



Consultation on
An Integrated Irish Aviation Policy
To the Department of Transport, Sport and Tourism

Submission from the
Western Development Commission
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1. Introduction

The Western Development Commission (WDC) welcomes this opportunity to make a submission to the Issues Paper for Consultation on An Integrated Irish Aviation Policy issued by the Department of Transport, Tourism & Sport, February 2013.

The WDC is a statutory body established by government to promote, foster and encourage economic and social development in the Western Region¹. It operates under the aegis of the DECLG². The WDC works in co-operation with national, regional and local bodies involved in western development to ensure that the Western Region maximises its full development potential. It does this by:

- analysing economic and social trends and making policy recommendations;
- promoting the Western Region through the LookWest.ie and RE:CONNECT campaigns;
- supporting the rural economy through facilitating strategic initiatives (e.g. renewable energy, creative economy); and
- providing risk capital to businesses through the WDC Investment Fund³.

One of the functions of the WDC is regional policy analysis. The WDC seeks to ensure that government policy reflects the needs and maximises the potential of the Western Region in such areas as infrastructure, natural resources, enterprise and regional and rural development. It also tracks the implementation of policies and recommends adjustments as appropriate. It is in this context that the WDC welcomes the publication of the Issues Paper for Consultation on An Integrated Irish Aviation Policy and the opportunity to submit its insights into the policy formulation process.

The WDC considers this consultation period as an important opportunity for all interested stakeholders to offer their insights. It is hoped that the views of the wider stakeholders will inform and contribute to the formulation of a National Aviation Policy for Ireland.

The WDC will first provide some context to air access in the Western Region. Following this, the WDC sets out its views in line with the questions contained within the Issues Paper. The WDC will only comment on those areas it has some expertise and on issues that pertain to the airports located within the Western Region.

1.2 Context

International air access is particularly important for an island economy and for connecting geographically remote regions such as the Western Region. There are five airports located in the Western Region; Shannon, Ireland West Airport Knock, Donegal, Sligo and Galway airports, though not all currently offer commercial services.

For enterprises, quality transport links between producers, consumers and suppliers are required to trade efficiently and confer competitive advantage through reduced costs, predictable journey times and access to wider markets. The Western Region needs to have good international connections and without efficient air access, companies in the Region are placed at a competitive disadvantage to companies elsewhere. As noted in the WDC Policy Briefing, *Why care about regions? A new approach to regional policy*,⁴ infrastructure is a necessary condition for regional development and lagging regions need to have a similar quality of infrastructure as is available in more successful regions so that they can compete on a more level playing field.

¹ Counties Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway and Clare.

² Department of the Environment, Community, and Local Government.

³ See www.wdc.ie

⁴ WDC, 2010, *Why care about regions? A new approach to regional policy*

Government policy has supported the development of airports in order to improve accessibility and promote balanced regional development. Regional airports have received aid under three categories: Capital grants, Operational expenditure and PSO services. All three have been severely curtailed following the economic downturn. The number of daily PSO services has been reduced from six (connecting Dublin to Sligo, Donegal, Ireland West Airport, Galway, Kerry and Derry airports), to just two services nationally, connecting Dublin to Donegal and Kerry airports. Sligo and Galway airports have ceased operating commercial services since late 2011. As a result there is much less demand for operational and capital supports.

1. Airports

Airport Ownership

- **What airports are critical to Ireland in future in terms of its tourism and business needs?**

Within the Western Region the airports of Ireland West Airport Knock, Shannon airport and Donegal, are critical in terms of supporting the tourism and business needs of the Region. Sligo and Galway airports had previously supported air access to their respective hinterlands but due to the ending of PSO services both have ceased operating commercial services since late 2011. Sligo and Galway airports have provided an important role in connecting these gateways to Dublin and UK destinations especially when surface transport links were poor.

