

The rise and rise of APD

This November, some will be celebrating a rather high profile 15th birthday. Some have called the teenager involved 'out of control' while others look at the substantial money raised by this resourceful youngster for good causes.

Yet this 15-year-old is not a person. Air passenger duty (APD) was first introduced in November 1994, under the Conservative government of John Major.

In its first full year, APD raised £343m. In 2007/08, the take from APD had increased to nearly £2bn. But this astonishing figure is not enough for the government. To celebrate its 15th birthday, the government has announced that APD will be restructured, according to new distance-based thresholds.

At the moment, APD is charged at £10 in the European Economic Area, £40 outside that area and double those figures for any other class of travel. From November, duty will increase to between £11 and £110 in four-distance based bands. The following November, on its 16th birthday, these levels will increase substantially again. Someone travelling in business or premium economy class to Australia will then pay £170 on top of their fare for the privilege.

The British Air Transport Association, the UK aviation organisation, which includes BA, Virgin Atlantic and bmi among its members, reckons that the new increases will raise an extra £720m a year for government coffers.

The government, in the shape of transport secretary Lord Adonis, says that the primary purpose of APD is to cover the "environmental impact of aviation". However, this near £3bn a year is not ring-fenced, and much of the money goes into the general tax pot, contributing to general public services.

It is little wonder that Virgin Atlantic president, Sir Richard Branson, says that APD is "out of control". Launching a new anti-APD campaign recently, Branson said: "Air Passenger Duty is one of the

most unjust taxes out there. The UK Government has been quietly increasing APD by huge amounts and claiming it is an environmental tax. Yet, there's not a shred of evidence to suggest the £2bn+ currently raised is going towards environmental or sustainable projects." The airline is putting anti-APD messages on its e-tickets to campaign against rises.

Virgin is not the only organisation to come out against the APD increases. BATA, the GTMC, the Association of British Travel Agents, UKinbound and the Airport Operators Association have all expressed their concern at a time when the travel industry as a whole is suffering from a fall-off in demand.

A petition set up on the Number 10 website campaigning against the increases (<http://petitions.number10.gov.uk/APDIncrease/>) has quickly gained more than 7,000 signatories.

Commenting on industry reaction, CWT's executive vice president UK & Ireland, Andrew Waller, says: "Couching APD in environmental language makes this tax seem more palatable, as few now question the need to address climate change – but without a tangible link between the revenue this generates and action on the environment, it is hard to justify such increases."

Inevitably, it will be the UK's companies that will have to bear these increases. The economic downturn has meant that the viability of many British business names have been brought into question. A couple of years ago, who would have believed companies such as Woolworth, MFI and Allied Carpets would have failed. With UK plc having to find another £750m a year from its depleted reserves, other names will surely follow.

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Have your say – register your protest at <http://petitions.number10.gov.uk/APDIncrease/>

