



Llywodraeth Cymru  
Welsh Government

Adran yr Economi, Gwyddoniaeth a Thrafnidiaeth  
Department for Economy, Science and Transport

Cyfarwyddwr Cyffredinol • Director General

Darren Millar AM  
Chair – Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay  
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12 January 2015

Dear Mr Millar

Further to my previous acceptance of your invitation to attend the Public Accounts Committee on 20th January and your request for a brief covering paper prior to 13 January, I enclose the paper in Annex 1.

Yours sincerely

**James Price**

**Welsh Government response to questions raised by the PAC on 17 December 2014.**

**PAC question:** How many of the 23 organisations that registered an interest in the contract actually went on to bid for the tender?

**WG response:** Two; one of which was a consortia bid.

**PAC question:** What factors enabled the less expensive subsidy and better service in terms of marketing for this contract?

**WG response:** An ITT that encouraged innovation, incorporated the recommendations made by PAC, actively engaged with key industry stakeholders and reflected the key findings from the 2014 review of the air service (undertaken by Ove Arup).

**PAC question:** How was the tendering process completed within the timeframe?

**WG response:** The tender process was completed in line with the requirements set out in Regulation (EC) No 1008/2008 and was achieved through effective and dedicated project management.

**PAC question:** Does the Government have any comparators with other subsidised routes e.g. cost per passenger for Arriva Trains Wales, or other air routes e.g. from the Scottish mainland to the Scottish Islands?

**WG response:** The Welsh Government has made extensive comparisons and found that there are significant differences in PSOs across Europe. Professional expert advice received by the Welsh Government states that direct comparisons can not be made. Despite this, according to a review undertaken by the Irish Department for Transport, in 2009 the level of subsidy of the Dublin-Knock PSO in Ireland was £151 and Silgo-Dublin was £80. The PSO for Barra-Benbecula was £83 in 2011/12. The current intra Wales air service contract forecasts an average per passenger subsidy of £85.