Airport Catchments

Nationally, the airports of Dublin, Cork and Shannon are considered the most important international access points. The All Island Research Observatory at NUI Maynooth has mapped the accessibility within a two hour drive time to the international airports of Belfast international, Dublin, Cork and Shannon airports, displayed in Map 1. This takes into account the considerable investment in the motorway network much of which occurred before 2010. Most of counties Mayo, Sligo, Leitrim, Donegal and part of Roscommon and Galway have a greater than two hour drive-time to these airports including the National Spatial Strategy (NSS) gateway of Sligo and the NSS twinned hubs of Castlebar and Ballina. These centres are not adequately served by the three larger airports and Ireland West Airport as the only international airport in the Border, Midlands and West (BMW) region, serves this catchment.

The development of the major inter-urban roads and improvements to the rail network may have reduced the importance of some regional airports for connectivity within Ireland but much of the Western Region has not benefitted from the significant investment in either mode. In particular much of the significant investment in the road network has occurred outside of the Western Region (for example four of the five major inter urban routes are outside the Region connecting Dublin to Belfast, Waterford, Cork, and Limerick). North of Galway, there have been limited improvements and planned investments, particularly the Atlantic Road Corridor, N5 and N4 have been deferred.

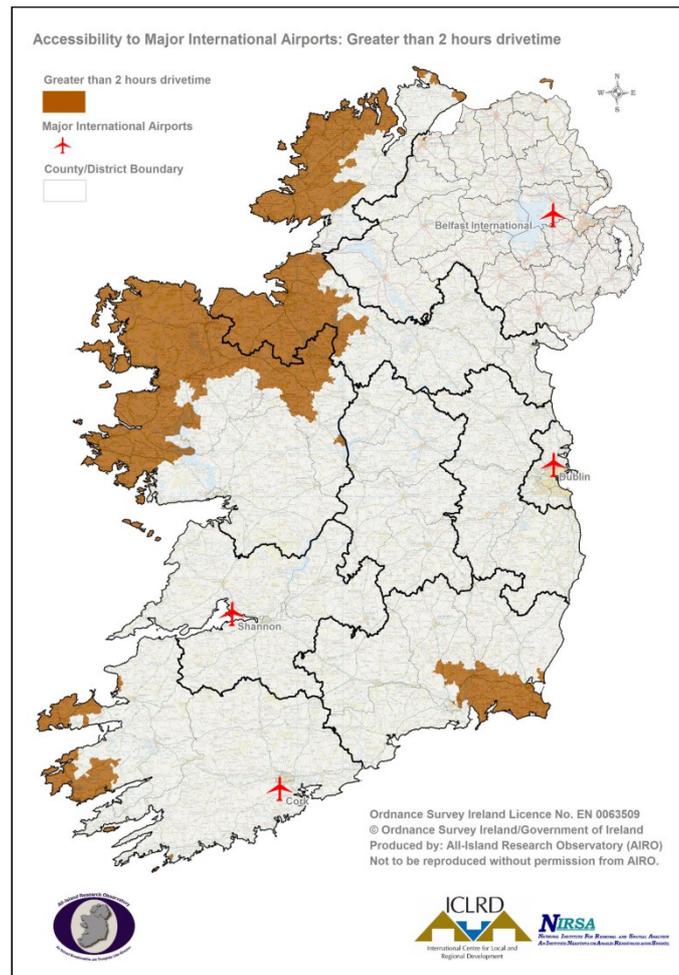
Rail services are non-existent to Donegal and Sligo and Mayo are not as well served with rail connectivity as other parts of the country. Therefore air access remains very important to ensure accessibility for business, tourism and the population generally.

Ireland West Airport Knock

Given the relative remoteness of the region in terms of transport, Ireland West Airport plays an integral role in the economic and social development of the Western Region, allowing not only tourist and personal travel but also business travel. It should be highlighted that with the cessation of scheduled air services from airports in Galway and Sligo the importance of Ireland West Airport to

the Western Region has increased. Research conducted by Ernst & Young found that ease of access to the airport and the routes available were the key determinants for users in selecting Ireland West Airport, with the airport receiving high marks in the overall facilities offered⁵. Ireland West Airport has connections to over 25 international destinations including London, Manchester & Birmingham in the UK and also the European cities of Milan, Barcelona and Dusseldorf. On a seasonal basis the airport also serves Spain, Portugal and other holiday destinations. The route listing has continually grown over the past five years as the airport has proactively pursued further connections.

