



**WESTERN
DEVELOPMENT
COMMISSION**

Western Development Commission (WDC)
Response to
Consultation
on
Mid-term Review of Regional Airports
Programme 2021-2025



The Western Development Commission¹ (WDC) welcomes this opportunity to make a submission to 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.

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 accessibility and passenger growth through Shannon, Ireland West Airport and Donegal airports. These views expressed are informed by discussions with regional stakeholders.

The three airports located within the WDC Western Region – Donegal, Ireland West Airport and Shannon are quite different airports, operating at different scales, and different catchments. All have the potential to grow and deliver more services, providing better connectivity for their regions and more effectively support the National Planning Framework and regional population and employment growth targets.

SECTION 1 - STAKEHOLDERS

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¹ For more information about the Western Development Commission see [Western Development Commission](https://www.wdc.ie/)



SECTION 2 - ENSURING EFFECTIVENESS & VALUE FOR MONEY

Action 4.2.1 of the NAP provides that 'Ireland will implement an EU approved Framework (a Regional Airports Programme 2015-2019) of supports for regional airports'.

Effectiveness of the current Regional Airports Programme 2021-2025

Q 2.1: Do you think the overall NAP, in relation to regional airports, is a success and can you outline what you consider these successes to be?

From the perspective of the airports within the WDC region, both Ireland West Airport and Donegal have been recipients of support under the RAP for many years.

The WDC considers the current NAP in relation to regional airports to be a success in fulfilling its objectives of providing support to those regional airports in maintaining compliance with the EU's safety and security measures. Without the level of support received under the programme, Ireland West Airport would be seriously challenged in remaining viable and in delivering its regional remit as an international gateway to the west and northwest of Ireland.

For Donegal airport the RAP provides funding supports for capital investment (CAPEX & PPR-C) allows the airport to implement essential safety and security projects to maintain the aerodrome in compliance with regulatory requirements. The introduction of funding for sustainability projects in the RAP 2021-2025 encourages regional airports to implement projects to reduce carbon emissions and implement road maps towards Net Zero by 2050. In addition to the primary objective of reducing carbon emissions, implementation of sustainability projects can also lead to cost savings to the airports over the longer term. The PPR-O Grant Scheme assists regional airports in covering core non-economic costs in relation to Air Traffic Control, Security & Fire Services. These functions within the airport are the most heavily regulated, generally requiring higher levels of manpower irrespective of passenger numbers and therefore represent one of the highest overheads for a regional airport.

The PSO from Dublin to Donegal provides mitigation to a region which is lagging behind other regions of the country in terms of transport infrastructure and the value of the PSO to the region cannot be overstated.

Airport Classification

The WDC considers that the definitions of regional and State airports conflate airport ownership and airport classification. In the context of the Regional Airports Programme, Exchequer support is provided to regional airports defined by the Irish Department of Transport as those that operate scheduled passenger services and handle less than 1 million annual average passengers². This definition differs from that of the European Commission which states that a regional airport means an airport with annual passenger traffic volume of up to 3 million³. Given that the regional airports programme is designed within an EU approved framework, the EC definition should apply.

The pandemic and the need for supports due to the adverse impact on travel prompted the inclusion of Shannon airport into the RAP. This was welcome and enabled the airport to resume international air services once travel restrictions were lifted. Shannon airport should continue to be included

² Regional Airports Programme 2021-2025 page 2

³ Guidelines on State aid to airports and airlines 2014/C 99/03



within the RAP as long as it remains under the EU threshold of annual traffic volumes of 3 million. However this inclusion should not have any adverse impacts on Ireland West or Donegal airports.

Value for Money

Q2.2: Are there any elements of the existing NAP, in relation to regional airports, that you feel are not a success?

Funding under the existing NAP has for the most part delivered on its key objectives for regional airports and ensured services have continued at Donegal Airport as well as supporting the services at Shannon and Ireland West Airports.

The WDC considers that given the threshold for inclusion under the EC definition is under 3 million passengers, it would be preferable if the Department of Transport applied that definition, which would allow for the inclusion of Shannon Airport. However this will necessitate an increase in funding supports so as to ensure the smaller airports such as Ireland West Airport and Donegal Airport continue to be supported to the same degree in delivering services for their respective catchments.

