

USA Desk Scotland News

informing USA travel providers – developing the USA travel market

In the news ...

One Consultation ends; another begins - what's in it for the US market?

So, all the submissions are now in, in response to the UK DfT's Consultation on the reform of APD (Air Passenger Duty), and attention is turning to a new Consultation - on the reform of ATOL and financial protection. Possibly the most significant legislative changes for the travel sector in a generation, both provide an opportunity for travel professionals to influence Government thinking and action. Oh, and by the way - changes to school holidays may be next! So, what's in all this for the US leisure travel market?

On APD, a little pragmatism wouldn't go amiss ... At the risk of teaching travel professionals out there to suck eggs – because it's worth re-focusing on the glaring idiocy of this – a family of four travelling from the UK to the USA in economy class currently pay on average £240. If it were Australia – more than 3 times the distance - it would be only £100 higher. If they were German, it would be £150 lower. From most European countries, it would be zero! If they were to sit in Business or First Class ... well, lets not even go there!

In its recently closed Consultation on the reform of APD, the Government proposed a reduction in the number of mileage bands that trigger different levels of APD charges. Agreed. Two bands is more than sufficient, and the mileage breakpoint for the lower of the two should comfortably encompass mainland USA (and, of course, the Caribbean area). In addition, economy and premium economy products, and business and first class products, should be – respectively – combined, with much lower and more sensible levels of charge. This is the very least the Government must do to bring this bloated and ill-considered tax under control. Oh, and by the way – UK domestic travel should be 'zero-rated. it's iniquitous that Scottish air passengers should be expected to pay twice!

On ATOL, plugging the loopholes and sorting out the airlines are key ...

In its Consultation briefing, the Government has confirmed that it will consider drawing the airlines into the longer term solution to the UK's tortuous consumer financial protection problem. This is vital – vital for airlines selling online, and vital for airline websites offering click-through access to ancillaries (hotel, car rental etc). It will require primary legislation, but it must not be ignored, as a key element of the ultimate solution.

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However, there's much to do in making the Government's Flight-Plus plans work in practice via secondary legislation, before a really coherent and comprehensive financial protection regime can be delivered. In an effort to plug the licensing gap which yawns under 'un-packaged' component-based travel arrangements, it's proposed that such arrangements made within 'two successive days' would require ATOL licence cover. Sorry, but I can think of at least three ways of avoiding this proposed regulation off the top of my head! It's going to need a lot of careful consideration, and some very clever design, to make Flight-Plus work. Hence the vital importance of this new Consultation, and thanks goodness the SPAA, ABTA and others have such solid and painfully garnered experience to pour into their submissions. We cannot afford to let Government get this wrong ... again!

Little and often – Michael Gove's new concept for school holidays ...

I must be honest and confess that – if there's one Coalition Government Minister who sets my teeth on edge it's him, but I certainly agree with where the Rt Hon Michael Gove MP is headed with his new thinking on school holidays – shorter, more frequent, and more flexible, rather than the gaping six week black hole which has sucked in the precious holiday funds of long-suffering parents for years! A moving target to defy the yield-controllers of airlines and operators – not least in the US leisure travel market – in their efforts to charge 'peak of peak' supplements.

Let's hope this idea finds some traction amongst interested MPs, and that it goes out for consultation in the travel sector ... and let's hope it finds its way north to Scotland, too, in due course!