Map 1 Accessibility to State airports and Belfast International



Source: All Island Research Observatory, 2010

Shannon Airport

Shannon Airport is Ireland's third largest airport after Dublin and Cork. It carried 1.3 million passengers in 2011 down from a peak of 3.69 million in 2006 and the plan is to grow passenger numbers to 2.5 million by 2018. It currently serves 33 international destinations including direct connections to London Heathrow and the United States of America.

⁵ Ernst & Young Ireland West Airport Economic Study, October 2011. Critically, these businesses employed over 6,000 FTE employees and are important in the continuing recovery and future growth of the region.

Donegal Airport

Donegal Airport is situated on the west coast of Co. Donegal at Carrickfinn approximately 15 mins drive from Dungloe and Gweedore, and 45 mins from Letterkenny. There are two return daily services between Donegal and Dublin with Logan Air and a four times weekly flight to Glasgow. Other operations from Donegal airport include air support to the oil/gas exploration industry⁶. Donegal is particularly remote and is not served by rail links. The road network is still relatively poor with typical journey times to and from Dublin of 4-5 hours. The quality, frequency and flight times of the service are essential to enable Donegal to maximise its full potential for economic and social development.

- **What role should the Department, DAA, SAA and others play in Irish airport development and operation?**

The mission of the Department of Transport is to ensure that the sector makes *the greatest possible contribution to economic recovery, fiscal consolidation, job creation and social development*⁷. As such the Department should provide as supportive environment as possible for transport operators and providers. This support should be provided to all airports regardless of ownership.

It is significant that the regional airports are not state owned but emerged through private investment arising out of a market need to deliver better transport services. The relative inaccessibility of some of the catchments they have served meant that these airports provided a wider regional and economic benefit to their regions and in so doing justified state support as is the case with many other modes of public transport which require government subvention.

From previous research conducted by Ernst & Young, in the absence of Ireland West Airport Knock, international access to the region would be significantly impaired. In terms of economic impact, every €100 spent by the airport on wages, goods or services – €69 is generated in economic activity, with €56 of this remaining in the region. This shows that the activity generated by Ireland West Airport stays, in large part, in the Western Region which is a very important factor to the region's development. In 2010 the airport created an economic impact of €128m in both direct and indirect expenditure and 984 full time equivalent (FTE) jobs in the region. As passenger traffic increases at the airport, both the economic contribution and employment figures will increase further. These businesses employed over 6,000 FTE employees and had expenditure of €462 million in 2010 and are important in the continuing recovery and future growth of the region.

The contribution to both air services and wider economic benefits needs to be supported by Government policy and where necessary exchequer support. The role of the Department should be to recognise and support the transport function provided by airports, small and large.

Recent policy changes such as the change of ownership at Shannon airport is an example of support recognising the Airport's wish for autonomy and supporting a wider business plan for the airport and its environs. This should help Shannon airport position itself better in a competitive market where airports compete to attract airlines.

Due to the ease with which airlines can change routes and bases, in so far as possible a level playing field should be provided. If an airport is placed at a competitive disadvantage compared to other airports (even to those operating in different catchments), then it can make it difficult for an airport to retain existing routes let alone attempting to grow new business. This is particularly true for

⁶ Donegal Airport carried 50,761 passengers in 2009, representing a decrease of 22.5% on 2008. Of this, there were 36,589 passengers on the Dublin route which declined by 12% on 2008. The year 2008 was its peak year for passenger numbers.

⁷ <http://www.transport.ie/index.aspx>

smaller airports. This may give rise to a displacement of routes with market development shifting to different regions, rather than increasing total national capacity and inbound and outbound passengers.

The WDC welcomes the study currently being undertaken by the Department of Transport, Tourism and Sport examining the potential growth options for Ireland West Airport Knock. This recognises the important services provided by the airport but also the difficult economic environment in which it operates. The report's recommendations should be included in devising the forthcoming National Aviation Policy and the important transport function the airport currently serves.

- **Given the high level of exchequer funding provided to regional airports, should the state seek some level of control in those airports?**

The level of exchequer funding has been dramatically reduced with the number of PSO services reduced from six to two along with cuts to operational and capital supports. Control over the public expenditure to these airports, ensuring the funds are expended for the purposes intended is necessary. Beyond this it is not clear what case or need there is for additional control.

