Western Development Commission (WDC) Response to Initial Consultation on forthcoming Consultation

on

Mid-term Review of Regional Airports Programme 2021-2025

The Western Development Commission[1] (WDC) welcomes this opportunity to make a short response to inform the consultation on the Mid-Term Review of the RAP 2021-2025.

The WDC is a statutory body with a remit to promote and encourage economic and social development in the Western Region (counties Donegal, Sligo, Leitrim, Mayo, Galway, Roscommon and Clare). It operates under the aegis of the Department of Rural and Community Development. The WDC regards the provision of quality transport infrastructure and services as essential to underpin the economic and social development of the region.

Project Ireland 2040 comprising the National Development Plan (NDP) and the National Planning Framework (NPF), is the Government's overarching strategy for the State. Project Ireland 2040 includes the ambition to achieve 75% population growth in the regions. The NPF notes the 'need to manage more balanced growth between these three regions because at the moment Dublin, and to a lesser extent the wider Eastern and Midland area, has witnessed an overconcentration of population, homes and jobs. We cannot let this continue unchecked and so our aim is to see a roughly 50:50 distribution of growth between the Eastern and Midland region, and the Southern and Northern and Western regions, with 75% of the growth to be outside of Dublin and its suburbs' (Sec 1.2, NPF).

The importance of the State's airports for '*our competitiveness and future prospects*' is highlighted within the strategy indicating a key role for airports in facilitating economic growth across the country. Social and economic benefits are derived from facilitating access to and from the regions, however the current imbalance of the aviation landscape in Ireland represents a key challenge to the achievement of Ireland 2040. There is an increasing concentration of air passengers travelling through Dublin airport compared to other airports. For example, in 2014, Dublin accounted for 81.9% of all passengers (total 26.5 million), compared to 85% in 2021, whilst the five remaining airports must compete for the remaining 15%[2].

An ever-increasing share of passenger traffic through Dublin Airport is not in the State's best interest, from a safety and security perspective and contributes to the costs of congestion in the Greater Dublin Area. This over concentration is not effectively supporting regional industry and international tourism and is counterproductive in delivering Project Ireland 2040 targets.

In this brief submission we provide some 'views on the range of issues that might be addressed in an Issues paper in relation to e.g. how we can boost traffic to and utilise better our regional airports'[3]. In this submission the term 'regional airports' is used to refer to all the airports apart from Dublin airport (though it is acknowledged that Cork and Shannon airports are also State airports). Given the remit of the WDC we are particularly focused on supporting passenger growth through Shannon, Ireland West Airport and Donegal airports.

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[1] For more information about the Western Development Commission see www.wdc.ie
[2] CSO 2022
[3] https://www.gov.ie/en/press-release/cd68a-minister-of-state-naughton-announces-review-of-the-regional-airports-programme/

The policies such as Project Ireland 2040 and the RAP provide the rationale (the why) for the more passenger growth and services at various regional airports. This submission is focused on the 'how we can boost traffic to and utilise better our regional airports'. These ideas are informed by discussions with regional stakeholders and staff consultation. The paper first examines issues in general and then on issue areas addressed under the current RAP. Some of these are broad ideas, some of which may not be the direct responsibility of Government, though Government may be able to facilitate implementation.

Public Transport Connectivity

Poor connectivity by public transport to/from the regional airports is an important issue. Publicly funded transport investment can either support travel to certain airports or militate against it. Examining access to different airports below illustrates some of the issues that demonstrate relatively poor public transport connectivity to/from the regional airports.

Rail access is generally non-existent to regional airports like Ireland West Airport Knock and Shannon (Kerry Airport in Farranfore is an exception). In contrast while there is not a direct rail line to Dublin airport there is extensive connectivity to the airport from the rail stations of Heuston and Connolly providing access from all the large population centres outside Dublin to Dublin airport.

Intercity Bus Services

Public transport connectivity is focused on bus services. In summary, bus connections serving Shannon, Ireland West and Donegal airports are quite poor relative to the connectivity to Dublin Airport from population centres such as Galway and Limerick which is very good.

