

Agenda – Pwyllgor yr Economi, Seilwaith a Sgiliau

Lleoliad:	I gael rhagor o wybodaeth cysylltwch a:
Fideo gynadledda drwy Zoom	Robert Donovan
Dyddiad: Dydd Iau, 18 Mehefin 2020	Clerc y Pwyllgor
Amser: 13.00	0300 200 6565
	SeneddESS@senedd.cymru

Rhag-gyfarfod anffurfiol (13.00 – 13.30)

Yn unol â Rheol Sefydlog 34.19, mae'r Cadeirydd wedi penderfynu gwahardd y cyhoedd o gyfarfod y Pwyllgor at ddibenion diogelu iechyd y cyhoedd. Bydd y cyfarfod hwn yn cael ei ddarlledu'n fyw ar www.senedd.tv

1 Cyflwyniad, ymddiheuriadau, dirprwyon a datgan buddiannau
(13.30)

2 Papurau i'w nodi

2.1 Llythyr gan Gadeirydd y Pwyllgor Cyfrifon Cyhoeddus

(Tudalennau 1 – 3)

Dogfennau atodol:

EIS(5)-13-20(P1) Llythyr gan Gadeirydd y Pwyllgor Cyfrifon Cyhoeddus

2.2 Llythyr gan Gadeirydd y Pwyllgor Cyllid

(Tudalennau 4 – 5)

Dogfennau atodol:

EIS(5)-13-20(P2) Llythyr gan Gadeirydd y Pwyllgor Cyllid



2.3 Llythyr gan y Gweinidog dros yr Economi, Trafnidiaeth a Gogledd Cymru ynghylch camau dilynol o'r cyfarfod ar 11 Mai

(Tudalen 6)

Dogfennau atodol:

EIS(5)-13-20(P3) Llythyr gan y Gweinidog dros yr Economi, Trafnidiaeth a Gogledd Cymru

2.4 Llythyr gan Weinidog yr Economi, Trafnidiaeth a Gogledd Cymru at Ganghellor y Trysorlys y Gwir Anrhydeddus Rishi Sunak AS

(Tudalennau 7 – 10)

Dogfennau atodol:

EIS(5)-13-20(3a) Llythyr gan Weinidog yr Economi, Trafnidiaeth a Gogledd Cymru at Ganghellor y Trysorlys y Gwir Anrhydeddus Rishi Sunak AS (Saesneg yn unig)

3 COVID-19: Trafnidiaeth – Undebau Llafur

(13.30-14.00)

(Tudalennau 11 – 17)

Peter Hughes, Ysgrifennydd Rhanbarthol, Uno'r Undeb yng Nghymru
Brendan Kelly, Trefnydd Rhanbarthol Undeb Cenedlaethol y Gweithwyr
Rheilffordd, Morwrol a Thrafnidiaeth, Cangen De Cymru a De Orllewin Cymru

Dogfennau atodol:

EIS(5)-13-20(P4) Papur Briffio

Egwyl

(14.00-14.02)

4 COVID-19: Trafnidiaeth – Maes Awyr Caerdydd

(14.02-14.32)

(Tudalennau 18 – 26)

Deb Bowen Rees, Prif Weithredwr, Maes Awyr Caerdydd
Spencer Birns, Prif Swyddog Masnachol, Maes Awyr Caerdydd

Dogfennau atodol:

EIS(5)-13-20(P5) Tystiolaeth o Faes Awyr Caerdydd (Saesneg yn unig)

Egwyl

(14.32-14.40)

5 COVID-19: Trafnidiaeth Gyhoeddus – Trafnidiaeth i Gymru a Gweithredwyr Bysiau

(14.40-15.40)

James Price, Prif Weithredwr, Trafnidiaeth Cymru

Nigel Winter, Rheolwr Gyfarwyddwr, Stagecoach De Cymru

Scott Pearson, Rheolwr Gyfarwyddwr, Trafnidiaeth Casnewydd

6 Cynnig o dan Reol Sefydlog 17.42(ix) i benderfynu gwahardd y cyhoedd o weddill y cyfarfod

(15.40)

7 Preifat

(15.40-16.00)

(Tudalennau 27 – 89)

Covid-19: Ystyried tystiolaeth

Adroddiad drafft: Ddatgarboneiddio trafndiaeth

Dogfennau atodol:

EIS(5)-13-20(P6) Adroddiad drafft (Saesneg yn unig)

Adrian Crompton

Archwilydd Cyffredinol Cymru

Sophie Howe

Comisiynydd Cenedlaethau'r Dyfodol

29 Mai 2020

Lles Cenedlaethau'r Dyfodol – Adroddiadau Statudol

Annwyl Adrian a Sophie,

Diolch unwaith eto ichi am ddod i gyfarfod y Pwyllgor Cyfrifon Cyhoeddus ar 18 Mai 2020. Roedd yn gyflwyniad ac yn fan cychwyn defnyddiol iawn i'r Senedd ystyried eich adroddiadau statudol pwysig.