Future Airport Capacity Needs

- **What, if any, terminal and runway capacity will be required in future, where and when?**

Ireland West Airport Knock

Ireland West Airport Knock has a clear view of the activities and projects it wishes to pursue in order to further sustain and develop the airport. These projects will enhance airport facilities, allowing it to better handle the passenger growth it has experienced over the past decade and provide greater capacity for growth and economic return to the region. The projects include the build out of the existing infrastructure to the required level to permit the airport to address both ongoing safety and security issues in addition to addressing capacity constraints. Capacity expansion at the airport would allow for continued growth in the core markets but also for better access to larger markets across continental Europe as well as the United States.

Ireland West Airport Knock requires ongoing investment in targeted capital projects and a level of operational expenditure to ensure it maintains its essential position serving the region, providing access and facilitating economic development. Ireland West Airport Knock aims to double passenger numbers, its route network and its overall contribution in economic return and jobs to the region over the next ten years.

Previous value for money reports by the Department of Transport have identified Ireland West Airport Knock costs as being amongst the lowest and are a strong endorsement of Exchequer funds committed to supporting Ireland West Airport.

Donegal Airport

Support for capital investment may be needed to ensure that Donegal airport can comply with safety and security measures as well as the repair and upgrade of the apron and other facilities. Growth in services may lead to capacity constraints requiring further investment measures.

Regional Airports

- **What role should regional airports play in supporting Ireland's economy and regional development?**

Accessibility is considered a prerequisite for economic development and accessibility by air is particularly important for an island economy such as Ireland. An EU report measuring potential accessibility by air (using an index where EU 27 = 100), found that Dublin was the only region within Ireland above the EU average, measuring 135.⁸ The Border region⁹ (60.2), West region¹⁰ (66.5) and Mid-West region¹¹ (80.6) all recorded accessibility scores considerably below the EU average. Since this analysis there has been a reduction in air services to the regional airports through the withdrawal of the PSO services which would suggest a lower accessibility score for the Border and West regions than that measured in 2009. The report also underlines the role of airports in improving accessibility for remoter regions, noting the role of regional airports in the Nordic countries, which despite their remote location, record better than expected accessibility scores.¹²

An integrated Irish Aviation policy should ensure that policy on air access should be linked to and consistent with tourism and enterprise policy objectives. For example, the promotion of international tourism growth markets should be supported by policies to improve direct international air access from these markets into the Western Region. Similarly international air access needs to be consistent with and support enterprise policy objectives including the IDA objective to attract 50% of foreign direct investment to centres outside of Dublin and Cork.

Tourism

Air is the preferred form of travel for most tourists, particularly tourism to island and long haul destinations.¹³ Air access is particularly relevant in the case of the short break market where travel time needs to be minimised. A recent study, examining the performance of tourism in the West has noted that *'Each of the four tourism regions along the western seaboard have experienced an average annual rate of decline in overseas holiday visitors of between - 4% and -6% over the past decade.....The share of bednights spent along the western seaboard is currently estimated at just over half of all nights spent by holiday visitors to Ireland. This compares with a situation 10 years earlier when two out of three bednights were west of the Shannon'*¹⁴.

The decline in holiday bednights west of the Shannon has occurred across all source markets and the report notes that *The decline in share of North American bednights spent in the western seaboard area has also been steep, in large part a result of the switch from Shannon to Dublin as the principal port of arrival for Americans coming to Ireland'*¹⁵.

While direct international air access is not the sole reason for the declining share of tourism in the West, and other factors such as the growth of the short break market and the increasing appeal of

⁸ www.espon.eu/export/sites/default/Documents/Publications/TerritorialObservations/TrendsInAccessibility/accessibility_data.xls

⁹ Donegal, Sligo, Leitrim, Cavan, Monaghan and Louth

¹⁰ Galway, Mayo and Roscommon

¹¹ Clare, Limerick and North Tipperary

¹² ESPON, 2009, Territorial Dynamics in Europe: Trends in Accessibility, Territorial Observation No. 2, November 2009, p9

¹³ Forsyth, P., 2008, Tourism and Aviation Policy: Exploring the Links in Graham, A., Papatheodorou, A., Forsyth, P. (eds) Aviation and Tourism, Implications for Leisure Travel

¹⁴ New Directions for Tourism in the West, Irish Tourist Industry Confederation, 2011, p. 17,18

¹⁵ Ibid. p.20.

city breaks are important, the value of direct international air access in supporting regional tourism is noted.

