

Peer Review of “WebTAG unit on aviation appraisal”

1. Introduction

This is a review of the draft Department for Transport document “WebTAG unit on aviation appraisal” as available to me on 4 July 2011. This is one of four reviews¹ produced for publication with the Department’s aviation forecasts in July 2011 of the processes leading up to those forecasts. They are written to complement a final review of the forecasts document.

2. Objectives of this new Unit

The Department for Transport’s extensive web based Transport Appraisal Guidance (WebTAG), while much of it applies to all transport modes, has traditionally been concerned with land transport. Thus one objective of this new Unit, in the spirit of integrated transport, is to tie aviation into the WebTAG framework. A parallel objective is to present some aspects of the Department’s complex aviation forecasting processes in a clearer way than has been achieved before.

3. Content and presentation

This draft Unit can be expected to evolve substantially over time. However it serves well enough as a first version. It provides the reader with two different categories of information.

The first category, which fits into the mainstream of WebTAG coverage of other modes, is explanations of the conventions in aviation with respect to a number of impacts that apply across most or all transport modes. These include indirect taxation, time savings, ‘wider economic impacts’, costs and benefits to non-UK residents, noise, air quality, greenhouse gas emissions and security. The conventions for these impacts are presented clearly, with appropriate cross-references to other WebTAG sections.

The second category is a general explanation of the most complex element of national level aviation forecasting, which is the allocation of forecast aggregate passenger demands as passenger and air traffic movements (ATMs) across different airports, where some of the airports are capacity constrained, together with the associated costs and benefits to producers and consumers. This is of course a major element in the analysis of many aviation issues, such as forecasting greenhouse gas emissions and the impacts of changes in air fares or in airport capacity.

This explanation of the allocation modelling across airports is included under the heading of economic impacts and amplified in an Appendix. The four-quadrant graphical presentation in the Appendix looks simple, but it is an important advance

¹ The others cover papers on the Passenger Allocation Model, key drivers of aviation passenger demand maturity and re-estimation of the econometric equations. I understand that, while these three papers are to be published in parallel with “UK Aviation Forecasts, 2011”, the draft WebTAG unit reviewed here will be published as part of a section of WebTAG for public consultation.

that greatly improves the presentation of the iterative cycle in which airline costs, air fares, numbers of passenger and ATMs are allocated to capacity constrained airports. The Appendix includes a good summary of the respects in which the clarity of four-quadrant presentational is achieved partly by stylised simplifications.

Some readers might quibble with minor aspects of presentation. For example the expected inclusion of the aviation in the EU Emissions Trading Scheme is described as capping aviation emissions, which may be misleading. Although of course, for any emissions beyond limits set by the Scheme, the airlines will, by the purchase of permits or certificates, pay for offsetting reductions in emissions in other sectors.

There are some largely aviation specific factors that might, depending on the particular policy concern being appraised, need to be included in a cost benefit analysis that made use of this modelling. Issues may arise for example with respect to the impacts on *global* greenhouse gas emissions of constraints on flights to and from the UK, or with the respect to the distribution across sectors or internationally of the rent created by regulatory constraints on the supply of marketed goods or services. But these can reasonably be seen as issues for further consideration as the Unit is developed.

4. Conclusion

This new WebTAG section is an interesting and informative document and a welcome addition to WebTAG as a first version of a section on aviation appraisal. It is useful as it stands and provides a sound foundation for further evolution.

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