Rydym yn cydnabod bod egwyddorion Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015 ('y Ddeddf') yn sail i bob agwedd ar fywyd cyhoeddus yng Nghymru ac mor bwysig yw sicrhau y dylai'r holl waith craffu gan y Senedd gwmpasu popeth.

O'r herwydd, hoffem gymryd amser i fyfyrion ar sut y gall y Senedd gyflawni'r gwaith hwn yn effeithiol a byddwn yn disgwyl nes lansiad ffurfiol eich adroddiadau yn yr hydref cyn bwrw ymlaen â'n gwaith craffu. Bydd hyn yn ein galluogi i asesu sut mae cyrff cyhoeddus yng Nghymru yn ymateb i'ch canfyddiadau ac yn ystyried unrhyw adborth gan randdeiliaid, a fydd yn llywio ein barn.

Er y gofynnwyd i'r Pwyllgor Cyfrifon Cyhoeddus arwain y gwaith hwn, byddaf yn sicrhau bod holl Gadeiryddion Pwyllgorau'r Senedd yn cael eu gwahodd i gyfrannu. Rydym am fod yn glir y bydd angen i'r gwaith craffu hwn gynnwys craffu ôl-ddeddfwriaethol ehangach ar y Ddeddf, a sicrhau bod hyn yn cael ei wneud yn rheolaidd. Ar hyn o bryd, er bod y Ddeddf ar waith ers 5 mlynedd, ni chafwyd craffu ôl-ddeddfwriaethol ehangach hyd yma



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a dim ond y Pwyllgor Cydraddoldeb, Llywodraeth Leol a Chymunedau sy'n craffu ar Gomisiynydd Cenedlaethau'r Dyfodol yn flynyddol.

Rydym yn cydnabod pwysigrwydd ymgorffori'r Ddeddf ar draws Sector Cyhoeddus Cymru. Fodd bynnag, rydym yn pryderu nad yw rhai cyrff cyhoeddus yn ystyried hyn yn flaenoriaeth. Bydd ein hystyriaeth yn gwyntyllu sut y gallai'r Senedd ymgymryd â gwaith craffu ôl-ddeddfwriaethol ar y Ddeddf. Bydd hyn yn cynnwys archwiliad manwl o'r rhwystrau rhag gweithredu'r Ddeddf yn llwyddiannus, fel a ddisgrifir yn eich adroddiadau, a sut y gellir goresgyn y rhwystrau hynny. Er enghraifft:

- Rôl Llywodraeth Cymru wrth gynnig arweiniad ar weithrediad y Ddeddf.
- Cylchoedd cyllido tymor byr, a sut mae'r rhain yn atal cynnydd.
- A oes gan y cyrff y mae'r Ddeddf yn effeithio arnynt ddigon o adnoddau i roi egwyddorion y Ddeddf ar waith yn ymarferol.

Byddwn hefyd yn canolbwyntio ar ddatblygu cerrig milltir clir i fesur cynnydd, ac yn ystyried a ddylid dynodi cyrff cyhoeddus ychwanegol trwy Orchymyn i fod yn ddarostyngedig i'r Ddeddf.

Mae'r Pwyllgor yn cydnabod yr heriau sylweddol a wynebwr gan gyrff cyhoeddus yng Nghymru yn sgil pandemig COVID-19. Rydym yn gweld fframwaith Deddf Llesiant Cenedlaethau'r Dyfodol fel cyfle i fynd i'r afael â rhai o'r heriau hyn. Mewn sawl ffordd, mae'r pandemig wedi datblygu egwyddorion y Ddeddf trwy esgor ar fwy o weithio ystwyth a hyblyg, teithio llesol, cydweithio a newidiadau cadarnhaol eraill. Gobeithiwn na fydd y newidiadau cadarnhaol hyn yn cael eu colli gyda llacio cyfyngiadau symud COVID-19.

