



Ref: DSG(2011)C201  
20<sup>th</sup> June 2011

APD Consultation  
2/N1  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

**Please respond to:**

**June Love**  
**DSG Secretariat**  
**Dounreay.com**  
**Traill House**  
**7 Olig Street**  
**Thurso, Caithness, KW14 7BJ**

**Tel: 01847 804612**  
**Fax: 01847 804615**  
**Email: [info@dounreaystakeholdergroup.org](mailto:info@dounreaystakeholdergroup.org)**

Dear Administrator

### **Reform of Air Passenger Duty**

The Dounreay Stakeholder Group (DSG) is an independent group of community organisations and statutory agencies who provides a link between the Nuclear Decommissioning Authority, Dounreay Site Restoration Ltd and the activities of the Dounreay site. As part of its remit DSG takes an active interest in the socio economic impacts of Caithness and North Sutherland as the site moves towards closure.

We therefore welcome an opportunity to respond to the HM Treasury Reform of Air Passenger Duty Consultation.

The following responds directly to the questions set out in Chapter 6 of your consultation document.

#### **6.2 (a) Plans to extend aviation tax to 'business jets'**

While DSG believes it is fair to extend aviation tax to include business jets on a per passenger basis further consideration needs to be given to imposing a single rate of duty per passenger (2012-13) irrespective of distance. We believe that HM Treasury should consider implementing a distance banding system proposed for mainstream flights to ensure a fair and equitable tax structure.

We would also consider it to be unfair to tax emergency services and aircraft ferrying passengers to offshore facilities, etc.

#### **6.2 (b) Two alternative models for simplifying APD**

DSG believes that the 'three band APD regime' would be the fairest way to implement such tax duties. This is caveated with the fact that we do not believe it would be fair to tax, say a passenger travelling 6000 miles the same rate of tax as someone travelling just over 2000 miles. We do agree that a reduced rate of tax for those travelling economy class is acceptable. For remote locations where an airport is an essential part of business and leisure activities tax exemptions should be considered (ie Caithness, Orkney and Shetland).

### **6.2 (c) Comment re current class distinction in APD**

While we believe the current class distinction in APD is fair and reasonable we do not believe it appropriate to impose APD at a single rate irrespective of distance. This would penalise an area such as the far north of Scotland where distance is a given when travelling on either business or pleasure.

### **6.2(d) Impact of APD on Caithness and the Highlands & Islands**

As stated above the DSG takes an active interest in the socio economic impact especially in the rundown of the Dounreay site. A highly skilled workforce of 2000 will be seeking alternative employment and it is imperative that the Scottish Highlands and Islands Airports remain exempt from APD mainly due to the fact that this would have a disproportionate effect on the price of travel and hence attracting new business to the area. The H&I airports have a key role to play in the wider economic and social development of our area and air travel must continue to remain affordable as well as having the added advantage of keeping emissions from road traffic at a reduced rate.

The emerging renewable industry is taking an active interest in the Pentland Firth, a resource easily accessible from Caithness and North Sutherland and affordable air travel is key to assisting this emerging industry into the area.

To emphasise, our regional airport (as like other regional airports) have a key role to play in the wider economic and social development. The effect of introducing a revised APD on flights from Wick airport could bring the airport's viability into question which would be useful in our quest to attract new business and provide the jobs so badly needed for the already skilled workforce available and for the future of the next generation living in this area.

### **6.2(e) Proposals to devolve APD in Scotland**

DSG looks forward to further consultation when considering the proposal to devolve APD in Scotland.

In addition, DSG would ask that HM Treasury consider revisiting the proposal of implementing a 'per plane' aviation tax. This could potentially become a double-edged sword – it may or may not work in favour of airlines generally using smaller, more fuel efficient aircraft but this would be dependent on how the charge was calculated) and this could have the potential to penalise those with lower average load factors. By thinking outside the box HM Treasury should consider alternative solutions that may assist in the reduction of global emissions and ensure that, most importantly, those who live in rural areas are not unfairly penalised to the benefit of those who live closer to main cities.

DSG looks forward to a satisfactory outcome in this matter.

Yours sincerely,

*Original signed*

**Bob Earnshaw**  
**DSG Chairman**