



24th September 2019

By email: rapconsultation@dtas.gov.ie

Re: Stakeholder Response to Regional Airports Programme Issues Paper

Dear Sir/Madam,

I am writing in response to the consultation on Policy Supports for Regional Airports and the preparation of the new Regional Airports Programme 2020 – 2024.

On reviewing the Issues Paper and other related materials, we, the members of the Cork Branch of Cork Irish Hotels Federation, have strong concerns regarding the extent to which the Regional Airports Programme (RAP) is delivering value for money for taxpayers, and its effectiveness in delivering its stated aims.

Irish competitiveness in tourism is more and more at risk so, in our mind, any investments in infrastructure in the Tourism industry needs to be carefully thought through and must show return on investment.

We outline some key points below which highlight some of these concerns:

1. Operational Expenditure

One of the key actions under the National Aviation Policy (2015) is: “*Exchequer support for operational expenditure at regional airports will be phased out over a maximum period of 10 years, in accordance with EU guidelines.*”

It would be expected that the RAP should be a means of ensuring practical implementation of this express policy guidance. However, in the last four years funding for non-economic operational expenses has grown exponentially in three of the four regional airports:

- Kerry Airport (+57%)
- Knock Airport (+47%)
- Donegal Airport (+43%)

In contrast, the passenger growth rates at each of these airports has been in single digits, between 4 – 8%. There is clearly a high dependence on state intervention to conduct the day to day, mandatory activities that an airport operation requires, such as air traffic control and customs checks. This is simply not sustainable and is poor use of resources.

This brings into question the value for money being generated when we compare the slow growth rates at each airport versus the state funding received towards sustaining operations. In addition, if this model of funding support were to continue it would most certainly undermine another important RAP aim, which is to create self-sustaining airports for the future.

2. Public Service Obligation Routes

We understand that the subvention for Public Service Obligation (PSO) routes servicing both Kerry and Donegal is extremely high - for example, a return journey to Donegal is being subsidised at a cost to the taxpayer of more than €210 per passenger, whilst Kerry carries a subvention price tag of over €110 per passenger.

In the context of the overarching requirement for PSO routes, which is to operate essential air services to isolated areas, consideration must be given to the investments made to date on improving the regional road network and

the improvements being planned under the National Development Plan and Project 2040, which aim to improve accessibility to these areas e.g. North-West A5 upgrade.

The upcoming RAP should fully consider whether a subsidy of more than €210 per passenger represents value for money, whilst also considering the purported economic and regional benefit of these services. We support regional initiatives/expenditure, however there has to be a sense that the model is not a drain on the economy.

3. Additional Funding Sources

Before entering a new period of investment in regional airports a holistic view of the funding streams available to these airports should be assessed and some joined up thinking adopted.

It is widely reported that regional airports are not only funded through state programmes such as the RAP but are also receiving funding towards their operations from other sources including local authorities. In cases such as these, the taxpayer is footing the bill for the operation of the airport through two funding streams. However, what is of even greater concern is the lack of measurable and tangible results of these continued investments by state departments and agencies. The extent of connectivity that these airports provide to their respective areas and the subsequent economic benefits arising from such funding is unclear. In fact, a recent spending review report of the RAP by the Government, concluded that it had *“difficulty in drawing strong conclusions on the extent to which the RAP is meeting its connectivity objectives.”*

4. Waterford Airport

Waterford Airport has not serviced a commercial flight since mid-2016. The regions proximity to the larger urban centres of Cork and Dublin and the excellent road network servicing the area, means regional accessibility is less of an obstacle here than it is in Donegal for example. However, the airport continues to receive state funding and only recently, the Government awarded €5m to the airport towards a runway extension project. Another €2m of taxpayer’s money will be handed over by Waterford, Kilkenny and Wexford County Councils, as well as additional funding from private investors.

Even if the airport was successful in delivering the runway project, there is no guarantee that the airport will attract commercial flights and that demand will be robust enough to allow the airport to become commercially viable. This then leads to the question of how the airport will become self-sustaining in the future. Taking all of this into account, the value for money for the taxpayer being obtained now, and in the future, from the Government’s use of state funding to support Waterford Airport must be seriously questioned.

The levels of funding above could be much better utilised in driving tourism through other means and with more tangible results.

Given the above points, it is critical that any future decisions on the RAP are underpinned by a robust analysis of value for money. Clear targets should be put in place for regional airports to ensure that they reduce their dependence on state funding over time and aim to increase the likelihood of becoming commercially independent in the future.

Yours sincerely,

