
Donegal Airport

Submission to Department of Transport, Tourism and Sport

Consultation on Policy Supports for Regional Airports – Preparation of a New Regional Airports Programme 2020-2024

Question 1: What category of stakeholder do you represent?

Airport Company.

Question 2: Having regard to the actions on regional airports in the National Aviation Policy, what are your views on the effectiveness of the current Regional Airports Programme?

Donegal Airport strongly supports national aviation policy as currently articulated. The primary objectives of the 2015 National Aviation Policy (NAP) relate to safety, security, connectivity, support for economic development, competitiveness, effective regulation, and the promotion of innovation. In each of these respects the Airport can point to its own objectives, strategic actions and ongoing accomplishments which seek to ensure its full strategic alignment with Government policy and its role as one important piece of Ireland's transport, aviation and economic development infrastructure.

The NAP stipulates that regional airports "should be given the opportunity to grow to a viable, self-sustaining position, particularly considering the contribution they make to their regional and local economies"¹, and further that "Ireland recognises the important role that regional airports play in their areas and in regional development". These remain valid and critical principles which should underpin the new regional airports programme.

The 2015-2019 Regional Airports Programme has been a highly-effective framework for supporting, enhancing and ensuring the effective operation and development of the airport in Donegal as one of the remaining critical regional airports in Ireland. In the case of Donegal Airport the Programme's effectiveness has been due to its clearly-articulated rationale and policy status, its clear and well-defined support schemes and strands, its distinction between economic and non-economic activities, its support for PSO services and clarity regarding the circumstances which warrant them, its alignment and compliance with EU State aid requirements, and its close, co-operative and effective management and implementation by the Department.

The region served by Donegal Airport is the most remote from Dublin within the Republic of Ireland, and the airport serves a catchment and county with extremely poor land transport services, road networks and both internal and external accessibility through other transport means. The county has no motorways nor dual carriageways of any significance, no rail infrastructure or services, and no motorway or high-quality dual carriageway road access to Dublin.

The Department's recent Spending Review has confirmed the success and effectiveness of the Programme in respect of Donegal Airport. The Review found:

- that despite earmarked road improvements set out in the National Development Plan, road transport improvements will not be realised in the short term and journey times to Dublin will remain extremely high via land transport options;

¹ A National Aviation Policy for Ireland, page 40.

- that Donegal's low population density relative to other airports renders its scope to develop direct routes very challenging, and its effective catchment does not overlap with those of other regional and national airports;
- while its proximity to Derry Airport was noted, Derry Airport does not currently offer a Dublin service and therefore does not compete with Donegal's main route, although it does constrain Donegal's scope to attract new UK routes. Furthermore, should Brexit result in border delays, Donegal Airport's effective catchment region could widen within the county, while at the same time its isolation within and relative to the rest of the Republic, would increase;
- the remote region of Ireland it serves, its distance from major towns in the region, and the limited public transport links that exist locally, mean there is a strong justification for a PSO service to Donegal Airport, and constraints for the airport to attract new services;
- total passenger numbers served by the airport have increased considerably and the PSO subvention per passenger has declined.

Donegal Airport is an important feature of the transport infrastructure serving county Donegal and provides air access and connectivity to a catchment population which faces severe geographical and land transport disadvantages. The existing Programme has ensured vital accessibility and connectivity for the region, which has contributed importantly to enterprise, tourism and community transport needs, with steady growth in passenger numbers seeing continued strengthening of the airport's commercial performance.

With no significant improvement in land transportation infrastructure or accessibility having occurred, the 2015-2019 support framework has hence fulfilled its role effectively and directly for the benefit of a region the geographical disadvantage and isolation of which exemplifies the Programme's *raison d'être*.

Question 3: What, if any, changes would you like to see reflected in the new Programme and why?

Donegal Airport does not seek significant change in the new Regional Airports Programme from the rationale, objectives, structure and support framework provided under the current programme. In particular, the Airport strongly emphasises the need to retain many of the core elements of the current programme, including the PSO, the distinction between economic and non-economic activities, and its critical financial support for non-economic capital investment and operational activities.

The Airport is currently undertaking detailed and systematic independent research regarding its economic impact and importance in the region it serves, to both inform future planning and to help address information gaps which were also identified for all regional airports in the recent Spending Review. While the research strands are ongoing, a number of findings are emerging:

- amongst passengers there are high levels of attribution of the airport's services to making trips or not, rather than simply to selecting air travel as the means of transportation; there is also continued evidence of high usage of Donegal Airport for business reasons amongst passengers;
- amongst tourism operators across Donegal there is evidence of increasing importance attaching to the airport, of air access via Carrickfinn featuring increasingly as part of the marketing and tourism business promotion, and of the airport's existence and services increasingly featuring in the commercial business planning of tourism operators;
- amongst Udarás client companies there is frequent use of the airport and air services, and perceptions that any reduction or cessation of services would have discernible negative consequences for business performance and employment;
- amongst IDA-Ireland client companies, there is utilisation of the airport from businesses located in distant parts of the county, evidence of high importance attaching to the air services offered, and expectations of growing demand for air services due to Brexit and its potential impact on the attractiveness and accessibility of Derry airport.

While only interim findings, these confirm both the ongoing need for the Regional Airports Programme, as well as its effectiveness in supporting connectivity and regional development in the case of Donegal.