Q 2.3: Please provide your views on how effective the existing grant schemes are in supporting policy objectives, in relation to safety, security and sustainability, at regional airports.

The funding has ensured the continuing safe operation of Ireland West Airport and Donegal Airport.

Whilst Shannon Airport has only been included in the RAP for the period 2021-2023, it is clear that the projects supported under the scheme have been effective in supporting the safe and secure operation of the airport and also in delivering sustainability benefits for the airport and the Mid-west region.

Action 4.3.2 of the NAP provides that *'The roles of Cork and Shannon airports as key tourism and business gateways for their regions, and particularly with regard to the development of key niche markets, will be supported'*.

Q 2.4: If the Programme was expanded to include Cork and Shannon airports, how would this support connectivity, economic growth, and balanced regional development?

The expansion of the Programme will need to ensure that there is no adverse effects on the smaller regional airports such as Donegal which is particularly remote and Ireland West Airport which delivers for a significant catchment of over 1 million in a region with relatively poor transport accessibility (notwithstanding recent improvements).

A regions' prosperity and development depends to a large extent on the quality of its connectivity. Regional airports are critical access points to regions, especially in the peripheral regions of Europe such as the West and North West of Ireland. New companies will locate in the region if it is easily accessible; existing companies will develop their market share by being able to reach further. As such, regional airports contribute to the overall competitiveness of a country and enhances the economic development of regions.

Project Ireland 2040 is the Government's overarching strategy for the State. One of the key ambitions of the strategy that *the projected level of population and employment growth in the*



Eastern and Midland Regional Assembly area will be at least matched by that of the Northern and Western and Southern Regional Assembly areas combined. Central to this is the need to support greater population and employment growth in the Northern and Western and Southern regions and the sustainable growth of the urban centres within those regions.

Regional Airports have a critical role to play in economic development. Research by ESRI⁴ found that access to airports is particularly important for high tech FDI and knowledge intensive firms. Similarly, work undertaken by ACI notes that *The proximity and accessibility to an airport remains amongst the top factors considered by companies when selecting their business location*⁵. Equally, airports have a critical role to play in supporting the inbound tourism industry which is a key driver of regional economic growth.

The National Planning Framework recognises that *'the effectiveness of our airports will be vital to our survival, competitiveness and future prospects'* and further notes the need to *'leverage further international connectivity to drive future growth'*.

Q 2.5: What impact, if any, could extending the scope of the Programme have on smaller regional airports i.e., those with fewer than 1 million passengers on average per annum?

If the scope of the programme is extended then this will require significant additional Government investment in the expanded RAP over the future period (as demonstrated over the past two-year period), to ensure all regional airport's safety and security funding required are met under the expanded programme.

Furthermore, the operating costs of airports continues to grow. Increasing and more stringent regulatory requirements for security, safety and sustainability place continued pressure on regional airports.

Q 2.8: In order to encourage greater cost efficiencies at airports, what are your views on limiting operational aid to a per passenger basis, as opposed to an operational cost basis?

Per passenger basis will prove more valuable and advantageous to larger airports who already benefit more from economies of scale compared to the smaller regional airports.

Furthermore, the concept of operational aid is based on operational costs, many of which are fixed and a significant share of the overall cost structure. Examples include maintenance cost and utility costs that do not change with passenger numbers. Likewise, a high percentage of wage costs are fixed in nature with regulation dictating minimum staffing requirements per aircraft type such as fire crew etc.

Apart from this there is a wide range of external factors which can impact on airports performance many of which are outside the operation of the airport such as the performance of the aviation sector, the availability of airlines to fly routes to regional airports - and in this case the larger regionals are likely to benefit more than smaller regional airports such as Donegal and Ireland West Airport Knock that are dependent on this funding.

⁴ McCoy, Daire and Lyons, Sean and Morgenroth, Edgar and Palcic, Donal and Allen, Leonie (2016): *The impact of local infrastructure on new business establishments.*

⁵ European Regional Airports. Sustainably Connecting People, Places and Products. 2023



Limiting operational aid to a per passenger basis as opposed to an operational cost basis would also fail to take into consideration the operational dynamics of the Irish aviation landscape.

