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Clerk to the Committee for Finance and Personnel
Northern Ireland Assembly
Parliament Buildings
Ballymiscaw
Stormont
Belfast
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3rd May 2012

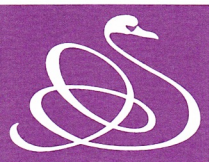
Dear Mr McAteer

Devolution of Powers in Respect of Air Passenger Duty

I have been made aware by colleagues at ABTA that the Northern Ireland Assembly is currently examining the provisions in the Westminster Finance Bill which will devolve powers in respect of APD for direct long-haul flights to the NI Executive. I understand that the issue of the business case for the reduction/removal of the Band A rates has arisen as a theme from the evidence received.

York Aviation has undertaken a significant amount of research in this area, working for both BAA Scotland and Manchester Airport Group. This has included examining:

- the impact of across the board rises in APD in terms of their impact on demand in the UK, the London system and at UK regional airports. This identified that rising APD would damage an industry that has already suffered significantly in the recession and that is already facing rising environmental costs. We identified that regional airports would in all likelihood be particularly heavily affected;
- the potential for differential rates of APD in London and regional airports to produce a more equitable pattern of demand impact. Again, we found that shielding regional airports from some of the rise in APD would protect their position in the more fragile markets away from the Greater South East;
- in both cases we have further considered the potential for APD to damage route development in the UK, particularly from regional airports, and the knock on impacts for catchment area economies from potential reductions in traffic and connectivity.



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I understand that ABTA have already passed on a copy of the work we have undertaken for BAA Scotland. I would be happy to discuss this work or our work with Manchester Airport Group further if this would assist the committee in its deliberations. Alternatively, we would happy to produce a proposal for the Committee to undertake specific research in to the business case for reducing/removing APD on Band A flights from Northern Ireland building on this extensive experience.

I hope that our previous research has proved useful to you and that we can be of assistance in the future.

Best regards

James Brass
Principal Consultant