

MEETING BETWEEN CABINET SECRETARY FOR FINANCE AND THE CONSTITUTION AND MARK TANZER, CHIEF EXECUTIVE ABTA	
TIMING	Thursday 02 March 2017 14:00-15:00 T4.07 Scottish Parliament
ATTENDEES	<p>Mark Tanzer, Chief Executive, ABTA Mark has been Chief Executive of ABTA since September 2005. He is responsible for the strategy and direction of the Association. Before joining ABTA Mark held senior strategy and corporate finance positions in a number of industry sectors, and was Group Strategy Director of Centrica plc., the parent company of British Gas and the Automobile Association</p> <p>Alan Wardle, Public Affairs Director, ABTA Alan Wardle joined ABTA in December 2016 as Director of Public Affairs. He has extensive experience in public affairs, policy, government relations and political campaigning. As Director of Public Affairs, he has overall responsibility for delivering ABTA's UK and European policy agenda and enhancing ABTA's reputation with policy makers, civil servants, politicians and other key stakeholders.</p> <p><u>Official Support</u> [redacted]</p>
AGENDA	<ol style="list-style-type: none"> 1. Proposed structure of the Air Departure Tax 2. The commitment to a 50% reduction in the overall ADT burden by the end of the current Parliament; 3. Brexit - ABTA 5 priority areas for EU/UK Negotiation <i>[The implications of Brexit are to be discussed in detail at the meeting with Mr Russell at 4pm on the same afternoon]</i>
YOUR MAIN OBJECTIVE	<p>Background</p> <p>ABTA requested the meeting with the Cabinet Secretary to discuss Air Departure Tax (ADT) [redacted]</p> <p>ABTA is supportive of the Scottish Government's plans to reduce the overall burden of ADT by 50% by the end of the current session of the Scottish Parliament and to abolish the tax completely when resources allow. ABTA has also welcomed the Scottish Government's consultative and collaborative approach to stakeholder engagement on ADT, particularly via the Scottish ADT stakeholder forum which ABTA is a member of.</p> <p>Key Scottish Government Message</p>

	<ul style="list-style-type: none"> • We are committed to delivering a 50% reduction in the overall burden of ADT by the end of this Parliament and we will work across the Parliament to do so. We are also committed to abolishing the tax entirely when resources allow. • The Scottish Government recognises the important contribution that the tourism industry makes to the Scottish economy and society as a whole and will continue to work with the UK Government on issues relating to Brexit to find an appropriate solution that is in the best interests of Scotland. • ABTA has submitted evidence to the Finance and Constitution Committee regarding the Air Departure Tax (Scotland) Bill – provided separately with this briefing - and its support for the Scottish Government’s policy plans is welcomed. We appreciate ABTA’s engagement through the Scottish Government’s ADT stakeholder forum and its contributions to date. <p>ABTA believes that a reduction in ADT would result in additional demand and encourage airlines and tour operators to introduce new services and routes from Scottish airports, bringing more competition. [redacted]</p> <p>ABTA argues that often the economic and social contribution of the outbound holidays is forgotten or recognised insufficiently by Government. Further analysis of the impact of the reduction in ADT on the outbound tourism and how that could benefit Scottish economy would be appreciated. [redacted]</p>
<p>PRACTICAL ARRANGEMENTS</p>	<p>ABTA is meeting with the Minister for UK Negotiations on Scotland’s Place in Europe on the same day, 2 March, at 4pm to discuss the implications of Brexit on the tourism industry in Scotland – specifically the outbound tourism sector.</p> <p>Mr Tanzer attended the SG EU Tourism, Culture and Creative Industries Stakeholder Event at Surgeons Hall in Edinburgh on 25 January.</p> <p>ABTA also approached the Cabinet Secretary for Culture, Tourism and External Affairs for a meeting and was declined due to diary pressures.</p>

ITEM 1	Proposed structure of the Air Departure Tax
ISSUE/ BACKGROUND	<ul style="list-style-type: none"> • The 160 responses received to the Scottish Government’s policy consultation document in 2016, as well as the expert input provided through the SG’s ADT stakeholder forum, shaped the content of the Bill. • A large majority of stakeholders providing a view agreed that the current APD structure, definitions and any exemptions should be retained for ADT, because these are familiar to and well understood by airlines and others. They also provide a proven, simple and effective approach for administration and compliance of the tax. • The Bill as introduced does not contained detail of exemptions, tax rate amounts and bands, which will be delivered at a later date.
WHAT THE STAKEHOLDER MAY SAY/ASK	<p>(Taken from ABTA’s written evidence submission on the ADT Bill to the Finance and Constitution Committee)</p> <ul style="list-style-type: none"> • Although not liked, APD is an administratively simple tax. It is transparent and passengers know how much they have to pay. There is much to be said for keeping ADT very similar in structure to APD. • In particular, ABTA is pleased that the APD definitions and the rules relating to connected flights will be retained under ADT. • The destination bands should be defined by distance from Edinburgh to capital cities with a 2,500 miles threshold. • As much advance notice as possible of rates, bands and exemptions would be welcomed to ensure that tickets/holidays go on sale at the correct price to avoid unnecessary adjustments by refund, and in view of IT changes needed. • ABTA welcomes the designation of the APD Reduced, Standard and Higher rates as Standard, Premium and Special rates. We believe that these are more descriptive of the classes of travel.
KEY MESSAGE(S)	<ul style="list-style-type: none"> • Tax bands and tax rate amounts will be set out in secondary legislation. This is consistent with the approach adopted for the other devolved taxes in Scotland. • The Scottish Government is considering all exemptions for ADT, together with options on tax bands and tax rate amounts, and will provide more detail on our proposals at a later date.
SUGGESTED QUESTION(S)	<ul style="list-style-type: none"> • Does ABTA envisage any particular difficulties in its members being ready to incorporate ADT into systems for April 2018? • And if yes, how could these be best mitigated?
CONTACT POINT	[redacted]