The data suggests that those arriving into a western gateway are more valuable as they spend more time in the area. The share of overseas holiday visitors to the western seaboard area is disproportionately higher than the share of capacity on offer at these airports. For example, Shannon handles 6% share of summer capacity to/from Irish airports but is the gateway for 19% of holiday visitors to the west, while Knock with a 2% share of capacity caters to 4% share of holiday visitor¹⁶.

In contrast, improved international air access via Dublin airport has supported tourism growth there. The ITIC report notes that *The loss of share to the west is the direct corollary of the increasing share of holiday visits to Ireland concentrating on Dublin and the city's immediate environs* and cites the role of convenient access from markets as a factor¹⁷.

Growth Potential

There is ample evidence that the tourism sector has significant growth potential, especially in regional areas and as it is an employment intensive sector it has great value in times of high unemployment. The Government's 2012 and 2013 Action Plans for Jobs highlight the potential job creation as well as the dispersed nature of activity supporting employment and economic activity across all regions and rural areas. The tourism sector is regarded as one of the most important economic sectors with *significant potential to play a key role in Ireland's economic renewal¹⁸*. The Action Plan 2012 notes that if tourism numbers nationally can be increased to 8 million, an additional 15,000 jobs within the sector is envisaged¹⁹. Within the West and North West tourism is particularly important. Over one in five (21% or 37,388 people) of all those working in the tourism sector in Ireland work in the West and North West²⁰. If the total national employment potential were to be realised then approximately 3,150 jobs (21%) could be created in the West and North West²¹.

In promoting development of the industry support for direct access into region will be important to ensure growth in tourist numbers and bednights in the Western Region. If the region is to capitalise on key international markets then effective international access into the region at Ireland West Airport and Shannon Airport is critical.

In 2012, Ireland West Airport embarked on a Western Region Tourism Marketing Programme (WRTMP) designed to grow inbound tourism. This was a collaborative programme led by the WDC, involving Tourism Ireland, Fáilte Ireland, five Local Authorities (Donegal, Sligo, Leitrim, Roscommon, and Mayo) Ireland West Airport and Donegal Airport. Five new routes were identified; Paris, Milan, Frankfurt, Barcelona and Dusseldorf and new inbound services from these destinations were promoted. These routes delivered an additional 13,847 passengers generating additional tourism revenue of €5.5 million²² which generated tax to the exchequer of €1.357million. This programme is discussed further under the Air Services section, but is an example of the value which can be generated through increased capacity into the Western Region.

¹⁶ New Directions for Tourism in the West, Irish Tourist Industry Confederation, 2011, p. 30

¹⁷ New Directions for Tourism in the West, Irish Tourist Industry Confederation, 2011, p. 19

¹⁸ Action Plan for Jobs 2012, p.97

¹⁹ Ibid.

²⁰ Fáilte Ireland Tourism Employment Survey 2010, June 2011.

²¹ Based on the current regional spread of employment.

²² This is based on 13,847 tourists staying an average of 4 nights, (based on Ireland West Airport survey, generating a spend of €100.00 per day (Fáilte Ireland, Tourism Facts 2011, December 2012).

- **Which regional airports are critical for the provision of such support?**

Apart from Shannon airport serving the Mid West, Ireland West Airport is the critical international air access point serving much of the Western Region. Donegal airport is important in ensuring the remote parts of west Donegal are more accessible.

- **Is there any justification for exchequer funding of regional airports? If so, what level of funding is appropriate and what is the optimum way of providing that funding, taking account of EU Regulations?**

The rationale for supporting regional airports is similar to that for other transport modes, particularly in peripheral regions which are remote and served by relatively poor surface transport links. The rationale for public transport includes more efficient access supporting the export oriented and locally traded sectors as well as supporting regional tourism. Unlike larger airports, however smaller airports with less passenger throughput generating less revenues means that it is harder for smaller airports to be self-sustaining.

