



Merseytravel

P.O. Box 1976
Liverpool L69 3HN
Tel: [REDACTED]
Fax: [REDACTED]

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Airports Commission (**By email: AIRPORT.UTILISATION@AIRPORTS.GSI.GOV.UK**)
6th Floor
Sanctuary Buildings
20 Great Smith Street
London
SW1P 3BT7

Dear Sir or Madam

Re: Utilisation of the UK'S Existing Airport Capacity Discussion Paper

Merseytravel is grateful for the opportunity to respond to the recently published discussion paper on the utilisation of the existing non-London Airport capacity. As the home of Liverpool John Lennon Airport, the Liverpool City Region is acutely aware of the importance of strong national and international aviation links in marketing the City Region to potential investors and in attracting Foreign Direct Investment.

There are a number of key issues in relation to Liverpool John Lennon Airport and the discussion paper that I would like to draw your attention to:

The need for connectivity to a London Hub airport

The Liverpool City Region is one of England's fastest growing regional economies, with a population of 1.5 million people that drives a £20 billion economy. Between 1997 and 2012 the City Region maintained a growth rate of 4.2% per annum, the highest in the North of England. This recent growth has resulted in additional inward investment and higher tourism and visitor levels as the City Region cements its position as an international tourist destination.

The lack of capacity at south east airports has meant there has been no opportunity for airports such as Liverpool to re-establish regular flights to a London hub. However, our continued economic expansion has made international connectivity more important now than at any point over the last 20 years.

Should the lack of capacity at south east airports to accommodate regional paths not be addressed, airports such as Liverpool will have no alternative but to continue to develop services to non-UK hub airports. This will undoubtedly result in both the loss of tax receipts to the Government and economic activity to continental European airlines.



The impact of connectivity on generating Foreign Direct Investment

There is a large amount of evidence that aviation connectivity provides a means for attracting, retaining and growing businesses. Good aviation connectivity is also one of the important factors in attracting Foreign Direct Investment (FDI). Liverpool was recently recognised by fDi magazine for its attractiveness to foreign investors and its potential to increase its levels of investment from abroad. This is partly based on our human capital, low cost of living and the city's pro-business attitude but infrastructure and levels of connectivity are also vitally important. Key to realising our foreign investment potential will be maintaining a presence on global flight booking systems. As such, the inability to develop and maintain frequent paths with a London hub airport has the potential to harm our economic development as would also be the case with other regional economies.

The impact of Air Passenger Duty

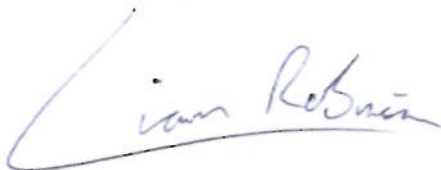
There are areas of policy which certainly have the potential to help strengthen the growth in UK regional airports, however, unless these policies are sufficiently flexible to reflect the specifics of the UK regional airport market and the positive economic impact on a region, then it will remain difficult for significant benefits to be achieved.

Air Passenger Duty (APD) in particular remains a barrier to airline growth in the UK and the double charging of the duty on domestic flights is a particular disincentive. Whilst I do not object to the principle of an aviation related tax, I do believe it should be reformed in order to better stimulate the market and that the Commission should consider a differential tax regime for passengers travelling from the South East as compared to regional airports. This would potentially result in two different Bands, with a lower band used to encourage growth in the use of less congested regional airports. Furthermore, I believe there is a good case for APD to be ring fenced and used to improve ground access to regional airports in order to widen their catchment and increase their overall attractiveness and viability.

In addition to taxation, the Commission should examine the addition of a secondary objective to the Civil Aviation Authority to retain regional connectivity to London hub airports, at least until the issue of a connection to the high speed rail network at Heathrow is implemented.

I trust that the Commission find this contribution useful and I would be happy to meet with members of the Commission to discuss further should they consider it necessary. In the meantime, if you have any questions on any aspect of this letter please do not hesitate to contact me on 0151 330 1095 or by emailing liam.robinson@merseytravel.gov.uk.

Yours faithfully,

A handwritten signature in blue ink, reading 'Liam Robinson', with a long horizontal flourish extending to the left.

Councillor Liam Robinson
Chair, Merseytravel Committee