

All you need to run an airline is a tax department

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At the conference I was at in Copenhagen on Friday a senior manager at SAS, the state owned Scandinavian airline, talked about its appeal to governments to prevent a race to the bottom in the aviation. He was quite open about which airlines he thought were leading that race, naming Ryanair, Norwegian and Finnair. What he said was you can now run an airline on an almost entirely outsourced basis.

You can outsource your planes.

And pilots.

And crew.

And ground staff.

And check in.

And of course you can contract out ticketing.

And maintenance.

And cleaning.

And catering.

And, inevitably, marketing.

Even accounting.

But there are two things that are left you have to do yourself.

One is own your brand - and you can guess where that's going to be located.

And the other is the only core function that is left that now identifies an airline for what it is - and that is its tax department.

Because for some airlines putting together outsourcing agencies at the lowest possible tax cost is the only real value added function they have.

And, as he did not say, but did not need to by that point, that is hard to describe as 'value added' to broader society.

Which is why he, and SAS, are right: the race to the bottom in aviation has to end.

Because, for a start, without tax there would be no aircraft to fly.

Or airports to fly to.

Or safety systems to ensure people will take the risk of flying.

Or people with enough income to afford to fly.

Or, come to that, international stability that has been the bedrock of the expansion of international travel.

But all of that is ignored by these airlines who think that is anyone else's business but there's.

Except it's not. Our duty is to make it our business.

And we could.

We could require that pilots and crew are employed by airlines, for example, or refuse them the right to land.

We could insist too that aircraft were owned in locations where there was accountability for that ownership - because that is key to the good governance that should be at the heart of safe travel.

And we could require that airlines be taxed on a unitary basis - i.e. from where they take off and land.

And that would just start the process.

It's all about political will.

But instead we have UK politicians giving away £100 million of tax a year to exempt children under 12 from airport duty to subsidise the foreign holidays of families already well off enough to pay for one when £145 million of benefits for children will be cut under the universal credit regime, which will take money away from those who can only dream of any holiday at all.

That's how absurd the politics of this airline issue are.

And we need to sort them out, now.