



Department of
**Finance and
Personnel**

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**From the Office of the
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Your reference:

Our reference: SUB/137/2014

Daithi McKay
Chairperson
Committee for Finance and Personnel
Room 373
Parliament Buildings
Ballymiscaw
Stormont
BELFAST BT4 3XX

25 March 2014

Dear Daithí

**LEGISLATIVE CONSENT MOTION TO CHANGES IN AIR PASSENGER DUTY
BANDS IN UK FINANCE BILL 2014**

I am writing to inform you of my intention to lay a Legislative Consent Memorandum in the Assembly in respect of the Government's proposed changes to the Air Passenger Duty (APD) bands for long haul flights.

As part of his Budget 2014 statement on 19 March 2014, the Chancellor of the Exchequer announced the Government's intention to reform APD by abolishing bands C and D from 1 April 2015. This is in the context that the Finance Act 2012 devolved the power to set APD rates on direct long haul flights from NI for destinations in APD bands B, C and D.

As the NI Executive has set the rate for bands B, C and D to zero from 1 January 2013, there is no direct financial or economic impact of the reform. However, the legal advice is that the consent of the NI Assembly is required for the UK Parliament to consider the relevant provisions in Finance Bill 2014, because the proposal involves a transferred matter and a change to the Assembly's legislative competence.

Finance Bill 2014 is due to be published on 27 March 2014 which implies that I will need to lay a Legislative Consent Memorandum in the Assembly by 10 April 2014 at the latest. The Memorandum will simply provide background briefing; include the draft provisions and an explanation of why they should be made in the UK Bill rather than by the Assembly.

I have written to Executive Colleagues to get their views on this prior to my seeking Executive approval at the next meeting. I would intend to lay the Legislative Consent

Memorandum as soon as possible, following confirmation of agreement by the NI Executive and wanted to provide you with advance notice given the key role of the Committee for Finance and Personnel in considering and reporting on the relevant provisions in the Bill.

The reforms announced in Budget 2014 do not impact directly on the definition of band A APD for short haul flights or the rate of duty applied. This remains an excepted matter, with any changes made by the Government not requiring the consent of the NI Assembly for the associated legislation amendments to be considered by the UK Parliament.

Officials are due to brief the Committee on the Air Connectivity study on 9 April 2014 and can address any issues the Committee may have in relation to the Legislative Consent Motion at that session.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Simon', written in dark ink.

SIMON HAMILTON MLA