

Won't pay for carbon? Don't fly then. Or,...

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As has [been widely reported](#), the UK regional airline Flybe is in financial trouble and is seeking government assistance so that it might be saved from failing.

Airlines have never been a good financial bet. Monarch and Thomas Cook have proved this in very recent years in this country. The argument is, of course, that Flybe is different. Like all airlines it will exist very largely to serve the tourist market. Research has suggested that as many as 92% of all flights are for leisure. Business has already learned of the value of video conferencing. But that said, Flybe is more of a commuter service than most airlines. And that is, no doubt, the basis for its claim for financial support.

It will be argued that Flybe supports regions that will otherwise be even more remote than successive government policy already makes them.

And it will be claimed that regional economic activity will be lost if support is not provided.

And both of these claims are true.

But then, so too is climate change. And what we know is that flying is massively destructive for the climate. What we also know is that relatively small groups in society account for the majority of airline emissions.

These groups include second home in the sun owners, who have massively increased the number of flights to secondary airports of the type Flybe serves.

And they include the dedicated city break enthusiasts, who pick up cheap flight deals to anywhere, numerous times a year.

Whilst in business most people never fly: it is a small proportion who do.

I might add the same is true of academia and I am rather hoping those days are over for me.

And then there is the long-distance commuter, who is perhaps the most destructive airline traveller of all.

Flybe is a specialist at serving these communities. I suspect it has many more repeat or regular flyers than many airlines precisely because it is not on the once a year, holiday in the sun routes, by and large.

The suggested mechanism for saving Flybe is for it to be permitted to waive payments of [air passenger duty](#) owed to the government. Air passenger duty is the tax charged, in effect, to compensate for the externalities of flying and varies according to the flight taken. It is a very basic carbon levy. Alternatively, and more pragmatically it might be seen as a substitute for VAT, which does not apply to flights.

Deferring or cancelling this payment does, of course, make no sense. This duty has already been collected by Flybe from its customers. It merely acts as an agent in collecting this sum. To then say it is not due sends out one of three messages.

The first is that the tax is not important. It is. This is not an especially clever tax. Much better alternatives are available. But it's a tax, and it has been paid by the customer who has the liability to settle it. To then permit the agent collecting it to keep it simply suggests that the universal application of the tax - which is a quality all taxes must have if they are to be fair - no longer applies. That is wrong then.

Second, if Flybe is allowed to not pay the tax what it is effectively saying is that it is not charging enough for its services and needs to be subsidised to supply them. Or rather, its customers need to be subsidised to fly on them. Given the nature of air travel, I do not think that this is appropriate. A very few exceptions apart (services to genuinely remote regions where air is the only effective means of transport - and such places do exist in the UK, but are mainly remote and small islands) the case for a subsidy for air travel no longer exists, even if it ever did.

And third, we know that the externalities arising from air travel are much more costly than the tax paid now, but the airline does not want to meet that cost.

Some conclusions follow. The first is that Flybe has its business model wrong. It's either that, or people are not willing to pay enough to fly. Either way it is sending out the message that it is close to being insolvent.

Second, this will get worse. The demand for increased tax on flying has growing public support, and rightly so. And given that I support the case for this being progressive, meaning that many in the Flybe market will have to pay much more for a ticket, its financial situation can only get worse.

Third, Flybe does then suggest that the concept of carbon insolvency that I have proposed as part of sustainable cost accounting does really exist: the pressure of

becoming net zero carbon compliant will be too great for some companies and we will necessarily have to change behaviour instead. Airlines are early examples of a trend. We need to get used to it. Things cannot continue as they were.

So is Flybe over? Maybe not. I think carbon insolvency needs to be planned: transitions are required. A temporary stay of execution whilst alternatives are prepared may be appropriate. But, the key word is temporary. The carbon must be eliminated. If Flybe customers won't pay the price of their pollution then their flights must end. All I would permit is an orderly winding up rather than an overnight cessation. But the game is over, come what may. This type of travel cannot survive in a net zero carbon environment.