Nodwn y bydd angen ystyried pob agwedd ar fywyd cyhoeddus trwy ddrych COVID-19 wrth i gyrff cyhoeddus weithredu argymhellion eich adroddiadau. Bydd hyn yn rhan sylfaenol o'n gwaith yn yr hydref.



Rydym yn edrych ymlaen at drafod â chi yn nes ymlaen eleni wrth fwrw ymlaen â'n gwaith craffu ar ganfyddiadau eich adroddiadau.

Yn gywir,

A handwritten signature in black ink that reads "Nick Ramsay". The signature is written in a cursive style with a long, sweeping underline.

Nick Ramsay AS
Cadeirydd

Croesewir gohebiaeth yn Gymraeg neu'n Saesneg / We welcome correspondence in Welsh or English.



Cadeirydd y Pwyllgor Plant, Pobl Ifanc ac Addysg
Cadeirydd y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig
Cadeirydd y Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu
Cadeirydd Pwyllgor yr Economi, Seilwaith a Sgiliau
Cadeirydd y Pwyllgor Cydraddoldeb, Llywodraeth Leol a Chymunedau
Cadeirydd y Pwyllgor Materion Allanol a Deddfwriaeth Ychwanegol
Cadeirydd y Pwyllgor Iechyd, Gofal Cymdeithasol a Chwaraeon

1 Mehefin 2020

Y Pwyllgor Cyllid: Ymgysylltu a Dadl yn y Cyfarfod Llawn ar flaenoriaethau gwariant Llywodraeth Cymru 2021-22

Annwyl Gadeiryddion y Pwyllgorau

Yn ein cyfarfod ar 21 Mai 2020, bu'r Pwyllgor Cyllid yn ystyried ei raglen ymgysylltu ar gyfer cyllideb ddrafft Llywodraeth Cymru sydd ar y gweill, ac rwy'n ysgrifennu at holl Gadeiryddion y pwyllgorau pwnc i rannu ein safbwyntiau.

Fel y byddwch yn gwerthfawrogi, yng nghyd-destun y cyfyngiadau cymdeithasol presennol oherwydd Covid-19, ni allwn gynnal digwyddiad rhanddeiliaid fel yr ydym wedi'i wneud yn y gorffennol. Mae hyn yn siomedig iawn am ei fod yn cynnig cyfle gwerthfawr i glywed gan ein rhanddeiliad allweddol am eu meysydd blaenoriaeth ar gyfer gwariant Llywodraeth Cymru cyn i'r gyllideb ddrafft gael ei llunio.

Yn hytrach, eleni byddwn yn ymgymryd â mentrau ar-lein gan ddefnyddio Twitter i annog rhanddeiliaid a'r cyhoedd i gyflwyno eu safbwyntiau ynglŷn â blaenoriaethau gwariant. Byddwn yn gwerthfawrogi eich cymorth i hyrwyddo ein cwestiynau/holiaduron ar-lein drwy eich dulliau cyfathrebu chithau er mwyn ennyn diddordeb cynulleidfaoedd ehangach ac ymgysylltu â hwy.

Bydd hyn yn helpu'r Pwyllgor Cyllid i gyfrannu at gyflawni'r gwaith craffu mwyaf cydlynol ac effeithiol o gynlluniau gwariant y Llywodraeth yn ystod yr amgylchiadau digynsail hyn. Byddwn yn rhannu canlyniad y gwaith ymgysylltu hwn â'ch Pwyllgorau i'ch helpu gyda'r gwaith o graffu ar y gyllideb ddrafft.

Mae'r Pwyllgor Busnes wedi cytuno i drefnu dadl, a gynigiwyd gan y Pwyllgor Cyllid, yn ystod wythnos olaf tymor yr haf ynglŷn â blaenoriaethau gwariant Llywodraeth Cymru. Gobeithiwn y gellir defnyddio'r wybodaeth a gesglir drwy ein gwaith ymgysylltu ar-lein i lywio'r ddadl ac y bydd ei chynnal cyn toriad yr haf yn cynnig digon o amser i Lywodraeth



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Cymru ystyried safbwyntiau'r Senedd wrth lunio ei chyllideb ddrafft. Bydd Covid-19 yn cael effaith ar wariant cyhoeddus am flynyddoedd i ddod a chredwn fod cynnal y ddadl hon yn hanfodol er mwyn sicrhau bod y Senedd yn amlinellu'r hyn y mae'n credu y dylai Llywodraeth Cymru ganolbwyntio ei gwariant arno dros y flwyddyn ariannol nesaf. Gobeithiwn y byddwch chi ac Aelodau o'ch Pwyllgorau yn manteisio ar y cyfle i gyfrannu at y ddadl bwysig hon.

