ideal region to take forward implementation of a frequent flyer levy.

Frequent Flyer Levy research:

Our wide research base[15] for the policy includes reports developed with the New Economics Foundation setting out the Frequent Flyer Levy[16] and modelling its ability to fairly and equitably constrain aviation demand.[17] Most recently, we published a report[18] finding that only a progressive measure such as a Frequent Flyer Levy can ensure that reductions in flying are made by the highest income

[13]www.aat.org.uk/prod/s3fs-public/assets/AAT-response-HM-Treasury-consultation-aviation-tax-reform.pdf
[14]www.theccc.org.uk/publication/behaviour-change-public-engagement-and-net-zero-imperial-college-london/
[15]https://afreeride.org/new-page
[16]https://s3-eu-west-1.amazonaws.com/media.afreeride.org/documents/FFL+Policy+Proposal.pdf
[17]https://s3-eu-west-1.amazonaws.com/media.afreeride.org/documents/FFL+Modelling+paper.pdf
[18] https://neweconomics.org/uploads/files/frequent-flyer-levy.pdf

sector of the population, which flies most often, rather than those on the lowest incomes, who fly least often. In contrast, if demand were to be constrained using flat-rate fiscal measures, this would have a regressive impact, with those on the lowest incomes reducing their flights the most. We also recently published a report exploring ordinary people's approach to choosing how to travel, which found that the higher cost of train travel compared to planes was the deciding factor.[19]

About Possible:

Possible[20] is a UK climate action charity working for a zero-carbon society built by and for everyone. Our projects and campaigns prioritise public involvement and positive social impact, as well as cutting emissions. Our work spans decarbonisation of energy, travel and consumption, as well as working with nature and talking about the climate crisis. Our work on transport includes our campaign for a Frequent Flyer Levy, running the world's first project connecting solar power directly to the rail network,[21] and the Climate Perks scheme which allows employers to offer their staff additional days of paid leave to travel without flying.[22]

[19] www.wearepossible.org/s/Fare-Competition_-A-route-to-climate-friendly-travel-choices.pdf
[20] www.wearepossible.org/
[21] www.ridingsunbeams.org/
[22] www.climateperks.com/