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Department of Transport,
Tourism and Sport,
Leeson Lane,
Dublin 2,
Ireland,
D02 TR60

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By email: rapconsultation@dtas.gov.ie

Re: Regional Airports Programme 2020 -2024 Public Consultation

A Chara,

Fáilte Ireland, the National Tourism Development Authority, welcomes the opportunity to input to issues paper for consultation on the preparation of new Regional Airports Programme 2020 to 2024. We note that the Department asks that respondents reply to the consultation with reference to the questions outlined in Appendix 1. Therefore, this submission is structured and aligned generally to the questions posed. The value of tourism to the Irish economy and the importance of air access for the development and growth of tourism in line with government policy is also highlighted and considered important in the context of developing policy supports for regional airports.

The value of Tourism

Tourism is one of the largest and most important sectors of the economy, providing employment for approximately 260,000 people, an economic contribution of €8.4 billion, and exchequer revenue of €1.78 billion, which helps fund other key public services.

Tourism is also important as an economic factor for regional development – often delivering full time and seasonal income into peripheral areas where employment opportunities are either scarce – or which constitute a suite of mixed activities throughout the year. Tourism-related activities can be an important source of finance for the capital investment needed to support development and

maintenance in areas of low population. It can play a key role in ensuring the continued economic viability in more peripheral rural areas – with important consequences for both cultural and social continuity as well as better utilization of capital investment in sparsely populated areas.

Last year Ireland welcomed 10.6 million overseas visitors – up 6.9% on 2017. However, no less than any other sector, tourism is vulnerable to external global forces, a competitive market place and the trends and requirements of an ever more dynamic and discerning consumer.

New tourism targets have been set after projected revenue and visitor numbers were reached in 2018. The Department of Transport, Tourism and Sport have agreed to adopt the revised performance targets out to 2025 with revenue from overseas tourists, excluding carrier receipts, increased to €6.5 billion in real terms (i.e. excluding the effects of inflation) by 2025, up from €5.2 billion in 2018. There will be 11.6 million tourists visiting Ireland annually by 2025 (tourists are defined as overseas visitors staying at least one night – the figure in 2018 was 9.5 million).

Air access & airline capacity

To accommodate the development and growth of tourism which is projected under the revised figures outlined above, it is of critical importance that airline capacity grows significantly. This is particularly so for an island nation such as Ireland. It is vital that this increased demand is met by a corresponding rise in air seats and supporting airport infrastructure. Airline capacity growth across each of the main markets would have to grow at a similar rate to overseas arrivals. This growth should be spread across Irish airports, not just to help manage the increased numbers efficiently, but also to support the increased regional spread of tourists. Good inbound connections with regional airports will also encourage tourists to move away from an overly Dublin-centric dependency on travelling to Ireland.

Ireland as a nation with a population of circa 5 million people is well served by the number of airports we currently have. Dublin Airport is the dominant Irish airport and accounts for 85% of all air passengers followed by the other state airports of Cork and Shannon. Fáilte Ireland has carried out an analysis of overseas seat capacity in regional airports (IWAK, Kerry, Donegal & Waterford) for the period 2009-2019. The key findings indicate the following:

- Regional airports account for about 4% of overseas seat capacity into Ireland.
- Ireland West Airport Knock (IWAK) dominates in terms of overseas seat capacity in regional airports and accounts for 3% of overseas seat capacity into Rep. of Ireland (or 7 in 10 seats into regional airports).
- Most seat capacity originates from the UK (England and Scotland account for about 7 in 10 seats to regional airports)

From a tourism perspective, by way of international comparison, it should be noted that transfer times from airport locations to holiday destinations that they serve are generally between two to three hours. This is particularly the case for visitors who are on long breaks/trips, for short breaks the desire is to have a shorter transfer time of approximately one hour. The latest CSO tourism figures for Quarter 2 2019 indicate that the average duration of overseas trips to Ireland was 6.5 nights. The trend in recent years has seen a slight decline in the average length of stay from our main markets and this is also a global trend. Therefore, it is vitally important that access (ground and air) to the regions is strengthened in order to support our strategic objective of regional dispersion.