Yn dilyn y ddadl, byddaf yn ysgrifennu atoch eto i nodi ffocws cyllidebol y Pwyllgor Cyllid, manylion yr ymgynghoriad, a'n hamserlen ar gyfer craffu ar y gyllideb.

Os oes gennych gwestiynau am unrhyw agwedd ar broses y gyllideb ddrafft, mae croeso i chi gysylltu â mi neu Bethan Davies, Clerc y Pwyllgor Cyllid, ar 0300 200 6372, neu seneddcyllid@senedd.cymru

Yn gywir



Llyr Gruffydd AS
Cadeirydd y Pwyllgor Cyllid

Croesewir gohebiaeth yn Gymraeg neu Saesneg.
We welcome correspondence in Welsh or English.





Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref KS/02635/20

Russell George AS
Aelod o'r Senedd ar gyfer Sir Drefaldwyn
Cadeirydd, Pwyllgor yr Economi, Seilwaith a Sgiliau

SeneddEIS@assembly.wales

1 Mehefin 2020

Annwyl Russell,

Rwy'n ysgrifennu atoch i ddiolch i chi am y cyfle i fynychu eich sesiwn Busnes a Chefnogi Swyddi COVID-19 ar 11 Mai 2020. Cytunais yn ystod y sesiwn i ysgrifennu atoch er mwyn rhoi rhagor o fanylion ynghylch y materion canlynol.

O safbwynt pwynt 1, amgaeaf y llythyr a anfonwyd gennyf i a'r Gweinidog Cyllid a'r Trefnydd at y Canghellor yn gynharach y mis hwn.

O safbwynt pwynt 2, nid oes unrhyw dystiolaeth sy'n profi bod gweithwyr siopau wedi bod o dan anfantais mewn unrhyw ffordd o safbwynt gallu siopa am fwyd. Ar wahân i rai eithriadau yr unig siopau sydd wedi bod ar agor yw manwerthwyr bwyd ac mae gan y rhain drefniadau sy'n galluogi'r staff i brynu bwyd ganddynt. Golyga hyn nad oes angen unrhyw drefniant arbennig ac ychwanegol ar eu cyfer.

O safbwynt pwynt 3, cyhoeddwyd y Cynllun Cadernid ar gyfer y Sector ôl-16 ar 20 Mai. Dyma ddolen i'r adroddiad:

<https://llyw.cymru/cynllun-cadernid-ar-gyfer-y-sector-ol-16-coronafeirws>

<https://gov.wales/resilience-plan-post-16-sector-coronavirus>

Yn gywir

Ken Skates AS/MS

Gweinidog yr Economi, Trafnidiaeth a Gogledd Cymru
Minister for Economy, Transport and North Wales

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.



Ken Skates AS/MS
Y Gweinidog yr Economi, Thrafnidiaeth a Gogledd Cymru
Minister for Economy, Transport and North Wales

Eich cyf/Your ref
Ein cyf/Our ref RE/197/20

Chancellor of the Exchequer
Rt Hon Rishi Sunak MP
H M Treasury
action.chancellors@hmtreasury.gov.uk

11 May 2020

Dear Chancellor,

Job Retention Scheme

We wanted to write in advance of what we understand will be consultations between Ministers in the devolved Governments and the Chief Secretary over the coming days about the future of the Job Retention Scheme (JRS).

We wish to start by re-iterating our strong appreciation of the timely decision you made to launch this Scheme which has proven absolutely essential to enable large parts of the economy in Wales and across the UK to 'hibernate' through the last six weeks of lockdown.

The measures we have taken as a government – including a loan facility through the Development Bank of Wales and the £400 million Economic Resilience Fund which is providing discretionary grant support to Welsh businesses which received 9,000 applications in the first week – have been an important complement, but would be wholly inadequate in the absence of the JRS. Indeed, it would be impossible for any one of the devolved governments to provide the intensity of very necessary support that the JRS has been providing on a UK-wide basis.

In this context, we believe it is essential that the JRS is not withdrawn or scaled back too quickly and before businesses have been able properly to restart their operations.

