



# Ireland West Airport

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## SUBMISSION ON THE PREPARATION OF THE NEW REGIONAL AIRPORTS PROGRAMME 2020-24

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**SEPTEMBER 2019**

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## **Appendix 1: Public Consultation Questionnaire**

### **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?**

The importance of regional airports in facilitating international connections is reflected in Project Ireland 2040, which consists of the National Planning Framework (NPF) and the National Development Plan (NDP), as well as related Regional Economic and Spatial Strategies. The Government's commitment to regional airports, as part of this long-term planning and investment strategy, is evident in the capital provision of €72 million for the Regional Airports Programme under the NDP from 2018 to 2027.

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### **Ireland West Airport Overview**

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2019 will be the busiest year in the Airport's history with passenger numbers exceeding 800,000 for the first time. The Airport now serves 20+ destinations across the UK and Europe and is served by three of Europe's main airlines – Aer Lingus, Flybe and Ryanair

The Airport employs over 150 staff annually and supports over 100 local producers and suppliers through our commercial outlets at the Airport.

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### **Ireland West Airport within current Government Policy Framework**

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Ireland West Airport, despite the significant challenges facing aviation and in particular regional airports, will continue to show passenger growth in 2019. The Airport continues to operate within the framework of the 2013 joint Government and Airport Study Group report that set out the template for strategic development and airport passenger growth at that time. While a number of changes in relation to investment have since taken place, the Airport continues to operate within the context of the 2014 EU State Aid Guidelines for Regional Airports and the 2015 National Aviation Policy that set out these changes.

The 2015 National Aviation Policy published recognises that regional airports, as currently supported by Exchequer funding, have an important role to play. The

Policy also recognises that Ireland West Airport Knock plays a more regional role in terms of access than other airports given its location in the North West and that Ireland West Airport Knock should be given the opportunity to grow to a viable, self-sustaining position, particularly considering the contribution that it makes to the region and local economy.

In February 2018, Ireland West Airport welcomed the announcement by Government in Co. Sligo of planned increased investment in Ireland West Airport as part of the 'Project Ireland 2040 Plan'.

The Airport acknowledged the Government's announcement by An Taoiseach, Leo Varadkar TD, of a commitment for increased investment into the Airport as part of the Project Ireland 2040 plan. In particular, the continued Exchequer support that is planned under the Regional Airport's Programme for the overlay of the main runway and an apron safety extension as outlined in the National Development Plan 2018-2027.

In addition, the Government's recognition of the Airport as one of the four main airports in the country and its position as a critical driver of economic and tourism development for the West and North West of Ireland was very welcome. Further to this the Airport's designation as a Strategic Development Zone (SDZ) in 2017 has also been highlighted as critical to the long-term development of the Airport and the regional economy in the National Development Plan.

The National Planning Framework also highlights the Atlantic Economic Corridor initiative and recognises the significant role of Ireland West Airport in tourism and enterprise development, with the potential for further growth, taking into particular account the Airport's designation as a Strategic Development Zone (SDZ).

In relation to the Airport's SDZ designation, the North West Regional Assembly Regional and Spatial Economic Strategy states *"that regional and international connectivity provided by an airport significantly broadens the transport network capacity of a region, providing catalytic as well as direct, in-direct and induced economic and social benefits. In this regard, Ireland West Airport plays a significant economic role in creating opportunities by attracting investment to the region. In essence it acts as an economic driver for the region and has a major impact on the social and economic infrastructure of the surrounding area"*.

The overall effectiveness of the current Regional Airport's Programme, we believe, can be measured in terms of the total economic impact that the Airport provides as outlined in summary format below:

As one of Ireland’s regional airports, Ireland West Airport plays a key role in the local economy. In 2019 Ernst and Young examined the economic impact of Ireland West Airport and its passengers.

### Tourism Impact

The impact of Ireland West Airport passengers in 2018 was €181.9m in total output, supporting 2,901 jobs, contributing GVA of €112.6m and an Exchequer revenue of €29.4m\*

