



9<sup>th</sup> December 2014

The Rt. Hon David Cameron MP  
Prime Minister  
10 Downing Street  
London  
SW1A 2AA

Dear Prime Minister

### **Air Passenger Duty (APD)**

You must be tired of me writing to you on this subject, following my letters of 24 March and 5 June this year. However, The Chancellor of the Exchequer has once again this week announced a further illogical change to Air Passenger Duty without any consultation.

In March, I pointed out that APD discriminates against domestic air travel. Yet the Chancellor exacerbated that by announcing £1 billion reduction in the rate for long haul travel, so that a typical domestic flight can be charged five times the rate per mile of an intercontinental one. You wrote to me to explain that this reform underlined your 'commitment to exports-led growth', strengthening links to 'high growth markets'. However the case was undermined even by your own words, in then quoting flights to Hawaii and the Caribbean as examples.

Now, this week, the Chancellor had announced that children under the age of 12 will not be charged APD from May. Whilst we welcome any reduction in the tax burden on air passengers, we fail to see the logic in this. The prime beneficiary will be families going on long haul holidays or visiting relatives from different continents, who will save up to £97 per child. There can be no significant benefit to British businesses, least of all to the hard-pressed British tourist industry.

The Chancellor predicts that this concession will cost the government £80m pa. However, even the Treasury admits that this will have minimal effect in stimulating additional demand, as the offsetting increase in APD from more passengers choosing to fly is only £5m.

Whilst this will reduce short-haul child (under 12) fares by £13, the Government has not consulted the industry on how it will collect this tax. As a largely domestic airline, we do not require passports. Our customers largely book and check-in online. They increasingly travel with only hand luggage or use our automated, highly efficient, automated bag-drop machines for checked-in luggage. Frequently, the first time our staff will come into contact with our passengers is as they board the aircraft. Does the Government expect us to delay the aircraft while we demand proof of age from 11 year old children on the aircraft steps? Needless to say, your administration has not thought about the practical issues and additional costs for us in having to implement random rules.

The Autumn Statement announced a £15 billion investment into the road network. The Treasury has given away £1 billion to stimulate long haul air flights, and now added another £80m largely to subsidise long haul family holidays. The Chancellor has talked of building a 'Northern Powerhouse'.

Yet all the while, you insist on a businessman flying from Exeter to Manchester paying 6.84p/mile, while a Bermuda holiday flight pays 2p/mile and now the kids go free.

We are becoming tired of this industry being used yet again for pre-election give-aways, whilst the Government spurns yet again the opportunity to boost British industry and connectivity.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Simon Laffin', with a long horizontal stroke extending to the right.

Simon Laffin  
Chairman