



New Regional Airports Programme 2020-2024
Public Consultation Questionnaire response

Submitted 27 September 2019

Question 1: What category of stakeholder do you represent

Stobart Air is one of Europe's leading franchise, ACMI and charter aviation specialists, operating up to 940 flights weekly across 11 countries and 41 airports. Stobart Air is the sole operator of the Aer Lingus Regional brand as part of a franchise agreement with Ireland's national carrier, Aer Lingus, and operates Flybe routes from London Southend Airport, along with ACMI flying on behalf of large European network carriers including BA CityFlyer and KLM CityHopper. The ACMI agreement sees Stobart Air provide aircraft, crew, maintenance and insurance for the purpose of operating services for these leading airlines.

Headquartered in Dublin, the airline employs over 570 people and operates to and from five airports in Ireland, including two regional airports at Donegal and Kerry Airports. In the last financial year, the airline had a turnover €144.6m and carried over 2.3 million passengers.

Stobart Air is the current operator of the Dublin-Donegal and Dublin-Kerry Public Service Obligation (PSO) route, on behalf of the Irish Government, having been awarded the tender in 2015 and subsequently re-awarded in 2018. During this time traffic on the PSO routes have increased by 36%, including an 11% increase in traffic between 2017 and 2018.

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 European Commission communication, 'An Aviation Strategy for Europe' (SWD(2015) 261) noted that the better a region is connected by air to other destinations, the more economic growth that can be generated. These observations align with the goals of The Department of Transport, Tourism and Sport's policy 'A National Aviation Policy for Ireland'.

Noting the Department of Public Expenditure and Reform review paper in respect of the Regional Airports Programme, the review highlighted the lack of significant data on the profile of passengers using regional airports. The review advised that passenger profiling would be useful in evaluating the Regional Airports Programme.

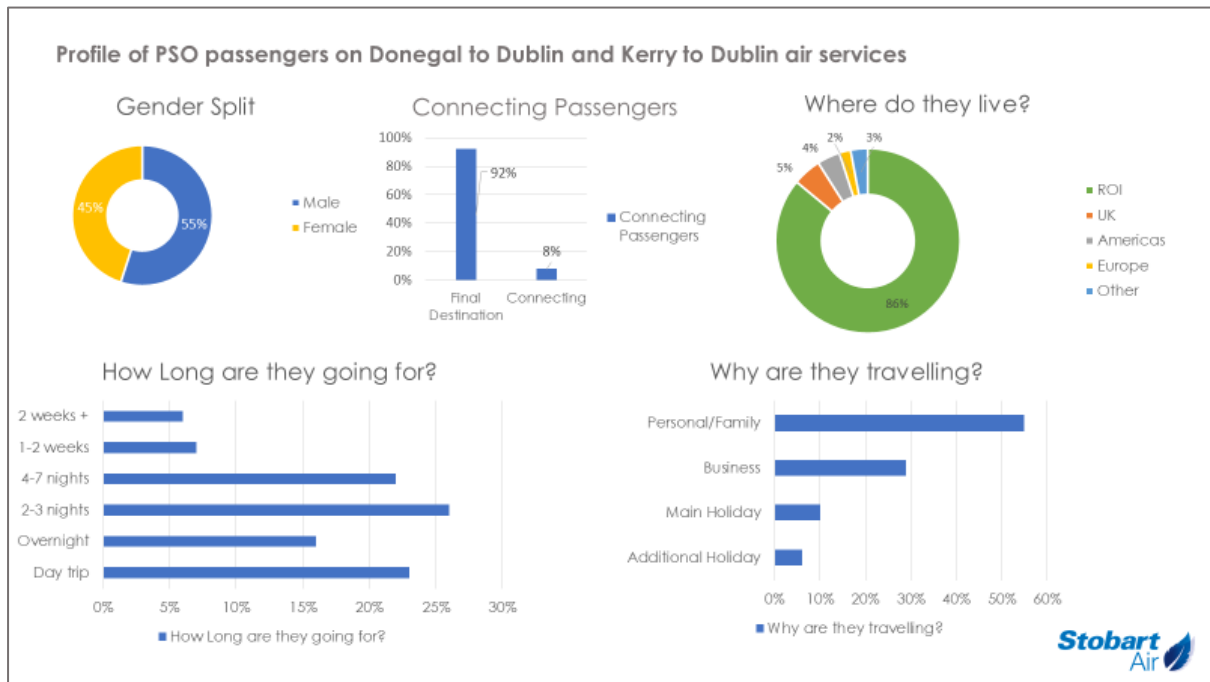
As part of the consultation for a new Regional Airports Programme 2020-2024, Stobart Air can supply data in relation to the profile of PSO passengers on the Donegal to Dublin and Kerry to Dublin air service.