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Gohebiaeth.Rebecca.Evans@llyw.cymru

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. **Tudalen y pecyn 7** Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

With this in mind we would stress the following:

- There should be **no reduction of support in respect of businesses which cannot legally open**. The JRS should continue to operate at the same intensity and level of support for those sectors and businesses which are closed as a result of legislation and regulation for as long as those restrictions remain in place. This may apply to non-food retail businesses and personal service providers if it is the intention to retain any legal restrictions on them after 30 June as the current end date of the JRS. It will certainly apply to businesses such as pubs, restaurants and cafes as well as theatres, cinemas and sports organisations which could remain closed for much of the rest of the year.
- Similarly, **the Scheme should continue to offer broadly the same intensity and level of support to tourist businesses**. Accommodation providers, visitor attractions, event organisers and other elements of the tourism economy in practice are unlikely to be able to operate at anything like normal capacity for as long as the associated food service businesses are closed. In practice tourism providers in Wales face ‘three winters’ in a row, with very little prospect of business getting back to anything like normal levels this calendar year.
- **The JRS should be made more flexible where businesses are legally able to operate**, as recommended by the TUC. Businesses in sectors such as manufacturing and construction will clearly not be able to operate at the same levels of employment and production as before the crisis for some time to come. This in turn will mean that many will be operating at lower levels of sales to fixed costs and hence profitability. One solution would be to allow employers to furlough staff for only a proportion of their working hours, to enable them to distribute the available work as fairly as possible.
- **Reducing the volume of an employer’s workforce that can be furloughed would be preferable to a general tapering the intensity of support** e.g. to only 60% of the wages of each worker. Alongside the potential to support part-time working, another solution would be for employers to continue to furlough part of their staff – with a potential for HMRC to limit the proportion of an employer’s workforce which can be furloughed.
- **Any action must not push employers to jeopardise safe working because of financial pressure**. This should be obvious, but while the needs of the economy undoubtedly require an increase in economic activity, it would be tragic if the withdrawal or reduction of support places pressure on employers to choose between operating unsafely or closing down. In particular, it is essential that employers continue to have the opportunity to support employees who have to self-isolate and that employees can be supported if they do not feel it is safe for them to return to the workplace. Here in Wales, we have given statutory force to the requirement on businesses to make reasonable adjustments to respect the ‘two metre rule’ and this must not be undermined by fiscal measures.

- Finally, as we have already suggested to the Secretary of State for Business, Energy and Industrial Strategy, **there should be scope for greater support for businesses to make physical adaptations.** One way to increase the level of employment in sectors where businesses should be open but are not would be to facilitate physical changes which would make it safer to operate. We would encourage the UK Government to put in place a grant scheme to facilitate this and to provide consequential which would allow us to do likewise.

Although we have concentrated here on the JRS, we have similar concerns and views in respect of the Self-Employment Income Support Scheme (SEISS).

We are copying this letter to the Chief Secretary to the Treasury, Secretary of State for Business, Energy and Industrial Strategy, Kate Forbes MSP - Cabinet Secretary for Finance, Conor Murphy MLA - Minister for Finance, Fiona Hyslop MSP - Cabinet Secretary for Economy, Fair Work and Culture and Diane Dodds MLA - Minister for the Economy.

Yours sincerely,



Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Finance and Trefnydd



Ken Skates AS/MS
Y Gweinidog yr Economi, Thrafnidiaeth Minister for
a Gogledd Cymru
Minister for Economy, Transport and North Wales

Mae cyfyngiadau ar y ddogfen hon

Economy, Infrastructure and Skills Committee scrutiny of the impacts of COVID-19

Response by Cardiff Airport

Scope of response

This response is specifically about Cardiff Airport within the context of the Welsh economy and challenges impacting the aviation industry.

Our response includes reference to the following points raised by the Committee for consideration:

- *Effects on the economy and business – including how different sectors are being affected;*
- *Effects on jobs – including job retention and safety at work;*
- *Effects on transport – including the short and long-term impact of the virus on demand, travel patterns and mode used and how this should be managed, support for sustainable transport and how public transport can operate safely during the pandemic for passengers and staff;*
- *The support of the Government and wider public sector to all of the above – including whether the support is working, or if there are gaps, and what fine tuning is needed or additional support could be offered?*
- *Recovery – this includes what needs to be done to help Wales recover from the epidemic? This includes actions which should be taken by the government, commercial or from the community/third sector Government, to foster recovery in the areas covered by EIS. It also includes how area covered by the economy can assist in the recovery e.g. how skills training can be used to assist recovery.*

Introduction

Cardiff Airport is an important part of the transport infrastructure in Wales and a major contributor to the local economy, supporting **2,400¹** aviation-related jobs. As the national airport for Wales, it drives over **£246m¹** of direct economic benefit to the region every year with over **30%²** of passengers being visitors to the country.