For example, Shannon is one of the main diversion airports for Transatlantic-European air traffic, providing Category 9 fire cover and in so doing, Shannon is often the airport called upon to facilitate emergency landings for aircraft with technical or medical emergencies. In 2019, Shannon Airport facilitated 184 emergency diversions. Due to night-time noise restrictions at Dublin Airport, Shannon is often the preferred airport operating at night-time in Ireland which can facilitate emergency landings. Shannon has significant additional operational costs associated with providing this level of fire and rescue cover and is unlike other airports in this regard. To limit PPR-O funding to a per passenger basis would fail to recognise this important service Shannon airport provides for aviation safety.

The WDC believes that operational aid should continue on an operational cost basis.

SECTION 3 - MAINTAINING AND ENHANCING REGIONAL CONNECTIVITY

Project Ireland 2040 – National Planning Framework (NPF) has a vision for balanced regional growth in Ireland. The importance of national and international connectivity is stressed throughout the NPF. It states that ‘the effectiveness of our airport and port connections to our nearest neighbours in the UK, the EU and the wider global context is vital to our survival, our competitiveness and our future prospects.’ The NPF recognises that Ireland’s airports including the regional airports are a ‘key infrastructure for national and regional development’.

Accessibility of Regional Airports

Q 3.1: What role can regional airports play in terms of improving access, to them, by sustainable modes of transport?

Regional airports themselves can actively engage with their local authority partners to improve access to the airport, agreeing priority sustainable investments and supporting each other in delivery. Regional airports can engage and inform the national and local providers e.g. Bus Éireann and the regulatory authorities such as the National Transport Authority, on what is needed and how best to deliver it. Regional airports know their customer base best so it would be important that there is active engagement by providers and authorities in supporting the travel needs of each airports’ customer base.

Regional Airports can facilitate more sustainable transport through investment in electric vehicle charging points. As EV vehicles become more prevalent in our society it will be critical that there are sufficient public charging points available to serve these vehicles and further encourage take up. Investment in EV charging stations is consistent with the Climate Action Plan, and the RAP could provide an opportunity to support sustainability investments of this nature.

It is also worth considering the spare capacity at regional airports, coupled with the uncongested road network in their vicinity, offers an opportunity to increase the level of sustainable transport to regional airports. Given the spare capacity at regional airports, there is an opportunity to grow air connectivity to these airports allowing passengers the opportunity to travel from an airport closer to them rather than undertaking longer journeys to Dublin Airport.

Q 3.2: Is there scope for collaboration to take place between regional airports and other stakeholders in their regions, in relation to improving accessibility/sustainable transport modes to and from regional airports?



Regional airports can also facilitate improved access to them by collaborating with regional and national transport bodies. Regional airports have a key role to play in assisting both local, regional and national bodies in identifying the transport challenges airports face and the opportunities for developing sustainable transport options to airports. Initiatives such as the Metropolitan Area Transport Strategies, Bus Connects, Connecting Ireland and the Rail Strategy have benefited from submissions from regional airports and the Western Development Commission.

Airports can also ensure that there is adequate space available for suitable bus stop/shelters, cycle ways and bicycle stand, and safeguarding any lands required to implement sustainable travel options such a rail lines.

Access to regional airports can be improved by good public transport connections. Convenient bus connections that coincide with flight times are a minimum requirement. (see also Q3.4)

Shannon Airport and Ireland West Airport Knock have been seeking better public transport connectivity for a number of years and have been in active engagement with various public bodies on the need for fast reliable public transport connections to the airport that coincide with flight times. Some of the issues and difficulties were highlighted the in WDC Submission to the Issues Paper⁶. Challenges for regional airport operators include:

- linking the airport to the urban hubs;
- linking the airport to an efficient public transport system, reducing dependency on private cars.

Capacity of Regional Airports

While many have sought more dispersed regional air access through the diversion of some international traffic from Dublin Airport, Ireland has always taken a liberal approach to our aviation policy. Furthermore, the EU single aviation market is fully liberalised which means that European carriers are free to operate air services anywhere in the EU. The possibility to place restrictions on such operations is limited.

