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25th September 2019

By email: rapconsultation@dtas.gov.ie

Re: Preparation of new Regional Airports Programme 2020 – 2024

Dear Sir/Madam,

daa welcomes the opportunity to engage in the consultation relating to the preparation of a new Regional Airports Programme (RAP) 2020 – 2024.

We note that in the period 2015-18, €23.9 million has been provided to regional airports through economic and non-economic funding schemes, whilst a further €30m has been paid to airlines for the provision of the Public Services Obligation (PSO) scheme. Significant funding increases have been experienced in some areas, which is particularly noteworthy in the context of the future viability of the RAP.

Outlined below are some areas which require detailed consideration in assessing the approach to the RAP for the upcoming period:

- We note that Public Policy Remit Operational Expenditure (PPR-O) funding has substantially increased at Kerry (+57%), Donegal (+43%) and Knock (+47%) airports between 2015 and 2018. The increased spending in this area would appear to run contrary to the 2015 National Aviation Policy objective: *“Exchequer support for operational expenditure at regional airports will be phased out over a maximum period of 10 years.”*

One of the objectives of the RAP is to encourage airports to grow to a viable and self-sustaining position with the help of grant assistance. However, it is not clear how this is being delivered or assessed at present. The renewed RAP should taper overall levels of operating subvention per passenger on a reducing basis between 2020 – 2024 to comply with the objectives of the National Aviation Policy.

- Dublin Airport gathers relevant marketing and insights data on the demographics of passengers using Dublin Airport on all routes, including the Kerry / Donegal PSO routes. 2018 data indicates that less than 20% of passengers were using these PSO routes for tourism purposes, a little over 10% was for business or work purposes whilst the remainder of passenger were utilising the PSO services for visiting friends and relatives and for family purposes. This type of data is important in assessing the nature of the returns in terms of Foreign Direct Investment (FDI) and tourism spend that can be generated as a consequence of state subvention and should be a consideration in structuring any further supports.
- We note that the PSO subvention amounts to €212 per passenger for a return ticket from Dublin to Donegal. We do not believe that this can be supported in value for money terms, particularly given the demographic of the passenger profile noted above. Any future PSO schemes should have value for money targets attached per passenger and with demographic data as a pre-requisite qualification for an airport.

It is crucial in making decisions for the next period of the RAP, that there is a clear understanding of the value for money that this investment represents and the extent to which this investment has delivered on its stated objectives.

daa would be happy to engage in further discussion on any of the above issues and to comment at a later stage on any further proposals relating to the RAP if required.

Yours sincerely