Shannon

Currently there are no regular direct express coach services linking either Galway or Cork with Shannon Airport. The current services, from both cities, require several stops en route to Shannon Airport and incur considerable time delays for passengers aiming to connect with flight departures and arrivals at Shannon.

In contrast, the extensive and very frequent, direct, nonstop comfortable bus connections from the main population centres of Galway and Limerick to Dublin Airport have supported the considerable growth of traffic at Dublin Airport. Indeed the increased volume of coach services that are licensed to operate, both directly and indirectly, to Dublin Airport from Limerick, Cork and Galway is having a significant negative impact on Shannon Airport's ability to attract and increase airline services and to grow its business.

As an example, travel from Castlebar to Shannon airport which typically takes 1 hour 45 minutes by car), took over 8 hours of a daytime public transport bus journey with 2 different buses between Castlebar-Galway-Shannon, a stopover/wait in Galway bus station, and a multitude of stops.

The new M18 Motorway has made Shannon Airport a much more attractive option for the western traveller, particularly from Galway with its high-density population and it offers a shorter journey (within 1 hour by car), rather than a 2.5 hour journey to an already congested Dublin Airport.

There is an increasing demand for seamless direct bus services to fulfil the needs of both passengers and airline customers. There is considerable demand for a high quality, regular direct express coach service linking both Galway and Cork with Shannon Airport, with a timetable that is integrated with flight arrival and departure times.

Ireland West Airport Knock

While service levels have improved they are often not good enough to support take-up. As with most routes, poor service levels militate against take-up of public transport services. There are very few connections to centres such as Castlebar and Galway and often do not align with flight times. One user noted *You may need to wait in the arrivals hall for hours waiting on a bus. Unless you rent a car, or someone is picking you up it's a nightmare. In contrast to the choices at Dublin airport.*

Consideration of more direct services such as the airporter bus service that runs from Derry to the Belfast airports should be considered. https://airporter.co.uk/. A direct service following flights arrivals to centres such as Castlebar/ other to connect to other intercity services may work well.

Donegal

Donegal airport is located on the West coast far from the main urban centres. For example, from Ballybofey it is over one hour to Donegal airport while journey time to Belfast international airport is similar.

As with Shannon and Ireland West Airport, improved bus links would help. If there was a bus that got to the airport in time for the key scheduled flights, and left just after a flight arrived that would be useful[4]. The airporter bus service that runs from Derry to the Belfast airports is a great example of how this can work well. https://airporter.co.uk/. A similar service from Donegal Town and Letterkenny would be very useful and would support passenger growth.

For inbound passengers, the options to avail of any public transport to travel around the Western Region are limited. Rental car appears to be the only real option which might not be suitable or feasible for many visitors.

Air Services

- There should be more services to more key destinations. Some examples include;
- Flights to London City Airport has far better public transport links to London city as opposed to Luton.
- Better frequencies. there are two routes from Shannon and Ireland West Airport Knock to Edinburgh but both airports only have 2 or 3 services a week and in the case of Ireland West Airport it is Wed, Sun, Monday so it is not possible to do a weekend. In contrast there are 4 services a day every day from Dublin Airport.

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[4] Ryanair used to arrange this kind of bus services for some of the regional airports it flies into abroad. E.g. Frankfurt Hahn.

- Support for European Hub Connectivity Under the conditions of EU Regulation 1008/2008, should be explored. Member States may support scheduled air services on routes which are vital for the economic development of a region. This would include routes to EU Hubs.

Price

- Flights from Shannon are typically very expensive and often it is much cheaper to fly from Dublin, this is especially the case for US flights, there can be €100s of in the price difference. It is not clear why this should be the case.
- On the other hand there are two routes from Knock and Shannon to Edinburgh and while the frequencies could be a lot better they are very competitive to the fares from Dublin.

