# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **Welsh Government Invests £6m in the success of Cardiff Airport** |
| **DATE** | **21 March 2018** |
| **BY** | **Ken Skates AM, Cabinet Secretary for Economy and Transport** |

The Welsh Government has decided to acquire an additional £6m of shares in Cardiff Airport. This investment builds on the significant success achieved by the Airport over recent years.  As sole shareholder in the Airport, acting as would a commercial investor in the same position, the Welsh Government has decided to invest further to accelerate the Airport’s success.

The investment will be used to improve airport facilities and the Airport’s commercial offering so that the revenues and profitability of the Airport can be enhanced more quickly than would have been the case without it.  This investment led stepping up of commercial performance substantially brings forward the Airport’s ability to be self-sustaining, and importantly for taxpayers, also accelerates progress to a potential investment recovery position where the Government may consider attracting private sector funding through equity release and potentially returning public funds to Government for us to invest elsewhere.

By injecting additional funding now, in the form of buying additional shares, the Government will either bring forward the date on which all of its loan and equity investment in Cardiff Airport can be fully recovered, or bring forward the date on which a private sector partner can be brought in without diluting any of the Government’s investment.  The Government is acting in the same way as any reasonable commercial investor would to ensure the maximum return from the Airport.

The additional shareholding will allow the Airport to fund capital projects which will allow the business to make the most of recent successes, maximise revenue and generate further business growth.  These enhancements will also help to achieve additional improvements to customer satisfaction levels, which should in turn drive new and repeat business.

The investment is financially responsible, offers good value for money, and makes effective and efficient use of this strategic asset for Wales.

Since the Welsh Government acquired Cardiff Airport it has seen continued growth in passenger numbers, which are now nearing 1.5 million a year, from a base of around 1 million at time of acquisition. This is a 9% year on year passenger growth, on top of 16% growth in 2016. Within the past 6 months the Airport was named both best airport in the UK (under 3 million passengers) and came seventh in the world in a recent review of airport customer satisfaction.

Financial performance at the Airport is growing in line with its ambitious business plan projections, and the airlines taking off from Cardiff fly direct to over 50 destinations including 9 capital cities, and to over 900 destinations via 11 hub airports.

This, alongside the successful commencement of flights by Qatar Airways from Cardiff which will create a gateway from south Wales to the wider world, underpins the achievements to date. The Airport needs to make the most of this opportunity for added worldwide connectivity and as sole owner of the Airport the Government must act now to ensure its recent successes are built upon. Cardiff Airport is a viable, affordable and positive option for passengers, which is critically important as we prepare to exit the EU.  We must ensure Wales is open for business on a global scale.

When I launched our Economic Action Plan at the end of 2017 I recognised the importance of connectivity within Wales, the rest of the UK and the world, to businesses and people. Clearly, for South Wales, Cardiff Airport is a fundamental part of the solution.  Our investment will help to further improve the airport’s contribution to the economy of Wales.