Q 3.3: Given the above, how can we better optimise the operation of the Irish airport network to ensure maximum connectivity to the rest of the world?

Given that the EU single aviation market is fully liberalised and EU carriers are free to operate where the markets exist, there are significant challenges for regional airports to provide critical connectivity. This can only be provided within the scope of existing permissible EU measures such as PSOs and any other allowable funding and tourism marketing incentive measures. This is the single and most significant challenge facing aviation in Ireland given that there is significant unused capacity at Ireland's regional airports and the capital airport is challenged to meet ever increasing passenger growth.

Notwithstanding the need for a strong capital-city airport in our country, to compete with major capital cities across Europe and provide new connectivity to emerging markets, regional airports also play a critical role in supporting the national economy. The provision of regional air connectivity is essential to delivering effective regional and national development, as set out in the programme for Government and Project Ireland 2040.

⁶ <https://westerndevelopment.ie/wp-content/uploads/2023/01/WDC-submission-on-Issues-for-Mid-Term-Review-of-Regional-Airports-Programme-2021-2025.pdf?dl=1> p.3, 4.



Trends in market share of the State Airports indicate the need for a more targeted policy focus on airports outside of Dublin. In the period since 2005, there has been a consistent decline in the market share for airports outside the Capital and a growing concentration of Dublin Airport's market share. A continuation of these trends could have serious negative implications for the economic development of our country, the financial viability of regional airports and also significant climate impacts.

Moreover, increasing capacity across Ireland's west coast could lead to more sustainable travel patterns. Rebalancing air traffic to Shannon and Ireland West Airport could reduce the travel time for those living in the west of Ireland, who currently need to travel to Dublin for certain unserved routes, helping with the government's climate agenda.⁷ A more even spread of passenger numbers would also help reduce noise pollution as both Shannon and Ireland West Airport Knock are located adjacent too but not in the immediate vicinity of urban centres.

Another reason to rebalance airport market share is that to ensure that international access is not only concentrated at one point. If a country has an excessive reliance on a single airport, any disruptions, such as labour shortages, natural disasters, or technical failures, can cause a significant impact. By relying on more than one airport, and distribute access more broadly can reduce disruption through adverse effects on a single airport.

There is significant spare capacity within the regional airport network. This provides an opportunity to utilise these assets. Optimising the current infrastructure and sweating these assets would represent a more efficient use of resources as well as easing congestion (and the associated congestion costs⁸) at Dublin. This approach would also allow the capital airport to utilise its capacity more efficiently focusing on key routes and destinations and redirecting other less strategic connectivity such as transit traffic to less congested airports in the region. This would also reduce the need to deploy new assets and resources.

Q 3.4: How can we boost traffic to and utilise better the capacity available at regional airports?

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 destinations (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 Ireland West, Shannon and Donegal 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 across the country to Dublin airport.

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.

⁷ For short-haul flights, the catchment area is 90 minutes, while for long-haul flights it is two hours.

⁸ <https://assets.gov.ie/13615/110debccab3346aa9a6f871f0ae660d9.pdf>



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.

This is in contrast to the level of direct bus services going to Dublin airport. On any given day there are 34 coaches from Galway⁹ as set out below:

- GoBus.ie - 14 Galway daily departures (Direct/Express)
- Citylink - 20 Galway daily departures (Direct/Express/Multi-stop)

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.

Shannon is currently the only airport in the West of Ireland to provide connectivity to strategic transatlantic hubs which will be critical to enabling economic development in the second-tier cities of Limerick, Galway and Cork, a priority of Ireland 2040. Currently the lack of direct intercity services to Shannon creates a disincentive to use public transport.

The introduction of direct services coinciding with flights would give more sustainable travel options for passengers resulting in significant carbon emissions savings compared with car travel. With the bus being the main form of public transport used in Ireland today and likely to be the predominant form of public transport in the coming years, we believe that improving bus services, particularly direct inter city services to Shannon will support more take-up of services at Shannon.

Ireland West Airport Knock

For Ireland West Airport at Knock, while bus service levels have improved they are often not frequent 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 these often do not align with flight times.

