



Llywodraeth Cymru
Welsh Government

Tracey Burke

Cyfarwyddwr Cyffredinol / Director General

Y Grŵp Newid Hinsawdd a Materion Gwledig
Climate Change and Rural Affairs Group

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

14 June 2022

Dear Chair

CARDIFF AIRPORT

I am writing to you to provide Committee members with a written update on Cardiff Airport ahead of the forthcoming Public Accounts and Public Administration Committee session on the 29th June, which I will be attending.

My predecessor Andrew Slade, the Director General of Economy, Skills and Natural Resources Group, agreed to write to Committee on a six-monthly basis to provide an update on developments at the airport including its loan agreements. Please treat this as a six-monthly update requested by Committee.

Rescue and restructuring

As outlined in the evidence paper provided to Committee on the 3rd November 2021, the Welsh Government (WG) agreed in March 2020 an investment by way of a grant of up to £42.6m over the next five years for Cardiff International Airport Limited (CIAL). £19m of this grant has been drawn down to date.

Commercial loans

At the same time, the Welsh Government agreed to write off £42.6m of the Airport's £69.8m total debt (including accrued interest). The remaining outstanding debt following the write off was £27.2m as at 6 May 2021 which is fully recoverable. The loan repayments will commence in financial year 2031/32 and the Airport should be in a position to repay the remaining outstanding value of the debt to the Welsh Government by 2045. This position has not changed since the last update.

CIAL Airline Operator Position

KLM, TUI, Vueling, Ryanair and Logan Air all continue to operate flights from Cardiff, albeit at a reduced programme than normal. The industry on the whole is still in recovery from the pandemic and, since the recent easing of restrictions, the Airport is already seeing evidence of significant demand for air travel.

Vueling has recently increased its Paris Orly – Cardiff route to 3x weekly and continues to operate to Alicante, Malaga and Palma De Mallorca. KLM continues its direct flight to Amsterdam. Ryanair continues to operate four flights a week between Cardiff and Dublin, and also operates to Malaga and Faro. Logan Air continues its Cardiff - Edinburgh service. TUI continues operating to Alicante, Gran Canaria, Malaga, Lanzarote, Tenerife South and Paphos.

Wizz Air

We recently welcomed the launch of the new Wizz Air base at Cardiff Airport on 8 April 2022. The new base will connect Wales with nine destinations, providing local passengers with more travel opportunities.

The nine routes that the Airline will operate are: Tenerife, Lanzarote, Faro, Alicante, Palma de Mallorca, Corfu, Crete, Cyprus and Sharm El Sheikh.

We were pleased that Wizz Air chose to invest further in Wales by becoming the Cardiff Half Marathon's title sponsor. The sponsorship will present an opportunity to raise the profile of Wales to an international audience, whilst increasing awareness of the new routes on offer at the Airport.

Outcome of the review of Holdco governance for CIAL

Following an internal governance review of WGC Holdco Limited, Ministers have agreed to two new Non-Executive Directors (NEDs) on the Board of Directors of Holdco, in place of the two Senior Civil Servants (SCS). The current NED will be retained, as will a position for one SCS on the Board.

I hope these changes will meet the calls of previous Committees for greater independence from Welsh Government when it comes to making commercial decisions relating to the Airport. This option will also improve the commercial expertise on the Board, as the NEDs will be appointed with suitable experience and expertise.

We are working with the current Holdco Board of Directors and the WG Public Bodies Unit to ensure appointments comply with the principles of the Code of Governance for a full regulated Public Appointments process, and likewise to ensure the right level of experience and expertise is secured. A separate internal recruitment process will be undertaken to appoint a new SCS to the Board.



Parc Cathays • Cathays Park
Caerdydd • Cardiff
CF10 3NQ

Ffôn • Tel 0300 0258047
tracey.burke@gov.wales
Gwefan • website: www.wales.gov.uk

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.

Climate Change

The WG recognises the challenges that aviation creates for meeting our targets on decarbonisation, but also recognises the benefits it brings to the Welsh economy as a whole.

The UK Government launched a consultation on 'Jet Zero' in 2021, covering a number of potential actions across the areas of fuel efficiency; the development of new zero emission aircraft; accelerating the supply and uptake of sustainable aviation fuels (SAF); modernisation of UK airspace and airports; and the development of verifiable markets to offset residual emissions.

In September 2019, Cardiff Airport launched its Environmental Flight Path which is a framework developed to track environmental and sustainability successes that have already been achieved, whilst setting out immediate short-term goals. The Airport is planning to update its Environmental flight path in 2022, with a publication of revised targets to achieving Carbon Net Zero.

We will continue to work with the UK Government and the Jet Zero initiative, as well as with the Airport, to reduce the environmental impacts of aviation.

Cardiff-Anglesey Public Service Obligation (PSO) Air Service

I wrote to you on 8 June 2022 to bring to the Committee's attention a Written Statement by the Welsh Ministers for Climate Change, regarding the Cardiff-Anglesey PSO Air Service.

The Written Ministerial Statement can be viewed here:

[Written Statement: Future of the Ynys Mon – Cardiff Public Service Obligation \(PSO\) Air Service \(8 June 2022\) | GOV.WALES](#)

I look forward to meeting with the Committee on 29th June.

Yours sincerely



Tracey Burke
Director General
Climate Change & Rural Affairs Group



Parc Cathays • Cathays Park
Caerdydd • Cardiff
CF10 3NQ

Ffôn • Tel 0300 0258047
tracey.burke@gov.wales
Gwefan • website: www.wales.gov.uk

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.