The European Commission recognises that regional airports play a major role integrating peripheral parts of Europe and supporting balanced regional development. *Airports that provide good services can act as a magnet for airlines and thus promote business activity as well as economic, social and regional cohesion within the EU.*²³

- **Is it appropriate to provide exchequer subsidies to regional airports in competition with State-owned airports?**

The previous discussion on airport catchments and Map 1 highlighted the extent to which much of the Western Region is not served by the State-owned airports. Much of this region is served by Ireland West Airport Knock and is therefore not in competition with State-owned airports. Donegal airport serves a particularly remote community which is a considerable distance from the State-owned airports.

As has been noted regional airports provide an important transport function ensuring accessibility and promoting balanced regional development, often without the considerable support received by State airports since their establishment.

Regional airports are required to conform to similar safety and security requirements as the larger State-owned airports but with significantly much less resources. Resource intensive requirements include air traffic control, fire cover and navigational aids. Exchequer subsidies to regional airports can be justified both on the grounds of the transport services and functions provided along with the considerable wider economic and social benefits generated in the regions they serve.

Ireland West Airport Knock

Some of the wider economic benefits have been measured in research on the impact of Ireland West Airport Knock and discussed previously but the key points from the research²⁴ include an economic impact of €128m in both direct and indirect expenditure and 984 full time equivalent (FTE) jobs in the region in 2010. As passenger traffic increases at the airport, both the economic contribution and employment figures will increase further. These businesses employed over 6,000 FTE employees and had expenditure of €462 million and are important in the continuing recovery and future growth of the region.

²³ EU Community Guidelines on financing of airports and start-up aid to airlines departing from regional airports. p.3,4. (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2005:312:0001:0014:EN:PDF>).

²⁴ Ernst & Young Ireland West Airport Economic Study, October 2011

Donegal

Donegal regional airport at Carrickfinn, was developed by Údaras na Gaeltachta in order to provide easy access for business executives wishing to locate to the industrial estate. This airport is recognised as a key element of Co. Donegal's transport infrastructure especially given the long road journey times and absence of rail services. It is extremely important as an air access point to this most peripheral region in Ireland to sustain existing business as well as supporting inbound tourism. Donegal airport also provides services to the offshore oil and gas industry with helicopters based at the airport and charter services operating to/from Scotland and Norway.

Sligo

Since the cessation of PSO services, Sligo airport has focussed on the provision of Search and Rescue services, Medivac, Out of Hour urgent operations and a facility for re-fuelling. Its coastal North West location is particularly valuable for these functions and further possibilities may arise servicing various exploration and renewable energy developments off the North West coast.

2. Air Services

- **What more can be done to encourage and support inbound tourism and business traffic?**

Promoting routes serving all regions will help increase inbound tourism and grow total passenger numbers. Ireland West Airport has successfully concentrated on improving international access to the West and North West of Ireland, a catchment not adequately served by Dublin, Cork or Shannon airports. Improving surface access to airports, providing international marketing support and identifying additional support mechanisms for smaller more regional airports can all support inbound tourism.

1. Western Region Tourism Marketing Programme

Air is the primary form of travel for most tourists, particularly tourism to island and more remote destinations. Airports are gateways to regional tourism and are particularly relevant in the case of the short break market where travel time needs to be minimised. If the Western Region is to capitalise on key international markets then effective international air access is critical²⁵. To develop this, in 2012, Ireland West Airport embarked on a Western Region Tourism Marketing Programme (WRTMP) designed to grow inbound tourism. This was a collaborative programme led by the WDC, involving Tourism Ireland, Fáilte Ireland, five Local Authorities (Donegal, Sligo, Leitrim, Roscommon, and Mayo) Ireland West Airport and Donegal Airport. Five new routes were identified; Paris, Milan, Frankfurt, Barcelona and Dusseldorf and new inbound services from these destinations were promoted. These routes delivered:

- An additional 13,847 passengers in 2012.
- A regional benefit in terms of additional tourism revenue of €5.5 million²⁶.
- This tourism revenue generated tax to the exchequer of €1.357million.