⁹ August 2022 is used as an example for departures from Galway to Dublin Airport



Bus Network

Currently the airport is served by Bus Eireann on Route 64 (between Galway and Derry) and Route 440 (between Athlone and Westport). There is significant potential for additional bus services to be added which operate in line with flight times and provide sufficient connectivity between all counties in the airport's catchment region and the airport itself. There may be potential to utilise the TFI Local Link bus service which connects communities throughout rural Ireland as part of the TFI Public Transport Network.

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 and Galway other to connect to other intercity services may work well.

Road Infrastructure

Improvements to the primary roads connecting the airport such as an extension of the M17 motorway to the airport and the upgrade of the N17 between Ireland West Airport and Sligo are key projects that will further enhance access both to and from the region and airport when completed.

Rail Infrastructure

Over the medium term rail connectivity into the Airport and SDZ zone could be a critical enabler to future growth in international access with airlines and passenger growth as well as the development of transportation links between the airport and major population centres across the region is critically important.

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 was scheduled in time for flights arriving and departing this would be encourage use¹⁰. 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.

Ireland as an island nation needs several strong airports serving international routes rather than ever increasing concentration of services in one airport. A greater degree of support public transport connections supporting greater access to regional airports will help increase passenger levels.

¹⁰ Ryanair used to arrange this kind of bus services for some of the regional airports it flies into abroad. E.g. Frankfurt Hahn.



Q 3.5: There have been calls for a regional air access strategy to enhance overall regional connectivity. What are your views on the potential for regional airports to collaborate and coordinate such a strategy?

Regional Airports are independent business entities with varied ownership structures and serve different catchments.

For some of the airports there is some degree of competition with airline carriers. This is true across Europe. Despite these potential issues there is merit in further exploring the potential for collaboration and coordination with airline carriers in particular on European and US services.

It is clear given the trends in the aviation market in Ireland and the continuing growth in share of traffic in Dublin that a strategy needs to be put in place to develop connectivity into the regions. Furthermore, given the challenges facing regional airports as set out in previous section, there is a real need to support regional airports more.

The WDC believes that if the airports believe there is scope for airport collaboration it should be pursued. The co-ordination of such a strategy should rest with a body other than the airports.

Public Service Obligation (PSO) Air Services

Over the past 10 years Ireland has significantly rationalised PSO air services, with only one such route now supported under this Scheme between Donegal and Dublin. (*See Section 5 in the Public Consultation Paper for more information on the PSO Air Services Scheme*).

Q 3.6: What are your views on the effectiveness of the current PSO Scheme, the air service route currently being supported, and the need for a continuation of this Scheme beyond the current Programme?

As stated in the NAP, regional airports in Ireland were developed in the 1980s to provide improved connectivity both nationally and internationally and significant social and economic benefits to the regions that they served, particularly at a time when rail and road connections were poor.

The lack of road and rail infrastructure within the north west region highlights the continuing necessity for a PSO between Donegal and the capital. Donegal has no rail network, no motorway network and only 5km of dual carriageway within the county.

The current PSO between Dublin and Donegal is recognised as a critical enabler of economic development for Donegal as well as providing a vital link for social inclusion and lifeline services to those living in a peripheral region to enable access to specialist health care services, education and other social services not provided within their community and not otherwise accessible within a reasonable journey time.

It is essential that a PSO is provided between Dublin and Donegal until such time as other transport infrastructure has been upgraded to the extent necessary to allow journey times of less than 3 hours from all areas of the north west region to the capital.

While there is only one PSO currently in operation under the RAP, PSO air services are common throughout the EU (176 routes 18/09/2019), and specifically within the UK, between City of Derry Airport and London and between Glasgow and airports within the Scottish Highlands and Islands



(HIAL). These PSO routes have operated successfully in providing essential air services to remote regions/thin routes which would not otherwise be viable on a commercial basis.

Q 3.7: What experience do you have in relation to the operation of PSO air service schemes by other Member States? *(If any, in your response please indicate what you consider has/has not worked well and what types of subsidy models might be considered in Ireland).*

Member States may, in order to maintain appropriate scheduled air services on routes which are vital for the economic development of a region, impose PSOs on these routes, under the conditions of EU Regulation 1008/2008¹¹.

