



Darren Millar AM
Chair, Public Accounts Committee
National Assembly for Wales

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The Welsh Government's Acquisition and Ownership of Cardiff Airport

Dear Chair,

During my appearance at Public Accounts Committee on 9 February 2016, I undertook to provide the Committee with further information on a number of matters. I agreed to consider four issues in particular, namely to clarify:

- (i) whether BA had received any financial incentive from the Welsh Government to locate its maintenance facilities at Cardiff Airport;
- (ii) data on how passengers arrive at Cardiff Airport;
- (iii) the current value of Cardiff Airport;
- (iv) names of the loan providers to the airports referred to in the evidence session in receipt of loans.

The history of the British Airways Maintenance Centre in Cardiff (BAMC) predates the creation of the National Assembly for Wales and the establishment of the Welsh Government. However, my understanding is that public sector financial support did play a part in the initial investment locating the facility at Cardiff, with £36m offered in the early 1990s.

The Committee also sought clarity on the current commercial value of Cardiff Airport. Notwithstanding, the emphasis that Welsh Government places on the airport as an economic driver, over and above its commercial value, as part of the annual process of filing the audited accounts of WG Hold Co, a commercial value is placed upon Cardiff Airport. The latest audited Hold Co accounts prepared by Grant Thornton LLP place a current value on Cardiff Airport of £55 million.

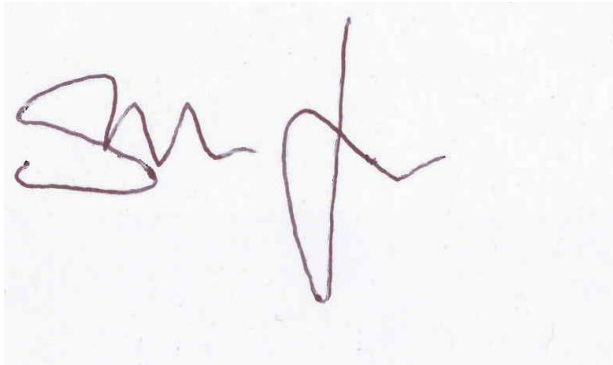
At Committee, I also reflected on examples of debt being carried by commercial airports in the UK, including Bristol (£243m debt), Belfast City (£45.3m debt), and Newcastle (£180m debt). As the Committee will be aware, there are a number of forms in which a commercial

business can access debt financing. These include commercial loans from either public or private sector sources, the issuing of bonds as securities, and intra-company loans in cases where an airport is held as part of a much larger group. For these reasons, it is extremely difficult to be precise as to the individual source or sources of each airports debt. However, I would suggest that the illustrative point is that many commercial airport operations carry significant debt to help finance their activities and realise business development objectives. Cardiff Airport is far from unique in that regard.

Finally, the Committee asked for some further data in terms of which surface access mode passengers arrive at Cardiff Airport. I believe this data is better provided by Cardiff Airport who has some quite sophisticated means of understanding their market. I have therefore asked Debra Barber, the Managing Director and Chief Operating Officer at Cardiff Airport to write to you on this point.

I hope that you find this response of assistance.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'SJ', is centered on a white background. The signature is fluid and cursive, with a large loop for the 'S' and a vertical stroke for the 'J'.

Simon Jones
Chair, WGC Holdco