ITEM 2	The commitment to a 50% reduction in the overall ADT burden by the end of the current Parliament;
ISSUE/ BACKGROUND	<ul style="list-style-type: none"> • A fundamental part of the Scottish Government’s plans for ADT is a commitment to a 50% reduction in the overall tax burden by the end of the current session of the Scottish Parliament, and abolishing the tax when resources allow. This would help to generate new direct air routes, sustain existing routes and increase inbound tourism. • The Bill as introduced does not set out the tax bands or tax rate amounts which underpin the delivery of this 50% reduction policy.
WHAT THE STAKEHOLDER MAY SAY/ASK	<ul style="list-style-type: none"> • ABTA has campaigning vigorously for a reduction in overall rates of APD as, in their view, it is too high and negatively impacts on the UK’s economic competitiveness. • ABTA views ADT as a positive development, providing that rates are reduced from the current APD levels charged in the UK. • ABTA believes that a reduction in ADT would result in additional demand and encourage airlines and tour operators to introduce new services and routes from Scottish airports, bringing more competition. This, in turn, is beneficial to consumers. • ABTA strongly believes that the 50% reduction should be applied from 1 April 2018. There is a risk that the full productivity and growth potential of reducing APD would not be fully felt if it is phased in. Further, a reduced tax is beneficial to passengers. • The UK has one of the highest air travel taxes anywhere in the world, making it a less attractive destination to visit, trade with, and invest in than many of Scotland/UK’s global competitors including Germany and France. It also makes holidays more expensive for families. • Pan-European air tax analysis, carried out by the A Fair Tax on Flying (AFTOF) campaign, in which ABTA is one of the leading organisations, shows that passengers flying from a UK airport pay, on average, five times more in passenger departure taxes than in those European countries that levy an equivalent tax. Only four other European countries levy a comparable tax (Austria, France, Germany and Italy), none of which comes close to the cost of APD.
KEY MESSAGE(S)	<ul style="list-style-type: none"> • We are continuing to consider the most effective way of delivering on the commitment to reduce the overall burden of ADT by 50%. There will be a number of relevant factors, including engagement with stakeholders, the Scottish Government’s spending plans and the evidence available on how different combinations of rates and bands could maximise achievement against our strategic objectives.

SUGGESTED QUESTION(S)	<p>[redacted]</p> <ul style="list-style-type: none">• What evidence can ABTA supply that confirms the positive impact on the Scottish economy of an ADT reduction?• Does ABTA have any suggestions as to what steps we should take to secure any of those positive impacts? <p>[redacted]</p>
CONTACT POINT	<p>[redacted]</p>

ITEM 3	<p>ABTA PRIORITIES FOR BREXIT NEGOTIATIONS <i>[This is to be discussed in more detail at ABTA’s separate meeting at 4pm on 2 March with Mr Russell]</i></p>
ISSUE/ BACKGROUND	<p>ABTA have produced two detailed reports – one pre-referendum 14 March 2016 “What Brexit might mean for UK Travel” and one post-referendum “ABTA: UK travel industry priorities for UK-EU negotiations”</p> <p>ABTA summary statement on BREXIT - 17 January 2017 “The EU is the main market for UK travel companies and in its negotiations the Government must make it possible for travel businesses to continue to operate in the EU. People want to continue to easily holiday and conduct business meetings in the EU. Amongst other things this means access to the liberalised aviation market in Europe, ensuring the public can still have visa-free travel and ensuring that travel businesses can access and place the staff they need to run effective businesses across the EU.</p> <p>ABTA will continue to work proactively with the Government to raise awareness of the priorities for travel businesses, and UK travellers, as they negotiate a future trading relationship. At the same time, we shall continue to press for government action to remove barriers to trade, such as ensuring we have sufficient airport capacity and reducing Air Passenger Duty to make sure the UK is in the strongest possible position post-Brexit.”</p>
WHAT THE STAKEHOLDER MAY SAY/ASK	<p>ABTA 5 priority areas for EU/UK Negotiation</p> <ol style="list-style-type: none"> 1. Continued access to liberalised aviation markets (and for other transport modes) in Europe and globally. 2. Ensuring sufficient access to EU employment markets to allow UK travel companies to continue to operate efficiently. For example, enabling travel businesses to continue the practice of posting workers overseas for temporary periods. 3. The continuation of visa-free travel between the UK and EU countries, whilst ensuring that other practical barriers to travel are avoided. In particular, the Government must address the issue of future border arrangements between Northern Ireland and the Republic of Ireland. 4. Securing the UK’s continued participation in the European Health Insurance Card (EHIC) scheme, which guarantees UK travellers access to health care systems across the EU. 5. Ensuring the UK government fully explores, as part of the development of the future UK-EU trading agreement, the best possible regulatory systems for the UK travel industry after we leave the EU.
KEY MESSAGE(S)	<ul style="list-style-type: none"> • Devolution of APD gives us the opportunity to put in place new arrangements which better support our objective to boost international connectivity and help generate sustainable growth – priorities that are even more pressing as a result of the EU

	<p>referendum.</p> <ul style="list-style-type: none"> The impact of Brexit means we must be more ambitious for growth, pro-business, pro-tourism, pro-Europe. A cut to ADT would provide a significant boost to Scottish business.
SUGGESTED QUESTION(S)	<ul style="list-style-type: none"> How would our proposed 50% reduction in the overall burden of ADT help to mitigate the likely effects of Brexit on the aviation and tourism sectors?
CONTACT POINT	[redacted]