We trust that supply of this data goes some way to determining the extent to which the Programme is meeting its objectives. Elements which should be highlighted include:

- 1) 23% of surveyed passengers on PSO air services are travelling on a day trip
- 2) 28% of surveyed passenger are travelling for work purposes
- 3) Over 50% of surveyed passengers are travelling for personal or family reasons
- 4) 8% of surveyed passengers are using the PSO services to connect seamlessly onwards to the rest of the world, particularly to North America with our partner

Aer Lingus which has witnessed a 10% increase in sales year to date in comparison to 2018.

As reflected in Project Ireland 2040, which consists of the National Planning Framework and the National Development Plan, the importance of regional airports in facilitating international connections was acknowledged. Under the routes assigned as PSO air services, Stobart Air has increased the number of passengers connecting onto another point outside of Ireland by 24% year-on-year.



Despite the substantial development of the national road network in recent years, the role of regional airports is still centred on the provision of essential services to those passengers who require a dependable link to Dublin for business or for personal reasons. Currently 23% of surveyed passengers on PSO air services operated by Stobart Air are travelling on a day trip. Alternative modes of transport would take more than three hours, would not facilitate connections and would not make a day return trip feasible within business hours, all of which are criteria set out under Article 18 of EU Council Regulation (EEC) No. 1008/2008.

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

The current Regional Airports Programme supports the National Aviation Policy in its commitment to attract new business and to achieve excellence in the delivery of services.

In order to achieve safe, reliable and sustainable air access to regional airports both the economic and non-economic funding schemes associated with the delivery of services by airports and airlines should be maintained in its current format.

In 2019, 4.2% of planned flights in Ireland are scheduled to operate to or from a regional airport. In contrast over 83% of planned flights are scheduled to operate to or from Dublin Airport.

As stated by Dublin Airport in the response to the Commission for Aviation Regulation 'Regulatory Proposition for Determination 2020+' they have stated that the growing number of passengers using Dublin Airport has placed an elevated strain on existing infrastructure at the airport, with certain facilities nearing or already operating at maximum capacity.

As reported by The Department of Transport, Tourism and Sport in the publication 'A National Aviation Policy for Ireland' the policy commits to optimising the operation of the Irish airport network. To ensure that the regional airports retain and continue to enhance their connectivity, competitive access must be developed.

This development of access and connectivity can be fostered through greater focus by the local, national and international tourism bodies in driving awareness of the air access possibilities through the network of regional airports. In 2019, just 26 of the 422 scheduled air routes to or from Ireland operate through the regional airports.

According to Fáilte Ireland Research 'Travel Profiles- A snapshot of key markets' shows that tourism is a vital part of the Irish economy, integral to sustainable regional development and is a source of employment for over 240,000 workers. As the dominant point of access, Dublin region is the most visited destination in Ireland with 76% of overseas visitors spending time there, however the number of visitors overnighing in the capital drops to 37%. With less than half of total visitors staying in Dublin overnight suggests that on arrival in Dublin, visitors are using onward travel to reach their final destination, which would include regions which are served by the regional airports.

Improved marketing of air access options through regional airports within Ireland would help to alleviate some strain on tourism capacity in the Dublin region.

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?

Stobart Air are actively engaging with the Government's *Climate Action Plan 2019* to tackle climate breakdown. The plan lead by government aims to make Ireland a leader in responding to climate change. This policy is in addition to the planned development of a global Carbon Offsetting and Reduction Scheme for International Aviation by ICAO and the EU.

