



## Treasury Committee

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Rt Hon. George Osborne MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London SW1A 2HQ

25 January 2016

*Dear George,*

On 27 November 2015, I tabled a number of Parliamentary Questions, requesting more detailed information on the economic case that supports the conclusions of the Airport Commission's final report. For all practical purposes, these questions remain unanswered. This is unacceptable.

The economic case put forward by the Airports Commission in their main report was opaque in a number of important respects. Nor is any of the information, requested in the Parliamentary Questions, available from any of the supporting documents. It is therefore clear that Parliament and the public cannot reasonably be expected to judge the merits of any decision that the Government takes on airport expansion on the basis of the Commission's published analysis alone. A good deal more information is required. The Parliamentary Questions sought to elicit some of it. The questions were:

- To ask the Chancellor of the Exchequer, if he will make an assessment of the probability that the net present value of each of the three shortlisted schemes examined by the Airports Commission is zero or negative.
- To ask the Chancellor of the Exchequer, if he will instruct the Infrastructure and Projects Authority to reproduce Table 7.1 of the Final Report of the Airports Commission, published in July 2015, using the Commission's (a) global growth, (b) relative decline of Europe, (c) low-cost is king and (d) global fragmentation scenarios.
- To ask the Chancellor of the Exchequer, if he will instruct the Infrastructure and Projects Authority to reproduce Table 7.1 of the Final Report of the Airports Commission, published in July 2015, using an appraisal period of (a) 10, (b) 20 and (c) 30 years.
- To ask the Chancellor of the Exchequer, if he will instruct the Infrastructure and Projects Authority to provide 90 per cent confidence intervals for each of the figures in Table 7.1 of the Final Report of the Airports Commission, published in July 2015.

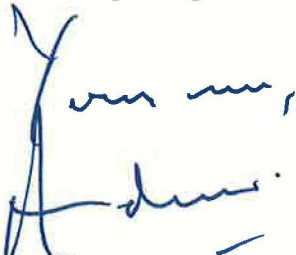
- To ask the Chancellor of the Exchequer, if his Department will make an assessment of the implications for his policies of the economic impacts of the recommendations of the Airports Commission's Final Report, published in July 2015.
- To ask the Chancellor of the Exchequer, whether the Infrastructure and Projects Authority will assume responsibility for future projects to increase airport capacity in the South East.
- To ask the Chancellor of the Exchequer, with reference to Table 7.1 of the Final Report of the Airports Commission, published in July 2015, if he will commission an assessment of the effect on the data in that table under the Commission's (a) global growth, (b) relative decline of Europe, (c) low-cost is king and (d) global fragmentation scenarios.
- To ask the Chancellor of the Exchequer, with reference to Table 7.1 of the Final Report of the Airports Commission, published in July 2015, if his Department will make an assessment of the effect on the data in that table under an appraisal period of (a) 10, (b) 20 and (c) 30 years.
- To ask the Chancellor of the Exchequer, if his Department will make an assessment of the effect on (a) the cost of passenger fares and (b) passenger demand of each of the Airports Commission's three shortlisted schemes and the effect of that cost.
- To ask the Chancellor of the Exchequer, if he will make an assessment of the effect on the conclusions of the Airports Commission's Final Report, published in July 2015, of the Commission's decision not to take account of high value-added international sectors in measuring the agglomeration benefits of the three shortlisted projects.
- To ask the Secretary of State for Transport, whether the Airports Commission estimate of net present value of the three shortlisted schemes took account of the (a) extent to which the cost of each such scheme would be passed to passengers in higher fares and (b) effect of such higher fares on passenger demand.
- To ask the Secretary of State for Transport, whether the Airports Commission estimated the probability that the net present value of the three shortlisted schemes would be zero or negative; and what that probability was for each shortlisted scheme under the carbon capped and carbon traded policy frameworks.
- To ask the Secretary of State for Transport, for what reasons the Airports Commission used his Department's National Air Passenger Demand Model and National Air Passenger Allocation model in its work; whether the assumption of homogenous capacity in those models affected the net present value figures in Table 7.1 of the Commission's Final Report, published in July 2015, compared with a model that distinguished between long and short-haul, business and leisure, and domestic and international capacity; and what assessment he has made of whether the use of a

model that distinguishes between such different types of capacity would increase or decrease the net present value of each of those shortlisted schemes.

- To ask the Secretary of State for Transport, what account the Airports Commission took of the concern raised by its expert advisors that the failure to account for high value-added international sectors in measuring the agglomeration benefits of the three shortlisted projects was a significant limitation.

The decision on airport capacity is crucial to the future of the British economy. It therefore cannot be left to the Department for Transport and you will need to take the lead. Therefore the Government – led from the Treasury – need to have another go at responding to these questions. The Airports Commission did not publish the information that I have requested in their final report, nor in any of the supporting documents.

I will be placing this letter, and your response, in the public domain.

A handwritten signature in blue ink, appearing to read 'Andrew Tyrie', is written over a horizontal line.

**RT HON ANDREW TYRIE MP**  
**CHAIRMAN OF THE TREASURY COMMITTEE**