The WDC believes it is critical that this type of support is provided to ensure that the tourism sector can fulfil its potential and support job creation. Part of the reason for the success of the WRTMP can be attributed to the previously unrealised tourism potential of the West and North West region served by new routes to a region and serving a catchment not served by the other international airports. The West and North West has a highly attractive tourism product including walking, cycling, golf, fishing etc. that is particularly attractive to mainland European tourists.

²⁵The tourism potential in rural areas is noted in Action Plan for Jobs 2012, p. 98.

²⁶This is based on 13,847 tourists staying an average of 4 nights, (based on Ireland West Airport survey, generating a spend of €100.00 per day (Fáilte Ireland, Tourism Facts 2011, December 2012).

2. Integrated transport

An integrated Irish Aviation policy needs to be integrated with other transport modes. Further investment in road and rail routes serving Western Region airports will strengthen the capacity of 'regional' airports, extending their respective catchments and improving their viability. In turn, this will increase demand for better service levels, attracting more passengers. Over the longer term, improved international service levels are likely to reduce the need for government supports.

For Ireland West Airport Knock the development of the Atlantic Road Corridor will improve access to the airport and its wider hinterland, providing shorter and more predictable journey times from key urban centres in the region such as Sligo, Castlebar, Westport, Ballina, Tuam and north Galway.

The North West and Donegal is particularly remote and is not well served by surface networks. There is no rail network serving Donegal, there is no motorway and there is very little primary road network. Ongoing improvement of the N56 is required. Investment in the upgrading of the A5 to Derry to dual-carriageway standard should ensure that the dual-carriageway continues to Letterkenny which will benefit access to Donegal generally.

Shannon airport is an important gateway to the West and it is important that policy enables the development of Shannon and the industries that it supports. The improvement of the road network to Shannon will enhance the attractiveness of doing business in the West. This includes the N18 Gort – Tuam road and the Galway outer relief road as critical to open up access to Shannon for both inbound and outbound markets to the greater Galway area.

3. Other policy supports

EU policy supports air access from regional airports. Though air transport operates in a liberalised market, the EU sanctions state aid in limited circumstances, acknowledging the role regional airports play in supporting regional economic development and alleviating congestion at main hub airports.

Start-up aid for the operation of new routes from small regional airports

This aid is permitted for category C airports (passenger numbers between 1 and 5 million) and category D airports (less than 1 million). Recognising that larger airports benefit from economies of scale which can attract connections while smaller airports have greater difficulty generating profits and attracting airlines, the EU permits aid for the establishment of new routes from small regional airports to support route development, for a maximum of three years (or five years for outermost regions).²⁷ The WDC believes that this and any other policy supports should be examined to determine how they might support direct international air access from Western Region airports.

Connectivity

- **What is the importance of London Heathrow for Ireland's international connectivity now and in the future? Are other hubs substitutable?**

Heathrow Slots

Hub connectivity is vital for industry and tourism in the West of Ireland. Shannon airport is the only airport on the Western seaboard with Hub Connectivity via London Heathrow. A key policy issue is the State's shareholding in Aer Lingus and the future ownership of the airline. In the event of a decision to sell its shareholding, it is critical that the Government ensures that Shannon Airport maintains existing levels of connectivity through this important aviation hub. This is particularly important since access to Heathrow airport provides enhanced global access for regions with limited or no direct flights from the West of Ireland.

²⁷ See footnote 7

Connectivity to the US

As has been noted Ireland has a particularly strong relationship with the United States and this relationship is particularly strong in the Western Region. Direct flights to the U.S. are important for the business community and are particularly important for Irish tourism. In the future it is likely that Ireland West Airport Knock will re-introduce services to the US and a supportive national aviation policy framework will be important. The availability of U.S pre-clearance facilities at Shannon Airport is an important selling point and needs to be improved to ensure better take-up. This is discussed further under Heading No. 7 General Aviation.

Air Travel Tax

If travel taxes are to be imposed they should be applied fairly and not discriminate against airports located in more peripheral regions such as the Western Region.