Stobart Air is dedicated to delivering Carbon reduction within the airline. Coinciding with the successful tender submission in 2018 for the PSO air service routes between Donegal and Dublin and Kerry and Dublin, Stobart Air embarked on a fleet renewal programme. This programme, at a cost of almost €14 million resulted in Stobart Air investing in a new ATR42-600 aircraft to operate the Donegal route and deploying the larger ATR72-600 on the Kerry route.

This investment in next generation aircraft has led to a 20% reduction in CO₂ emissions on the Donegal to Dublin and 13% reduction in CO₂ emissions on the Kerry to Dublin route compared to those aircraft types previously operating these services.

In addition to CO₂ emissions reduction, these next generation aircraft are 9% quieter than their predecessors, resulting in reduced noise pollution.

Stobart Air would suggest that as part of any extension of the PSO scheme that demonstratable environmental innovation and investment form part of the tender criteria to be examined.

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?

Stobart Air has a long history of serving Ireland's regional airports, having been awarded an initial PSO contract in 1998 under the brand of Aer Arann. Stobart Air was awarded the joint tender for both Kerry and Donegal to Dublin routes in 2015 and subsequently was re-awarded in 2018. During this time, traffic on the PSO routes have increased by 36%, including an 11% increase in traffic between 2017 and 2018.

With a growing fleet of regional aircraft, Stobart Air remains committed to the provision of air services to regional airports subject to the ongoing provision of aid under the Regional Airports Programme.

As stated in the consultation paper, the National Aviation Policy recognises the role of smaller airports in achieving excellence in the delivery of service and value for passengers. In order to assess and measure customer experience, Stobart Air regularly conducts passenger surveys at a variety of touchpoints throughout the customers journey. Passenger satisfaction levels at Kerry and Donegal airports are consistently higher than our network average and in excess of 8 out of every 10 passengers are satisfied with their journey to/from these airports.

When asked about the perceived value for money of the PSO air service between Kerry and Dublin and Donegal and Dublin, over 70 percent of passengers who use these services score value for money as a 7 or higher out of 10 highlighting that Stobart Air, as the operator of the PSO air services, is committed to making a sustainable contribution to the economic growth of local economies and communities.

As stated in the consultation paper, the existing PSO scheme is due to expire within the period covered by the new Regional Airports Programme 2020 to 2024. Stobart Air would welcome the opportunity to form part of the review for the continuation of funding under the criteria set out in Article 18 of EU Council Regulation (EEC) No. 1008/2008.

As stated in Article 18, there should be a justifiable need for the public service obligation. When surveyed on the likelihood to fly with Stobart Air again on the PSO routes, over 80 percent of passengers stated that they are likely to repurchase which suggests that the service fulfils the criteria of the PSO Air Service Scheme.

Within the context of Article 18, Stobart Air would draw attention to be primary criteria of the regulation and subsequent delivery of this criteria by Stobart Air and the regional airports.

(a) the proportionality between the envisaged obligation and the economic development needs of the region concerned;

The regional airports and associated PSO Air Scheme are an economic stimulus for the regions that they serve. The PSO is an economic lifeline for passengers, notably to 28% of passengers who are using the service for business reasons.

As the current operator of both PSO air services in the state, Stobart Air contributes to the local economy by occupying in excess of 2,500 bed nights annual in regions which according to Fáilte Ireland Research, *Performance of Tourism Accommodation* report have among the lowest year-round bed occupancy rates nationally.

(b) the possibility of having recourse to other modes of transport and the ability of such modes to meet the transport needs under consideration, in particular when existing rail services serve the envisaged route with a travel time of less than three hours and with sufficient frequencies, connections and suitable timings;

The Value for Money Review 2010, by the Department of Transport, Tourism and Sport concluded that PSO services should remain between Donegal and Dublin and Kerry and Dublin on the basis that both are peripheral regions which necessity adequate connections to Dublin. In the interim, little has changed for either location in relation to the provision of other modes of transport with a travel time of less than three hours. This is evident when 23% of passengers currently using the service are day trips.