The significant investment made in the major inter-urban routes in recent decades means that Dublin Airport is now more easily accessible from our regional towns and cities than it ever has been. The majority of destinations in Ireland are within a 3-hour transfer from Dublin airport. Connectivity to these regional cities and towns from Dublin Airport via sustainable public transport continues to be enhanced via both the private and public coach operators.

Notwithstanding the above, to support the regional dispersion of visitors, Fáilte Ireland acknowledges that tourists arriving by air in Ireland that land directly at regional airports including the state airports of Cork and Shannon tend to spend more time in the regions. Therefore, improving this regional dispersion is a challenge as the current trend and projection is for Dublin Airport to grow its share of total passengers. We believe that addressing this regional balance is important to realise Ireland's full tourism growth potential, particularly at Cork and Shannon airports.

Three of the four regional airports are located within the Wild Atlantic Way Region and offer direct access to the Wild Atlantic Way from major European cities and open up the region as a short break destination for overseas visitors.

Fáilte Ireland will work with Tourism Ireland, DTTAS and airports to explore ways we can support the overall growth and improve the regional balance in air access. In this context, Fáilte Ireland supports the development of sustainable new routes into our regions having due regard to the level of cannibalisation of existing routes and flows.

Question 1: What category of stakeholder do you represent?

Fáilte Ireland is the National Tourism Development Authority and was established under the National Tourism Development Authority Act 2003. Our vision is to see a tourism industry that is economically, socially and environmentally sustainable, helps promote a positive image of Ireland overseas, and is a sector in which people wish to work.

Our role is to support the tourism industry and work to sustain Ireland as a high-quality and competitive tourism destination. We provide a range of practical business supports to help tourism businesses better manage and market their products and services.

We also work with other state agencies and representative bodies, at local and national levels, to implement and champion positive and practical strategies that will benefit Irish tourism and the Irish economy. We promote Ireland as a holiday destination through DiscoverIreland.ie, our domestic marketing campaign, and manage a network of nationwide tourist information centres that provide help and advice for visitors to Ireland.

Fáilte Ireland is also a designated prescribed body in planning legislation.

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?

Fáilte Ireland notes that the current Regional Airports Programme 2015 - 2019, which will expire at the end of this year, provides exchequer support to four regional airports; Donegal, Kerry, Ireland West Airport Knock (IWAK) and Waterford. The delivery of the five specific actions set out in the NAP relating to regional airports have been reported upon in 2016 and as recently as February 2019. It is noted that all of the actions have been commenced and/or implemented. The various capital and operational funding Schemes under the 2015-2019 Programme are being implemented with exchequer support under the Programme limited to safety and security related expenditure. The PSO Contract for Kerry/Dublin and Donegal/Dublin air services is being implemented and operated by Stobart Air (Aer Lingus Regional). We note that this contract has been renewed in 2018 and will run until January 2022.

The lack of key performance indicators or specific outcomes means it is difficult to truly assess the effectiveness of the programme. However, what is apparent is churn rate on new routes seem high-with current models failing to generate load factors high enough.

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

The new programme is being prepared in the context of Project Ireland 2040 which was launched in 2018, the government's overarching policy initiative on social, economic and cultural development which links planning and investment. The Regional Airports Programme should be consistent and integrated with the National Planning Framework and its 'national strategic outcomes' and the priorities of the National Development Plan.

In this regard, we note that the National Development Plans states that;

“Continued Exchequer support for smaller regional airports is planned under the Regional Airports Programme (Ireland West Airport Knock, Waterford Airport, Donegal Airport and Kerry Airport). Given its scale of operation, Ireland West Airport Knock plays a more regional role in terms of international access than the other smaller airports given its location in the North-West. Knock is proposing two significant developments over the coming years, namely, an overlay of the main runway and an apron safety extension. In addition, Knock Airport’s designation as an SDZ will contribute to the long-term development of the airport and the regional economy. Based on an average annual growth rate of 3%, the airport network is expected to deliver in the region of 45 million passengers by 2027.”