Cardiff Airport ended the 2019/20 financial year at **1.588³** million passengers, which represents flat passenger growth year on year (at the end of February 2020 and prior to the Covid-19 pandemic, annual passenger growth was 7%). This follows growth of 7% in 2018, 9% in 2017 and 16% in 2016.

Prior to COVID-19 passenger growth had reached over **50%** since the Airport came under public ownership in 2013. This growth reflects the Airport's position as not only a point of departure, but also as a key international gateway for visitors to the UK.

Headlines in the Airport's development include:

- The Airport posted its third consecutive, positive EBITDA (earnings before interest, tax, depreciation and amortization) in 2019-20⁴ which is a measure of a company's operating performance, as well as it being the third consecutive year that revenue covered operating costs.
- Qatar Airways launched a regular, direct flight between Wales and Qatar which now celebrates two years of service. The route, which has opened up a world of connectivity for customers across Wales and the south west of England has also re-positioned Cardiff Airport as a key gateway into the UK for international visitors.
- The Airport unveiled its draft Masterplan for the next 20 years in 2018, which sets out ambitious plans for expansion between now and 2040. These are already being realised with the announcement of a new flight handling operator - Global Trek - which opened its new premises in May 2019.
- On 1 April 2019, Welsh Government and Cardiff Airport began a 10-year contractual joint venture which saw the transfer of airfield operational responsibilities at Bro Tathan (St Athan airfield) to the Cardiff Airport team, including maintenance, security, radar services and air traffic control.
- On 1 December 2019 Cardiff Airport took over passenger services operations at Anglesey Airport, supporting aviation growth for the whole of Wales, enabling connectivity between north and south Wales.
- British Airways Maintenance Cardiff (BAMC), which employs almost 700 highly skilled staff, has re-affirmed its position at Cardiff Airport with a renewed 20-year commitment in 2015 with the introduction of maintenance on its fleet of Boeing 787 Dreamliner's, following detailed negotiations between British Airways, Welsh Government and Cardiff Airport.
- In September 2019 the Airport launched an [Environmental Flight Path](#) – a journey to becoming carbon neutral.
- A number of improvements and new facilities were unveiled in 2018 including additional seating in departures, two new Costa outlets, a larger WH Smith store with Well Pharmacy products, extension and reconfiguration of the car parks, a new car

hire centre, a Meet & Greet parking service and a revamped 51^o Executive Lounge and Business Lounge. A new baggage belt system improved the security search process and the airport installed two 'upcycled' air bridges from London Heathrow to enhance the customer's journey through the Airport.

- In 2019 new-generation passport e-gates were introduced at border control funded by a Welsh Government safety and security grant.
- The Airport was able to bring forward a commitment to paying the 'Real living wage' to 1 April 2019, a year earlier than planned.
- In 2019, in its first gender pay gap report, Cardiff Airport highlighted that its 'Mean Gender Pay Gap' was 2%, significantly less than the Aviation Sector average which stands at 34% and the UK average of 17%; Wales' average of 12% and the Industry (Transportation and Storage) average of 3%.⁵
- In August 2019 the Airport launched a new Community initiative, The Touchdown Programme.

In May 2020, the Airport confirmed the next Chair will be Wayne Harvey, Senior Managing Partner for Deloitte in Wales. Wayne, who will retire from Deloitte in May will join in the non-executive Chair position on 1 June 2020, taking over from outgoing Chair Roger Lewis. He takes over at a challenging time for the aviation industry on a global scale.

The impact of COVID-19 on Cardiff Airport

The flying programme

Since 27 March 2020 there have been no commercial passenger operations through the Airport terminal, as the entire aviation industry has reduced or stopped operations globally.

The Cardiff Airport airfield has remained open as it is vital, as a key part of the national infrastructure that it remains in a position to support any essential flying for the UK whether it be freight, emergency or other critical activity that needs to take place.

Over the past two weeks alone there have been three large freight flights from Cambodia and China bringing over 3million items of Personal Protective Equipment (PPE) directly into Wales for the front-line NHS and care home teams. More flights are planned for the coming weeks.

Due to airlines suspending services there are currently no commercial flights operating for passenger travel - the situation remains fluid and the Airport team are in regular dialogue with airlines as to when services will start flying again. As it stands, limited services are expected to start flying again in June, but this could change based on UK Government advice and international travel guidance.

