

Regional Airports Consultation
Department of Transport, Tourism and Sport
Leeson Lane
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Cork Chamber
Advancing business together

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Re: Policy Supports for Regional Airports – Preparation of new Regional Airports Programme 2020-2024

To Whom it Concerns,

Thank you for this opportunity to inform the development of a new Regional Airports Programme for the period 2020-2024.

Cork Chamber is the largest business representative organisation in the Southern Region. We represent 1,200 businesses and 100,000 people working together to make Cork the best place for business.

The importance of protecting and growing Ireland's international connectivity is consistently raised by members as a core need for businesses to scale and remain competitive. In this respect, the Island of Ireland is very well served with nine international airports. However, as set out in the consultation document, four of these nine airports are not financially viable and rely heavily on State subvention. We note that a total of €23.9m has been granted in aid to the four regional airports of Kerry, Ireland-West Knock, Donegal and Waterford between the period 2015-2018; a significant sum of taxpayer funded subsidies.

To ensure value for money for the taxpayer it is essential that the design of the new Regional Airports Programme does not distort competition from the commercially viable State airports. Furthermore, the Programme should incentivise regional airports to become more self-sustaining.

Given the significant public funds that are invested in the Regional Airports Programme, Cork Chamber highlights the importance of ensuring value for taxpayers' money with the following observations:

- 1. Capping the State PSO subsidy at an appropriate fixed level per ticket.** Almost €30m in public funding has been paid between 2015-2019 to operate two PSO supported routes (Kerry-Dublin + Donegal-Dublin). Dividing the total State subsidy paid to airlines in respect of routes Dublin/Donegal and Kerry/Dublin with the total passengers served by the airports in the same period reveals that the State is subsidising each passenger travelling to Kerry by €75.20 and €117.4 for every passenger travelling by air to Donegal. This despite the fact that Kerry/Donegal PSO routes were due to end and that *"there has been a decline in the role of regional airport from the national connectivity perspective following substantial development of the national road network in recent years, particularly the completion of the inter-urban motorways over the last decade."* (p. 14 of the consultation paper)

In the wider context of climate change, Cork Chamber proposes that State subsidies are capped on domestic air routes, so more people are incentivised to choose more sustainable travel means for domestic journeys. Rather than continuing heavy subsidies on routes which the market considers to be unviable, we propose that the State focuses its recourses on investing in the road and rail connectivity between Kerry and Donegal to larger urban areas / commercially viable airports in line with Article 18 of EU Council Regulation. Improved access through road and rail investment will also reap much wider and long-term benefits for these regions.

2. **Data Gathering and Growth Targets.** We support the proposal within the consultation papers for better data gathering on passengers travelling via regional airports. Such data should be made publicly available and reveal whether most PSO traffic is domestic/for visiting friends & relatives or inbound tourism/business traffic. Is it the view of Cork Chamber that any State subsidy should be contingent on an airport's ability to deliver on targets for inbound economic traffic (tourism and business) with much greater associated economic benefits than domestic travel. By establishing a baseline and by setting targets for tourism growth, the State can ensure value for taxpayers' money by linking future PSO subvention to successfully achieving growth targets.
3. **Ending PPR-O Expenditure.** PPR-O expenditure has grown significantly in the period 2015-2019 (except at Waterford Airport), which would appear to be contrary to State policy. The National Aviation Policy commits to '*phase out operational expenditure over a maximum of 10 years*'. Yet, PPR-O costs are growing significantly at regional airports. What is facilitated by the Regional Airports Programme and what the Government want to happen in the future seems to be at odds with one another. It is our view that Island of Ireland needs a reasonable geographic spread of well-run, well-connected and profitable airports of scale instead of ten different airports competing on overlapping routes with no sustainability or long-term viability. It is difficult to foresee regional airports becoming self-financing or financially efficient if the State continues to grow PPR-O subventions.

Conclusively, we note that EU guidelines stipulate that capital support and up to 50% aid intensity can be provided to airports serving between one million and three million annual passengers. Cork and Shannon Airports both fall within these parameters, yet do not benefit from the Regional Airports Programme. We therefore emphasise the importance of ensuring that State subvention to regional airports does not happen at the expense of potential growth in self-sustaining and commercially viable State Airports.

Yours Sincerely,