PSO routes can be provided on intra-EU routes and link a certain region in one Member State with another Member State. A number of intra-European PSO routes linking two Member States have already been supported. Examples include (1) Czech Republic to Munich and Vienna. (2) Finland to Stockholm (3) Strasbourg to Madrid, Amsterdam, Prague, and Munich. (4) Lithuania to London City (5) Cyprus to Brussels.

Many of these routes can be accessed by surface modes and high speed rail links none of which are available to connect Ireland to the rest of the EU. Support through international PSOs serving airports on the west coast such as Ireland West Airport and Shannon, subject to EU regulation, would represent an adequate legal basis for attracting airlines to operate routes essential to the Region and to test, on a longer-term basis, the viability of these connections with the aim of operating the routes on a purely commercial basis at the end of the PSO period of aid. This will support the Western Region to increase its connectivity and to support its economic development and population & employment targets under Project Ireland 2040.

Q 3.8: What displacement effects could the provision of an international PSO to an EU/European Hub have on existing routes providing EU/European Hub connectivity from regional airports?

International PSO's from Ireland West and Shannon airports to major hubs in France (Paris), Germany (Frankfurt) and the Netherlands (Amsterdam) should be considered in the context of supporting balanced regional development and air access to regional Ireland.

Due consideration also needs to be given to any possible impact on existing routes from regional airports to Heathrow Airport which currently provides European Hub connectivity from three regional airports to onward international destinations. It is imperative that any intervention in this market does not distort competition.

The specific displacement effects would require further detailed research by industry experts and analysis in this area of passenger flows and displacements.

Some data indicates that the majority of passengers in the catchment of Shannon Airport travelling point to point to EU hubs are using Dublin Airport. For example, data from the AMS Catchment Analyser¹² shows that 95% of passengers from Clare, Limerick and Galway use Dublin Airport when traveling to Amsterdam. Given the congestion in Dublin, offering a service from Shannon would not only alleviate the problems passengers are facing at Dublin Airport but also have significant positive

¹¹ Under Article 16, Member States "may impose a PSO in respect of scheduled air services between an airport in the Community and an airport serving a peripheral or developing region in its territory or on a route on its territory... such route being considered vital for the economic or the social development of the region which the airport serves".

¹² <https://www.asn-global.com/airport-catchment-analyser/>



impacts for the catchment area of Shannon Airport. Importantly, the economic impact of EU hub connections from Shannon would likely outweigh any displacement that might arise from Dublin Airport.

Q 3.9: What other impacts could the imposition of such international PSO's have on competition in the industry?

It would be important to ensure that such a new international PSO would be through additional exchequer funding and not affect the funding of existing supports.

The other impact could be a significant positive benefit in relieving the congestion in the country's capital airport by providing these additional PSO supported services for both tourism and business traffic directly into the regions.

Start-up Aid Scheme

Q 3.10: What are your views on such a scheme being developed to enhance regional connectivity?

The WDC believes that this policy provision should be examined to determine how it and specific exchequer supports might support direct international air access from Shannon and Ireland West Airport. Previously, the WDC commissioned a study *Study of Application Process for and Operation of 'Start-up Aid for Airlines Departing Regional Airports'*¹³ on this policy tool and advocated for its introduction in a submission¹⁴ and Policy Briefing¹⁵ both of which were submitted to the Department of Transport.

As a small island economy strong international access is critically important. The current overarching policy framework of Project Ireland 2040, following on from the previous National Spatial Strategy aims to promote a greater share of population and employment growth in the Northern & Western and Southern regions in order to support more balanced regional growth.

The Northern & Western and Southern Regions have had relatively poor transport accessibility for many years, largely as a result of historical patterns of investment which has focused on supporting surface access to Dublin. This accessibility deficit continues and the recently published EC Competitiveness index highlights the differentials.