Currently (as at 26 May) airlines operating at Cardiff Airport are proposing re-starting services on the following dates:

International routes:

- TUI – 22 destinations: currently on sale from 12 June
- Vueling – Alicante, Malaga, Palma: currently on sale from 1 July
- Balkan Holidays – Bulgaria: currently on sale from 5 July
- Ryanair – Barcelona, Faro, Malaga: currently on sale from 1 July
 - Malta: currently on sale from 26 October
- KLM - Amsterdam with connections globally: currently on sale from 4 July
- Qatar Airways - Doha with connections globally: currently on sale from 26 October

Domestic routes:

- Eastern Airways – Anglesey, Durham Tees Valley: currently on sale from 15 June
- Loganair – flights to Edinburgh and Glasgow have been taken off sale

The Airport team

As a result of reduced flying, the staffing presence at the Airport has been reduced to only the essential cover needed. It is essential to maintain regulatory compliance and ensure the Airport site is kept safe and secure during the lockdown period. Keeping the airfield open maintains regulatory currency, ensuring the Airport remains in a position to immediately facilitate passenger flights when airlines restart commercial flying operations.

Based on the current operational requirement and the Executive team's desire to protect the business and jobs in the long term, just over half of roles (approx. 150 individuals) were furloughed from 6 April 2020 utilising the UK Government Coronavirus Job Retention Scheme.

Cardiff Airport is proud to support the national efforts and team members are going above and beyond with some great examples of community care and volunteering. This has included 32 firefighters from our Fire and Rescue service forming part of a team of

approximately 55 firefighters, working on a shift basis to ensure that essential 24/7 fire cover is provided at the Dragon's Heart hospital, within the Principality Stadium.

Government engagement

The Cardiff Airport Executive and Board are in regular dialogue with both the Welsh and UK Government (Department for Transport) about the Covid-19 pandemic and impact on the business.

Regional airports, such as Cardiff are being kept open for public service reasons, including emergency service, repatriation, medivac, cargo and military flights that in themselves do not cover the cost of operations. We are therefore providing an essential public service for Wales and the UK.

In addition, the Civil Aviation Authority (CAA) indicated if an Airport does fully close, re-opening will involve licensing procedures that take time and are costly. It is therefore better for an Airport to stay open.

Ongoing support required

The uncertain market conditions and the very protracted restart the aviation industry faces as we emerge from the COVID-19 crisis, means support will be required, while the industry recovers, to maintain the critical national infrastructure and economic role of Cardiff Airport within Wales.

The Airport is not only critical in supporting essential passenger and non-passenger aviation but also for safeguarding the 2,400 aviation related jobs in the region.

We support the extension to the UK Government's Job Retention Scheme until October 2020 with additional flexibility and hope this is reviewed for specific sectors that may take longer to recover, such as aviation.

Support should also be considered in the following areas:

1. Public Service Obligation (PSO) routes

The UK Government should allow the Welsh Government to create a number of new Public Service Obligations on domestic/intra-UK and European routes.

Since the Welsh Government first applied to do so in March 2018, the UK Government has resisted making progress on these requests and we are unsure of the justification.

Over 80%⁶ of all Welsh trade is with the rest of Britain so it is essential that the Welsh economy can connect effectively with its UK market. The South Wales region has poor direct rail connectivity between core cities in the UK and with the recent demise of Flybe and questions over other smaller operators, this has become more acute.

Domestic flying within the UK remains essential for business, visiting friends & relatives and domestic tourism. Domestic air travel is no more carbon inefficient than other modes; emissions per passenger/km is at similar levels to cars/diesel trains on many routes; and domestic travel amounts to 3-4% of total UK aviation emissions and less than 1% of total UK transport emissions.⁷

Whilst there would be the need to create a UK framework in the future, a sunset provision should be explored to allow select PSO routes to be developed in the meantime.

2. Air Passenger Duty (APD)

Domestic flying is most likely to be one of the first aviation market to return post lockdown. Therefore, the UK Government should focus its attention on getting the UK aviation industry moving again while international agreements are being reached. APD could be a useful tool to create the right market conditions for airlines

We have repeatedly raised the case for APD to be fully devolved to Wales without delay, in common with arrangements in other devolved governments.