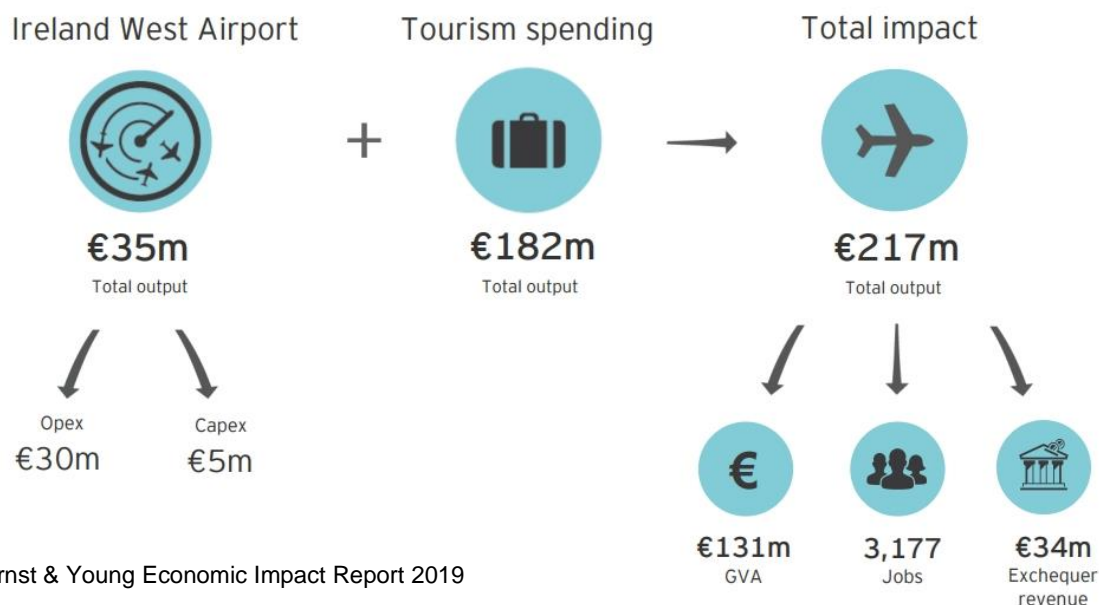
### Total Economic Impact

€216.5m total output, €130.5m GVA, 3,177 jobs, and €34.1m Exchequer revenue was generated in 2018 by the airport through its operations, capital investment and tourist spending\*

### Summary

What was the economic impact of IWA in 2018?

The total economic impact of IWA and the tourism spending by its passengers using the central scenario is **€217m**.



\*Source: Ernst & Young Economic Impact Report 2019

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

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**Proposed changes to Current Regional Airport's Programme in context of the Regional Airports Policy 2019-2024**

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Ireland West Airport as a member of Airports Council International (ACI) is seeking the following changes to the current Regional Airport's Policy in the context of the ongoing review of the 2014 EU State Aid Guidelines and 2015 National Aviation Policy.

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***Operating aid***

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Permanent operating aid (i.e. no 10 year limit)... Operating aid for airports between 200,000 – 1 million annual passengers to continue indefinitely, as those airports tend to have challenges to achieve significant passenger traffic growth and are unlikely to reach the threshold for operational financial viability in the medium term.

100% coverage intensity of operating aid to cover full airport costs, not just the financing gap... Given the economics of the market, it is not realistic to expect smaller airports to raise their airport charges to cover all costs within a 10 year transition period.

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***Investment aid***

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Those airports with less than 1 million annual passengers should be allowed to receive support to cover 100% of the cost of all capital investment projects (not a cap at 75%).

The current limitation to safety and security Capital investment is expanded to include all Capital investment projects at Regional Airports.

Provision for multi-year investment programs to allow deviations as long as overall aid intensity of programs stay within limits.

**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?**

As reflected in the National Aviation Policy, Ireland is committed to working with international partners to help mitigate the impacts of aviation on the environment and to help facilitate the sustainable growth of the sector. In April 2019, the Department of Transport, Tourism and Sport published 'Ireland's Action Plan for Aviation Emissions Reduction'.

Strict energy compliance targets are in place for 2020 and 2030. Related investment in energy efficient technologies will help to reduce Airport's operational costs but it will also help to deliver emissions reduction benefits. Any investment in airport infrastructure should also have regard for relevant sectoral adaptation plans under Ireland's National Adaptation Framework as well as Ireland's recently published Climate Action Plan.

As airports move towards carbon neutrality, with more than 500 European airports (including Dublin and Cork Airports) publicly committing to this goal by 2050, the new Regional Airports Programme will give consideration to how funding supports could be designed to incentivise the procurement of lower emissions vehicles and equipment, to deliver projects that will build resilience against the likely impacts of climate change and to explore the potential for uptake of low carbon and renewable energy alternatives. Such supports could help smaller airports take better advantage of new and emerging technologies.

**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?**

Following the Value for Money (VfM) Review, which was undertaken by the Department of Transport, Tourism and Sport in 2010, the recommendations resulted in the withdrawal of support for Public Services Obligation (PSO) services between Dublin and the airports of Galway and Sligo as well as Ireland West Airport and limiting grant assistance to safety and security related projects under the various Programme schemes.

The decision at a national level to restrict all grant assistance to safety and security related projects has remained in place since 2011 and PSO services have been limited to two routes only; Donegal/Dublin and Kerry/Dublin.

As outlined above, ACI Europe and Ireland West Airport are of the view that the current limitation of grant assistance to safety and security related projects only is restrictive in nature and limited additional commercial and capacity expansion at regional airports, with clear potential for accelerated development.

In regard to the PSO scheme, Ireland West Airport following the withdrawal of PSO services from the Airport to Dublin in 2011, has sought a detailed review of the potential for international PSO's from the Airport focussed on growing inbound tourism to the West and North West of Ireland and also in providing additional core business connecting into major European hub airports for businesses across the region.

We remain of the view that this approach continues to merit further detailed consideration by Government as it would provide additional key air access and assist in developing more efficient international business connectivity along the Atlantic Economic Corridor in parallel with supporting tourism access along the Wild Atlantic Way.

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