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HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Tim Cossar and cosignees  
Tourism Industry Association, New Zealand  
Tourism & Travel House,  
L4, 79 Boulcott Street  
PO Box 1697 Wellington 6140  
New Zealand

17 February 2011

Dear Tim,

#### AIR PASSENGER DUTY

Thank you all for your letter of 30 November 2010 regarding air passenger duty. I am sorry for the delay in replying.

The current APD system and recent increases in rates were legislated for by the previous Government. On entering office last May, the Coalition Government inherited a very difficult set of fiscal problems which we are determined to address. That is why the Government committed to go ahead with the planned increases to APD.

Since the UK's June 2010 Budget, I have received views and evidence from a range of interested parties which has helped me to appreciate the issues and challenges faced by the aviation and tourism sectors. I also met with the New Zealand High Commissioner in London last September to discuss APD and the impact it is having on New Zealand.

I remain committed to a strong and healthy air travel industry that is able to serve the needs of its customers and contribute to the future success of the global economy. I am therefore keen to maintain a dialogue with members of your industry to ensure that major changes to APD are based on the best possible evidence. Decisions on tax policy are generally for the Budget, which will take place on 23 March. The Government has previously stated that any major changes in this area will be subject to formal consultation.

I greatly appreciate the continuing good relations between our two countries and am keen to maintain a dialogue to preserve the strong links between New Zealand and the UK. I would like to thank you for taking the time to write to me.

Best wishes,

Justine

JUSTINE GREENING