Issues relating to future PSO operations are addressed under the next question. As regards non-PSO schemes within a new Programme, Donegal Airport would strongly advocate:

- continued capital and operational support strands which comply with EU State Aid regulations and guidelines;
- the funding applications are continually assessed on their distinct merits, within the framework of supports and grant rates established;
- the definitions of economic and non-economic activities are transparent, but that pragmatic interpretations are made where projects may have objectives or outcomes that strand both.

Question 4: How do you think the new Programme can best support Ireland's transition to a low carbon economy, having regard to policy on climate action and sustainability?

Donegal Airport recognises and embraces its responsibilities and obligations in contributing to Ireland's transition to a low-carbon economy, and in meeting its own responsibilities to operate in accordance with environmentally-friendly principles.

The airport acknowledges its obligations to achieve a 33% energy efficiency improvement by 2020 to demonstrate leadership to all other sectors of the economy in reducing our national energy use, as established for all public sector organisations. Recent initiatives have included a range of energy demand reduction projects including LED lighting throughout the terminal building and fire station, more energy efficient water heating systems, movement to electric airside vehicles including baggage tugs and ground power unit vehicles, and the commencement of transition towards full LED runway lighting. There are further initiatives in planning for the further roll out of LED runway lighting, and to the provision of electrical vehicle charging points following re-design of the landside car park. Beyond energy, further initiatives have been taken to reduce water demand and waste water discharge volumes.

The airport serves turboprop aircraft only on its scheduled services, which produce lower gross emissions than jet aircraft, and the PSO provider recently invested in a new aircraft for the route which has brought further fuel efficiency to services.

Donegal airport has also committed to the development of an RNAV approach system – which will provide a more direct routing approach for aircraft, thus reducing flying time and fuel consumption, this project is already in draft form.

The airport was recently awarded with Ecomerit certification following its completion of a set of prescribed environmental initiatives and the achievement of sustainability enhancements and standards, although it recognises its further responsibilities in this regard.

The new programme should incorporate specific financial supports for airports to deliver carbon reduction projects and programmes, in particular for large projects involving substantial investments (e.g. LED lighting for entire runways). Capital projects which incorporate significant environmental or carbon reduction technologies or dimensions should attract higher grant rates than those without.

Question 5: What are your views on the PSO Scheme, the air service routes currently being supported and the need for a continuation of the Scheme beyond 2022?

The existing PSO scheme is critical in ensuring Donegal Airport serves its role in regional transport and accessibility, and fundamental to the airport's ability to operate. At the same time it operates extremely

effectively as a public service, and has over the duration of the existing Regional Airport's programme, delivered on its goals and objectives quite directly and unambiguously. The Scheme must continue beyond 2022 to enable the severely disadvantaged and remote region it serves to continue to be provided with an alternative to expensive, slow and unattractive land transportation options. The airport would anticipate the need for the PSO to either remain as now or further increase. Brexit uncertainty and its impact on the region's isolation will of course be a major consideration, but there is continued concern about the prospects of any significant improvement in road infrastructure, as well as clear evidence of the growing importance that may be attached to the airport's services by tourism and enterprise in Donegal or considering it as a location.

The existing Donegal/Dublin PSO service fulfils all of the definitions and desirable conditions for PSO air services within EU and national regulations and policies:

- it is a necessary and critical enabler of air services to exist;
- it is vital for the economic and social development of the region served;
- it serves an extremely peripheral region bereft of alternative transport and accessibility infrastructure;
- it operates without competing with other services, and causes no market distortion;
- it is provided only to an extent proportionate to its underlying need;
- it ensures fixed standards of service continuity, regularity, pricing, and capacity;
- it is established competitively, and managed and monitored closely; and
- it operates transparently and is non-discriminatory.

The Airport Company is quite satisfied with the parameters of the existing PSO service, including its route, frequency, capacity and operational performance. As found in the Department's Spending Review, the contract has seen significant growth in passenger numbers and reduced levels of PSO subvention per passenger. Ticket booking connectivity has been accomplished with Aer Lingus routes to North America, which has been very beneficial for customers, and there are prospects of such connectivity being established with Aer Lingus European routes.

In any subsequent PSO arrangement, the Airport would wish to see continued close management and monitoring of the operator's performance by the Department, overt stipulation that aircraft deployed should be of a minimum 48 seat capacity, clear incentivisation of passenger growth over the duration of the contract, co-operative marketing of the route and service with the operator, and explicit requirements for integrated ticketing and connectivity capabilities with the providers' wider route network.

Additional Comments

Donegal Airport would make three final additional comments regarding a 2020-2024 Regional Airports Programme:

1. Brexit poses an extremely severe risk to Donegal, in terms of its isolation from other parts of the Republic, land transport accessibility, and socio-economic wellbeing and development. Donegal Airport must play a significant role in overcoming many challenges it may generate, particularly for the region it serves, but also the entire county. The new Regional Airports Programme must be capable of responding to Brexit and its distinct implications for the region and airport.
2. As a small airport highly-dependent on a very limited flight service, the Regional Airports programme must be flexible to respond to unpredictable events and developments outside its control but which could disproportionately undermine its viability, including severe weather, volcanic ash, developments in the airline industry, and geo-political developments.
3. While the existing Programme encourages regional airports to form strong partnerships with local government and other actors, a new Programme should recognise the need for regional airports to be supported and partnered by national agencies and organisations, including those with responsibility for enterprise development, inward investment, tourism, and regional development.