Public Service Obligation (PSO) Air Services

- **Is there a case for other PSO routes that are not currently in place and what is the case?**

EU guidelines²⁸ for PSO services should have regard to the availability of alternative transport modes, in particular where rail serves the same route with a travel time of less than three hours. Therefore, where EU guidelines allow, PSO air links to Dublin, allowing access to international connections through Dublin airport, should be maintained, until there are considerably improved surface journey times to other international airports. Continued support for air access into the Western Region and especially Donegal airport is needed to enable the region compete and to 'level' the playing field with other regions.

- **Is there a better way to support air connectivity to the regions?**

All policy supports which may support international connectivity from the Western Region to mainland Europe and beyond should be examined to ensure the Western Region, its businesses and tourism sector is not unduly disadvantaged by its more peripheral location.

5. Aerospace, Maintenance, Repair and Overhaul

- **What more can be done to facilitate growth of the MRO sector?**

Shannon airport has been working to develop a cluster of business aviation companies with a focus on developing a Centre of Excellence for Business Aviation. This is a significant business opportunity for Ireland to grow the business aviation base by using Shannon as the location for new FDI investments in the mid-west which will be enhanced by the existing cluster of business aviation companies. The Department of Transport and Government policy should support these efforts by promoting Shannon airport as a Centre of Excellence for Business Aviation and this should be actively marketed to the international business aviation community by the relevant state agencies.

²⁸ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32008R1008:EN:NOT>

7. General Aviation

US Preclearance of General Aviation

- **What steps can be taken to encourage operator use of general aviation US preclearance at Shannon?**

Shannon Airport has invested in the provision of facilities for US Customs and Border Pre Clearance (US CBP) and it is important that the airport maximises the return on this investment. US CBP is a significant advantage to passengers flying to the US and Shannon Airport would seek to restore the original 12 hour operation to enable the airport to market this and attract new services to Shannon.

Shannon also offers US CBP to General Aviation. This is an important niche market and based on feedback from existing customers the overall aircraft turnaround service for aircraft is deemed to be less favourable than post clearance services available in the US. Support from the Department of Transport, Tourism and Sport in improving this service would be welcome.

The up-take of US Preclearance by business Jet operators has to date been disappointing. The penetration rate of those using the airport for westbound transatlantic operations and availing of preclearance stands at circa 6% of the market and this reflects the fact that the process does not meet the needs of the business and general aviation sector. The Irish Government needs to negotiate with the US authorities to ensure that Shannon's Business Jet Preclearance procedures operate to the same standard as those operating at US gateway airports.

Conclusions

- From a WDC perspective, apart from Shannon airport serving the Mid West, Ireland West Airport is the critical international air access point serving much of the Western Region. Donegal airport is important in ensuring the remote parts of west Donegal are more accessible.
- National aviation policy needs to fully recognise the international transport function Ireland West Airport Knock provides, ensuring direct international air services to a region much of which is not in the catchment of the other international airports, Dublin, Cork and Shannon.
- Operational grant support needs to continue to be made available to support the operational income of Donegal and Ireland West Airport where there is a shortfall from charges and commercial income.
- Support for capital investment will be needed to ensure that Ireland West Airport and Donegal Airport can comply with safety and security measures as well as the repair and upgrade of the apron and other facilities. Growth in services may lead to capacity constraints requiring further investment measures.
- The findings of the study currently being undertaken by the Department of Transport, Tourism and Sport examining the potential growth options for Ireland West Airport Knock need to be incorporated into the National Aviation Policy. The recommended actions for supporting growth at the airport need to be implemented and supported by all the relevant stakeholders.
- The National Aviation Policy should actively engage with all airports in the Western Region to maximise their contribution to their region and catchment as well as ensuring return on the state's investment to date. This may range from supporting US preclearance facilities and international passenger growth through marketing supports, to ensuring access to onward connections at Dublin airport from remoter regions or supporting the development of air and sea rescue services and support for the offshore industry.
- Increasing capacity for international inbound tourism will increase the total tourism sector, especially if access is improved so as to effectively serve all regions. To do this there needs to be more support at national level for marketing the region and access through Ireland West Airport so that tourism in the West and North West can realise its unfulfilled potential.
- Additionally, funding for the Western Region Tourism Marketing Programme should be re-introduced to help consolidate the achievements of 2012 and ensure a strong regional tourism performance as well as promoting business opportunities in the future.

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