Sustainability

Any investment in airport infrastructure should have regard for sustainability and Climate Action Plan commitments. Specific measures the WDC would like to see include:

- Greater levels of bus transport services serving each of the three airports, Donegal, Ireland West Airport and Shannon as discussed above.
- Introduce options for car sharing to coincide with flight arrival/departure times.
- Introduce a requirement to have a certain proportion of electric vehicles for hire.
- There will need to be support for regional airports to help them prepare for changes likely to occur when policies are introduced to reduce aviation emissions. These are likely to have a significant impact on air travel and will impact on the operation of regional airports.

Marketing

The marketing of routes can often be focused on particular new routes, supporting their take-up. In addition, there is value in highlighting the potential for onward connectivity.

Given the relative ease of use of regional airports many living within the Western Region will use a service locally with an onward connection as preferable to flying from Dublin direct or with onward connections from Dublin. For example rather than fly via Dublin to European centres e.g. Maastrict the option to fly from Knock to Stansted and onwards direct to Maastricht airport is often preferable. Similar onward connectivity is available from Edinburgh or London Gatwick and this is often preferable to travel from Dublin airport. There is potential value in highlighting the onward connectivity that is available from regional airport services.

Other suggestions include;
- more social media advertising of the medium haul flights available from specific airports.
- Promotion of public sector business travel through regional airports; leading by example to support Government policy, where international travel is required public servants should seek air routes from the closest airport where economically viable, the reduced mileage (T&S) could account for price differentials.

Regional Airports Programme

- The current Regional Airport's Programme is due to end in 2025 and it is proposed that this Programme is extended indefinitely for Airport's with less than 1 million passengers.
- The RAP currently provides Exchequer support to 'regional airports' defined by the Department of Transport as those that that 'operate scheduled passenger services and handle less than 1 million annual average passengers'[5].   Airports that are eligible for support (Capital Expenditure) under the EU guidelines – all airports under 3 million passengers (Donegal, Ireland West Airport and Shannon in the Western Region) – should be eligible to apply and receive such support. The EU guidelines recognise the implications of economies of scale for airport operations and accordingly allow supports for smaller airports.

- The RAP provides Exchequer support to regional airports, which falls outside of EU State Aid Rules, known as Public Policy Remit (PPR).   As this support mechanism is determined at a national level, Public Policy Remit Capital (PPR-C) and Public Policy Remit Operational (PPR-O) supports can be extended to any airport that the Irish Government deem suitable. This should include Shannon, Ireland West Airport and Donegal.

- Proposal for Changes to the funding % and criteria for the various schemes in the current and future Regional Airport's Programmes.

  - Operating aid for airports between 200,000 – 1 million annual passengers to continue indefinitely, as those airports to reach the threshold for operational financial viability in the medium term.

  - There should be 100% coverage intensity of operating aid to cover full airport costs and not just the financing gap. Lift the 10-year limit to the operating aid for airports with under 1 million annual passengers. It is very difficult for smaller airports to generate sufficient profits. For example, 80% of airports in the world have fewer than a million passengers per annum and 94% of these airports are loss-making. Aid should be provided at the maximum intensity levels under both the nationally defined schemes and the Capex and Opex thresholds which apply to economic activities.

  - The current limitation to safety and security Capital investment could be expanded to include all Capital investment projects at Regional Airports to include terminal and landside facilities. By including all regional airports in the RAP and supporting them with CapEx, this would also ensure that the airport is sustainable and position airports so that they are better able to attract airlines and provide connectivity to the regions.   If we want to achieve the climate action targets we need to support greater passenger use at existing airports with unused capacity rather than continually expanding Dublin Airport. The RAP provides an opportunity to do this.

  - 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% which is currently in place). The requirement for smaller regional airports to

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[5] Regional Airports Programme 2021-2025 page 2

fund the remaining 25% gap on capital projects presents significant financing challenges.

- Given the nature of capital investment timelines, provision for multi-year investment programs is needed and formal multi-year funding approvals could be granted to allow for deviations as long as overall aid intensity of programs stay within limits.

Route development

- Development of a flexible new route support programme for Regional Airports to support international connectivity should be included as an issue for consultation.

Conclusion

The WDC is pleased to make this submission to the initial consultation on the Mid-term Review of The Regional Airports Programme 2021-25. If there are any queries concerning this submission please contact me.

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