The devolution and subsequent modification of Air Passenger Duty (APD) in Wales offers a significant opportunity to create value for both the Airport and region, supporting an integrated UK aviation strategy without detrimental impact on airports across the border in England. With COVID-19 recovery and Brexit on the horizon, the UK should seize the opportunity and take forward solutions to be more competitive, stimulate investment and encourage global connectivity.

Devolution alone would not directly affect our business however; it would offer the Welsh Government the discretion to set levels appropriately for Wales.

Following a Welsh Affairs Committee inquiry examining the advantages and disadvantages of devolution of APD in 2019, the Committee strongly recommended that APD be devolved to the Welsh Government by 2021. The Committee also called on the Welsh Government to carry out a full environmental impact assessment before decisions are made on any reduction or abolition of the tax.

It is the subsequent reduction or abolishment of APD, which would positively affect Cardiff Airport and the regional economy by creating an incentive to stimulate airline activity. This would result in a swift return to business, recovering pre COVID-19 passenger levels and business growth.

Devolving APD would give Wales parity with other devolved governments (Scotland and Northern Ireland) and has cross party support with representatives understanding the benefits a reduction or abolishment would bring.

3. State Aid

Minister for Economy, Transport and North Wales Ken Skates announced that the Welsh Government will provide finance to the airport, through varying its existing agreed commercial loan facility, to support its reduced operations and to maintain solvency.

State aid rules have been loosened substantially by the EU, giving a great opportunity for support to be provided to those airports/air services where it is most needed (smaller, regional airports and PSOs, where there are extant provisions and now special dispensations for proportionate state aid for socio-economic or essential need purposes); this provides a clear legal and need environment for short term intervention by Government or other public agencies to help smaller airports and associated air services.⁸

UK Government needs to embrace the EU's ruling and precedent cases and allow/offer state aid where it is appropriate.

4. Taxes and Business Rates

Taxes and business rates in particular represent a significant cost to smaller, regional airports such as Cardiff. The UK Government should agree and coordinate a consistent approach to tax relief which will provide much-needed relief to Cardiff Airport, and other smaller regional airports by ensuring continuity of operations.

5. Disproportionate costs

The UK Government needs to address the disproportionate safety and security cost burden on smaller airports, including Cardiff which can equate to up to 30% of operating expenses.

In mainland Europe, many governments provide direct financial support so that local and regional communities do not lose out. In spite of a new national aviation strategy which aims to support regional connectivity, UK Government policy means that such support cannot be provided to airports in the UK, even if local public bodies are prepared to provide funding.

This is an opportunity to change and directly benefit Wales, and other regions which rely on smaller airports.

6. The protection of our team and passengers

During and after the COVID-19 pandemic, aviation must be treated equally to other public transport modes as there are no differences in risk to the public. Exceptional standards should not be imposed on aviation and we would want a consistent, standard approach cross all four nations so not to cause confusion to passengers.

In the case of other public transport modes, where public funding will be used to pay for measures beyond those expected of individual members of public e.g. masks. The same should apply at airports.

The future of air travel in Wales

Cardiff Airport is an important part of the transport infrastructure in Wales and a major contributor to the local economy, supporting 2,400¹ aviation-related jobs. As the national airport for Wales, it drives over £246m¹ of direct economic benefit to the region every year with over 30%² of passengers being visitors to the country.

For this to continue, the UK and subsequently Welsh Government in the case of Cardiff Airport need to create the right market condition for airlines to operate services and for the airport to thrive.

It is essential the UK Government fulfils its promise to produce the long-term 'Regional Aviation Strategy' to underpin the recovery and boost the resilience of the sector post COVID-19. This will provide a coherent framework for recovery planning, adapting to the 'new normal', enhanced resilience and investing to make smaller airports more commercially and environmentally sustainable, and allowing them to diversify their activities and use their assets to maximise their connectivity and economic value to the communities they serve.⁹

Better using regional Airports, such as Cardiff is a key part of the levelling-up agenda and in this case, will aid the recovery of the Welsh economy.

References

¹ Northpoint review of Cardiff Airport performance February 2020

² Cardiff Airport passenger numbers 2019

³ Cardiff Airport passenger numbers 2019

⁴ Cardiff International Airport Ltd annual accounts 2019/20

⁵ Cardiff Airport Gender Pay Gap Report 2019

⁶ Welsh Government trade figures 2019

⁷ Northpoint review of C02 Model Validation 2019

⁸ The Regional and Business Airports Group (RABA) response to UK Government May 2020

⁹ The Regional and Business Airports Group (RABA) response to UK Government May 2020

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