

# Written Ministerial Statement

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## Department of Finance

### URGENT COVID TEMPORARY TIME LIMITED FINANCIAL SUPPORT FOR BELFAST INTERNATIONAL AIRPORT AND BELFAST CITY AIRPORT

*Published on Friday 11 December 2020.*

**Mr Murphy (The Minister of Finance):** I wish to provide Members of decisions taken by the Executive on 10 December 2020 on the provision of up to £7.8m (in total) of temporary financial support to Belfast International Airport (BIA) (up to £3.7m) and Belfast City Airport (BCA) (up to £4.1m) in light of the significant financial difficulties these organisations continue to face as a result of COVID-19 and the need to ensure a continued and functioning airport infrastructure locally both now and in the future to help harness our economic recovery. City of Derry Airport has already been allocated up to £1.23m in support towards their losses up to March 2021 and is therefore not covered by this package. All three airports currently benefit from the rates holiday for 2020-21.

#### **Objective**

The objective of the support is to ensure a continued and functioning airport infrastructure locally to ensure connectivity during the Covid crisis through to March 2021. Airports are one of the sectors most impacted by the Covid crisis. Covid-19 impacts have led to an unprecedented drop in passenger demand with fundamental short and medium term financial impacts for the airports and airlines operating here. The situation is not expected to return to anything like pre-covid operations in the near-term. BIA and BCA are running at a significantly reduced capacity. This has led to dramatically scaled back operations and operating hours with the potential for this level of service to be reduced further, while both organisations are also running at significant and unsustainable losses - putting these vital connectivity assets at risk.

#### **Level of Support**

##### *Package one*

To comply with State aid parameters the support will be split into two separate and distinct packages. Package one support will be delivered towards the airports projected monthly losses. . It will be temporary and time-limited financial support to Belfast International Airport (BIA) of up to £1.9m and Belfast City Airport (BCA) of up to £2.1m based on losses figures submitted to DoF. It is proposed to provide this first package covering the period from September 2020 to December 2020 (the end of the transitional period).

##### *Package two*

Package two will cover the period January 2021 to March 2021 and will require a separate State aid assessment and decision when the State Aid rules, post transition, will be clearer. However any support will continue to be based on the projected losses submitted to DoF for the period January 2021 to March 2021 and be limited to a total spend of £7.8m across both packages.

## **Eligibility Criteria**

The Eligibility criteria for the scheme are:

- i. This support is for BIA and BCA local airports previously above the annual 200k passenger threshold in State Aid regulations;
- ii. The support will be based on monthly losses demonstrated via standard airport company accounts in relation to 'designated revenues' and 'designated costs';
- iii. Support will be provided in two separate agreements covering the September 2020 – December 2020 and January 2021 to March 2021 periods;
- iv. Package one support will be based on no more than 70% of monthly losses currently submitted to DoF. Support will be non-transferable between months;
- v. Package two support will be dependent the proposed aid complying with future State Aid / Level Playing field requirements; Support will be withdrawn if the airports return to profitability during this period and no dividend or divestment to shareholders will be permissible during the current and subsequent tax year;
- vi. DoF can terminate the agreement with 14 days' notice;
- vii. Support will also be contingent on an 'open-book' policy from the respective airports and that the airports remain open and maintain an agreed level of service from the point of support to the end of March 2021 when support will end;
- viii. Neither airport will make any staff redundant during the support period; and
- ix. Support payments will be considered taxable income.

These eligibility requirements will be reflected in the regulations for the scheme.

## **Delivery Powers**

The support will be provided using the Exceptional Circumstances powers under the Financial Assistance Act 2009 where the First and deputy First Minister will be asked to designate the Department of Finance as the relevant Department and to determine:

- i. that exceptional circumstances exist;
- ii. that it is desirable to provide financial assistance to prevent, control or mitigate any aspect or effect of those circumstances; and
- iii. that such assistance ought to be provided in accordance with a scheme or schemes under this section.

This process is underway. The required Regulations for the scheme will be presented to the DoF Committee as soon as possible.

## **Financial Implications**

DoF will deliver the scheme and DoF has been allocated £7.8m for this purpose.