



Mark Isherwood MS  
Chair – Public Accounts and Public Administration Committee  
Welsh Parliament  
Cardiff Bay  
Cardiff  
CF99 1SN

12 September 2024

Dear Chair

## **CARDIFF AIRPORT**

In advance of my and colleagues' attendance at the evidence session with the Committee on 19 September regarding Cardiff Airport, and further to my update letter of 15 August, I thought it would be helpful to provide some additional information to help set the scene in terms of what we will be able to discuss at the session.

### **Cardiff Airport Long Term Strategy**

As you know, on 22 July, the then Cabinet Secretary for Economy, Transport and North Wales issued a statement which sets out our future strategy for Cardiff Airport. The statement can be found here: [Written Statement: Cardiff Wales Airport – long term strategy \(22 July 2024\) | GOV.WALES](#)

The strategy aims to build on the Airport's unique strengths with two main objectives:

- attracting and growing aviation and aerospace businesses linked to the Airport
- a targeted programme of air service development, with a focus on passenger connectivity to a small number of global air hubs and economic centres of importance to Wales

Since the statement was released, the Welsh Government formally referred its proposed investment plan to the Competition and Markets Authority (CMA) on 15 August 2024. We expect that the CMA will publish its opinion on our proposals in early October. The Welsh Government is not in a position to release any details of the Airport growth plan whilst the CMA process is underway. We should be able to go into further detail in due course, when Ministers

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have considered the CMA's feedback and finalised their plan for the Airport. However, some elements of the plan will necessarily remain commercially confidential. I am sure that the Committee will recognise the importance of allowing the CMA to complete its review before entering into discussions about the details of the investment proposals.

Colleagues and I wish to be as open as possible with Committee when it comes to sharing information in relation to Cardiff Airport's performance relative to its new economic objectives. Once the CMA process has concluded, we expect to be able to go into more detail about the anticipated economic benefits of the Welsh Government's proposed investment and how we intend to track progress against those benefits over the years ahead – metrics which I am sure will be of interest to the Committee. However, I will be happy to talk to you in private session next week about the current estimates we have for the expected economic benefits, noting that any figures provided will remain as 'work in progress' until Ministers have reflected upon the CMA's report and finalised their plans for the Airport.

The subsidy proposed to the CMA is the Welsh Government's preferred approach for maximising the economic benefits to Wales from the Airport and we are confident that we have a robust case for subsidy. However, we will take full consideration of the CMA's feedback on our proposals and recognise that there may be a need to adapt aspects of our proposed approach in response to that feedback. Therefore, as you would expect, officials are developing advice for Ministers on alternative approaches that may be taken if the outcome of the CMA process does not align fully with Ministers' ambitions for the Airport. This advice cannot be finalised or discussed until the views of the CMA are known, so will remain as policy work in progress until the CMA process has concluded and Ministers have agreed a way forward.

## **Airport performance**

Cardiff Airport now has 33 direct routes and offers access to over 145 global routes via Amsterdam. It has recovered 52% of its 2019 passenger volume, recording 860,000 passengers through its terminal by the end of 31 March 2024, with TUI, Ryanair and Vueling all increasing their operations from the Airport over the last year. The Airport's leadership team has worked very effectively to recover from the earlier impact of losing Wizz Air and their efforts have paid off, with the gap left by Wizz Air being largely filled with this new business. I expect that the Airport CEO, Spencer Birns, will, at the upcoming Committee session, provide you with the very latest information on the Airport's recent successes, including performance over the summer season.

## **Governance**

I am pleased to report to the Committee that, following the renewal of the Holdco board earlier this year, which has helped address a number of points raised by PAPAC, the new governance arrangements between Holdco and Cardiff Airport are working well. A positive relationship has been established and the refresh of skills and expertise is delivering the new blend of challenge and scrutiny required as the Airport emerges from its restructuring package and heads into a new future focused on maximising its economic potential for Wales. I would be happy to elaborate further upon these new governance arrangements at our Committee session.

## **Qatar Airways**

Negotiations between the Airport executive team and Qatar Airways are ongoing. The discussions remain positive but are commercially sensitive, so neither the Welsh Government nor the Airport executive will be able to provide any further information on this matter at our upcoming session. Colleagues and I will however ensure that the Committee is updated as soon as the negotiations reach a conclusion.

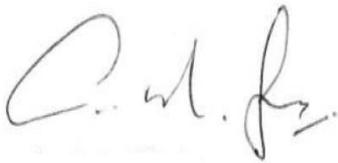
## **Climate Change**

As outlined in the recent Written Statement, the Welsh Government has acknowledged the policy tensions between owning an airport, the significant economic benefits the Airport can deliver for Wales and our need to address the climate emergency. The proposed strategy for the Airport aims to encourage the development and local adoption of more sustainable aircraft propulsion technologies and to reduce carbon emissions from the Airport's infrastructure. I would be happy to elaborate upon this a little further in private session. The Airport Chief Executive will be best placed to update you on the specifics of progress on decarbonising ground operations, which have been positive and significant.

Colleagues and I look forward to our discussion with the Committee next week.

With best wishes.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Slade', written in a cursive style.

**Andrew Slade**  
Director General  
Economy, Energy and Transport