

Andrew Slade
Director General – Economy, Skills and
Natural Resources Group
Welsh Government

14 January 2020

Dear Andrew,

Cardiff Airport

You wrote to us on 13 December 2019 regarding the new loan of £21.2 million offered to Cardiff Airport. The Committee discussed this letter on 6 January 2020 and expressed disappointment with the lack of detail in your correspondence regarding the purpose of the loan.

The Committee was also surprised that the correspondence was marked ‘commercial in confidence’ given that it simply repeated information which was already in the public domain, including in a Statement issued by the Minister for Economy and Transport on 21 October 2019. Given this, we would welcome an explanation as to why you considered it necessary to treat your letter in this way.

In addition to the above, we note that the Welsh Government has previously provided a greater level of detail to the Committee with regards other loan agreements, including that which was referred to in the Auditor General for Wales [report](#) on the Welsh Government Acquisition and Ownership of Cardiff Airport published in 2016.

As you are aware, the additional loan represents a significant sum of taxpayers’ money and this is finance which could otherwise be made available to other organisations on more favourable terms to the Welsh Government and with potentially less risk to the public purse.



For the reasons above and with regards to the significant public interest in Cardiff Airport, we request that you provide further breakdown of the details of the intended purpose of the £21.2m loan together with the repayment terms in order that we can be confident that it has been made on a commercial basis which represents value for money for the public purse.

Finally, in light of the news reported on 13 January 2020 regarding the financial difficulties faced by Flybe, the Committee is concerned about the implications that this may have for Cardiff Airport. As you are aware, Flybe accounts for significant number of passenger journeys at the airport each year and during evidence in 2016 we were told that Flybe would be a catalyst for the growth of the airport.

Please set out, in detail, the implications for Cardiff Airport should Flybe cease to operate and the actions the Welsh Government and Holdco are taking to mitigate these, including what discussions, if any, the Welsh Government has had with the UK Government regarding the future of Flybe.

It would also be useful to receive information on any offers or financial incentives made to Flybe to attract them to Cardiff Airport, such as the fees or charges being waived for flying to and from Cardiff. We understand that Flybe signed a 10 year agreement when it opened its base at Cardiff in 2015. Please set out any implications upon these contractual arrangements arising from the difficulties currently faced by Flybe.

You will be aware that the Committee has invited you to attend a further evidence session on Cardiff Airport on 2 March 2020 when we will explore the details of the loan alongside a number of concerns arising from Cardiff Airports annual accounts for 2018 -19. Further to that invitation being issued, the Committee meeting will now take place in the Senedd.

Yours sincerely,



Darren Millar AM
Chair (Temporary)

