

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Pwyllgor yr Economi, Seilwaith a Sgiliau	Economy, Infrastructure and Skills Committee
Blaenoriaethau ar gyfer Pwyllgor yr Economi, Seilwaith a Sgiliau	Priorities for the Economy, Infrastructure and Skills Committee
EIS 43 Maes Awyr Rhyngwladol Caerdydd	EIS 43 Cardiff International Airport

1<sup>st</sup> September 2016

Cardiff Airport, Vale of Glamorgan, Wales CF62 3BD  
Maes Awyr Caerdydd, Bro Morgannwg, Cymru CF62 3BD

The Clerk  
Economy, Infrastructure and Skills Committee  
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Cardiff Bay,  
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## **NATIONAL ASSEMBLY FOR WALES ECONOMY, INFRASTRUCTURE AND SKILLS COMMITTEE – PRIORITIES FOR THE FIFTH ASSEMBLY**

I am writing on behalf of the Board of Cardiff International Airport Limited in response to the invitation from the Chair of the Economy, Infrastructure and Skills Committee for organisations with an interest in your areas of work to suggest issues that the Committee should look at during the Fifth Assembly (2016-2021).

Cardiff Airport is the national airport of Wales and the country's gateway to the world. Being 100% owned by the Welsh Government, we have a very keen interest in the work of the Committee, particularly those areas relating to economic development, transport and infrastructure. The Airport contributes directly to economic growth in the region, generating around £100M GVA annually and directly supporting around 1800 jobs on the Airport site. There is considerable potential to increase this over the next 5 years as confidence in the Airport grows and we are focussed on our mission of being a sustainable airport business generating significant economic benefit for Wales. The Airport stands as a symbol of Wales' ambitions as a significant presence in the aviation and aerospace industries and we would ask the Committee to note that policy decisions that support the development of these sectors in Wales would be a very important stimulus for future growth.

In terms of stimulating growth of the Airport business, which in turn would boost the wider economy, strategic infrastructure projects are of particular significance and the following information<sup>1</sup> highlights the importance of them:

- In 2015, the South Wales air travel market was 4m passengers. Cardiff Airport's share was 27%
- 85% of our passengers travelled to the Airport by road (private car or taxi/minibus)
- 2015 air travel market for the combined regions Newport, Blaenau Gwent and Monmouthshire was 535,211 passenger journeys. This combined region accounts for 13% of the total South Wales air travel market
- Only 16% of this market (84k passengers) took flights from Cardiff in 2015. Over 450k took flights from English airports<sup>2</sup>. Almost all of these travelled to destinations that could be reached from Cardiff
- Improved road access from the eastern part of our catchment area will significantly increase penetration of this market, which represents almost 1/3<sup>rd</sup> of our current traffic

<sup>1</sup> CAA Passenger Survey 2015 – Cardiff Airport results Jan-Dec 2015

<sup>2</sup> 44% (234k) flew from Bristol, 18% (98k) from Heathrow, 10% (53k) from Gatwick and 8% (42k) from Birmingham

- Improving the consistency of the surface journey time from the east and reducing the overall journey time by at least 10 minutes would make the option to travel from Cardiff more appealing to these customers
- Current and potential airline customers have cited surface access issues as a negative factor in their assessment of the validity of services from Cardiff Airport.

#### *Connectivity and surface access to Cardiff Airport*

- It is well documented that improving surface access to an airport can encourage growth and improves the opportunity for the region in which the airport provides services, to compete better in a global market. It is not just the last few miles that are important, but the whole journey that needs to be considered.
- Easy access to an airport has the effect of widening an airport's catchment area, it will encourage airlines to invest in new flight routes – particularly long-haul – as it improves their opportunities to become viable. It also has the effect of improving consumer perceptions of the region, which in turn stimulates growth.
- We recommend that the EIS Committee closely monitor the following local and strategic infrastructure projects, all of which would stimulate growth at Cardiff Airport:
  - Proposed improvements to the Newport/Brynglas Tunnels section of the M4 motorway
  - Planned reductions for Severn Bridge toll charges and the potential future conversion of the M4 Severn Bridges to free flow tolling
  - We would also like to see plans brought forward to create alternative access to the Airport from J34 of the M4
  - Improvements to the A4226 – 5 Mile Lane
  - Metro network for the Cardiff City Region
  - Improvements to Culverhouse Cross Roundabout to facilitate better access to the A48 Westbound and in turn the A4226

In addition, we would ask that the EIS Committee consider the following issues:

#### *National Transport Strategy*

- Previous iterations of the National Transport Strategy have focussed on surface transport, with emphasis placed on major road and rail projects. Considering the strategic importance of air connectivity, we would encourage greater recognition of the importance of air transport in future strategy documents.

#### *Devolution of Air Passenger Duty (APD)*

- APD is a punitive tax imposed by HMT, that is widely agreed to be damaging to the UK economy. It hampers the UK's aviation industry's ability to compete in a global market and has the effect of stifling growth, particularly for domestic flights (currently £23) and long haul (currently £73) connectivity.
- Significantly reducing or abolishing the tax will encourage airlines to reconsider investment plans into our market as it will improve likelihood of viability, which will

lead to an increase in choice for consumers in Wales, more tourism to Wales and circa 27% growth in jobs directly supported by Cardiff Airport, which has the potential to grow overall GVA impact by a further 28%

- All major political parties in Wales support the devolution of this tax to Wales and it was a key recommendation of the Silk Commission to devolve it to Wales for Long Haul. The Welsh Government are pressing the UK Government on this issue and have indicated that they would lower or abolish the tax completely if it were devolved to the Welsh administration. It has already been devolved to the Scottish and Northern Irish administrations but there is currently limited appetite by the UK Government to devolve the tax to Wales, due primarily to opposition from airports and politicians in the South-west of England
- We consider this is a critical issue and we would recommend that the EIS Committee closely monitor the Welsh Government's progress with getting this tax devolved to the Welsh administration.

Thank you for the opportunity to input to the work programme of the EIS Committee and we will happily provide more information on any of the issues that we have highlighted if that would be useful at this stage.

Yours sincerely

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

Debra Barber  
Managing Director and Chief Operating Officer