The new programme should also ensure that it is consistent with tourism policy objectives particularly with regard to regionality and seasonality. Furthermore, as highlighted previously in this submission consideration should be given to defining performance indicators in the new programme in order to measure the effectiveness of the programme. In this regard, it is important to ensure that the commercial, economic & environmental sustainability of initiatives to support regional air access are fully considered in the broader context of improved and enhanced connectivity and accessibility to Dublin Airport from our regional cities and indeed the other state airports at Cork and Shannon.

From a tourism perspective any initiatives to encourage visitors to fly directly into regional airports should be considered in comparison to visitors flying into the larger airports, where air routes may be easier to sustain, and connecting via ground transport to other regional cities and towns on both economic and environmental sustainability grounds.

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?

Ireland’s Action Plan for Aviation Emissions Reduction which was published in April of this year is referenced in the issues paper. The action plan sets out a number of measures for the period 2019-2023 which broadly aligns with the duration of the new Regional Airports Programme (2020-2024). Measures outlined in the action plan relating to Aircraft Technology, Airport Carbon Accreditation, Airport Energy Efficiency, Sustainable Alternative Fuels and Economic/Market-Based Measures where applicable could be applied to the four regional airports.

The new Regional Airports Programme should also consider the importance of integration with low carbon emissions public transportation services as our regional airports are situated in rural areas. International tourists visiting here expect a high-quality transport system. A good transport system is a key enabler to creating a great tourist experience. Continuing to shift our visitors onto sustainable

modes of transport is a priority for the authority. High quality public transport to and from our airports are vital to enabling tourist movement and transit to and between our key tourism destinations and heritage attractions. Therefore, it is vitally important that regional airports connect seamlessly with other modes of public transport for the last link of the visitor's journey (the so called "last mile") to their accommodation or a visitor attraction etc.

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?

There are currently two routes supported under the scheme; Donegal/Dublin and Kerry/Dublin. Stobart Air, operating as Aer Lingus Regional, has operated these routes, since 2015 and the renewed contract will run until 31 January 2022. We note that the issues paper outlines the cost to the exchequer, by route, of supporting the PSO scheme between 1 February 2015 and 31 January 2019 with the total amounting to €29.89m.

Figures show that there was a 12% increase in the number of people traveling on the Kerry-Dublin route in 2018 which has led to Aer Lingus Regional moving from a 48-seat to a 70-seat aircraft to accommodate the increased demand for the service. The Donegal-Dublin route has also seen steady growth in recent years with more than 33,000 passengers using the service to Donegal in 2017.

From a tourism perspective both Donegal and Kerry are strategically important counties in the context of the Wild Atlantic Way Regional Experience Brand. As both routes are operated by Aer Lingus Regional, they provide a link to the Aer Lingus North American and European route network via Dublin Airport, connecting visitors easily to the Wild Atlantic Way. In this regard, it is important that the scheduling of these services connect with international flights to facilitate regional dispersion of visitors.

With regard to the need for a continuation of the PSO scheme beyond 2022, any review should consider the impacts on the tourism industry of both counties. As outlined earlier in this submission, it is noted that a number of national road projects are proposed under Project Ireland 2040 which will improve and enhance connectivity to both counties.

For example, while Kerry Airport is more than three hours by road from Dublin currently, further improvements to the road network are planned such as the N21/69 Adare By Pass and the N21 Newcastle West and Abbeyfeale Bypass projects which are supported in the Draft Regional Spatial & Economic Strategy for the Southern Region. On completion, connectivity between Kerry, Dublin and Shannon Airports would be enhanced although it is noted that these projects may or may not come on stream within the lifetime of the new Regional Airports Programme. Also, its proximity to Cork

Airport and the N22 Macroom-Ballyvourney Bypass which is due to commence construction will further improve and enhance connectivity between both counties.

A number of projects are proposed in the North West region to be delivered in the short term including the A5 Western Transport Corridor and the N56 Dungloe to Glenties and Mountcharles to Inver scheme which will enhance accessibility and connectivity not only in the north western region but also to Dublin.

If further information is required on any of the detail of this submission, please do not hesitate to contact Fáilte Ireland as per details below:

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