EC Regional Competitiveness Index measures the major factors of competitiveness for all the NUTS-2 level regions across the European Union. The most recent index (2023)¹⁶ indicates that in the Southern Region (score of 136) and the Northern and Western Region (157) are significantly behind the competitiveness of the Eastern and Midlands Region (628) with regard to accessibility to passenger flights. These data not only point to the differential at NUTS 2 level on the overall index, they also

¹³ <https://westerndevelopment.ie/wp-content/uploads/2023/06/Avia-FINAL-Report-2011.pdf?dl=1>

¹⁴ <https://westerndevelopment.ie/wp-content/uploads/2021/07/WDC-Submission-to-EC-Review-of-Community-Guidelines-June-2011..pdf?dl=1>

¹⁵ <https://westerndevelopment.ie/wp-content/uploads/2021/07/WDC-Submission-to-EC-Review-of-Community-Guidelines-June-2011..pdf?dl=1>

¹⁶ https://ec.europa.eu/regional_policy/assets/regional-competitiveness/index.html#/



highlight the air accessibility deficit and highlight the case for policy to support additional international air access.

Any scheme which would support access into the regions should be explored given that regional connectivity is critical to the economic development of the country.

Q 3.11: As an industry stakeholder, what are your views on the attractiveness, and potential uptake, of such a scheme?

It is hard to determine this in the absence of detail on operating guidelines. These should be developed in line with the guidelines but provide as much scope for individual regional airports to seek opportunities for route development.

Q 3.14: If an Irish start-up aid scheme was developed, are there particular routes, currently not served, which you think could benefit from such a scheme?

From a Western Region perspective, additional connectivity to mainland European destinations (France, Germany, the Benelux) would greatly enhance the overall regional access for both leisure, tourism and business into and out of region.

Funding

Action 4.2.4 of the NAP provides that *'in considering funding to regional airports, the Department will take account of the level of regional involvement including investment by local authorities and/or businesses.'*

Q 3.15: Local authorities identify regional airports as critical to the economic growth of their counties. What have local authorities done to date, and/or plan to do, to support the provision of infrastructure and facilities at regional airports, so that they can sustainably develop further and operate to their maximum potential?

In the case of Ireland West Airport the seven Local Authorities - Mayo County Council, Galway County Council, Galway City Council, Roscommon County Council, Leitrim County Council, Sligo County Council and Donegal County Council are shareholders, reflecting its wide geographic catchment. They work in collaboration with the Airport in a number of key strategic areas and in particular the marketing and promotion of the region they serve to international visitors and markets, and also the provision of improved support services for arrival passengers including an enhanced arrivals experience at the Airport terminal.

Local Authorities have a key role to play in ensuring appropriate and sustainable access to airports via the road network. For example Clare County Council working with Transport Infrastructure Ireland (TII) have commenced work on the upgrade of the N19 road to Shannon Airport. The upgrade of the road is vital to ensure safe and suitable access to the airport.

Q 3.16: Is there an enhanced role that local authorities and businesses can play to enhance connectivity and support balanced regional development?

Regional airports face challenging market conditions with revenues being eroded by the need for strong incentives for airlines and increasing costs. The commercial rates paid by regional airports to local authorities are significant cost element for their business. Currently, public bodies do not pay



commercial rates. A similar mechanism should be considered for the regional airports as a means to alleviate some of the financial burden they face and therefore allowing them to focus more of route development which is a key catalyst for economic growth and investment.

Local authorities as well as the airport authorities need support from the national transport authorities, such as TII and the National Transport Authority (NTA) and bus providers to proactively find mechanisms to deliver better bus and coach connectivity to regional airports to support passenger growth. See also the response to Q3.4 with detail on transport connectivity and how to boost traffic at regional airports.

Q 3.17: With regard to funding of regional airports, are there any other relevant funding models, including those that other EU Member States may apply, that Ireland might consider?

Where new funding models are being developed for example in the area of supports to meet the objectives of the European Green Deal and supporting decarbonisation, these should be actively explored and availed of where applicable.

SECTION 4 - SUPPORTING BALANCED REGIONAL ECONOMIC GROWTH & DEVELOPMENT

Ireland relies on aviation to provide our international connectivity and to secure our competitive position globally. In addition to direct employment, aviation serves as a key driver for our wider economy through the various ancillary services provided to airports, airlines and in local communities.

It also plays a central role in supporting our tourism industry, which has been a leading job creator, especially in rural communities.



Q 4.1: How do you consider the Programme is currently delivering on its objectives, primarily in the context of supporting balanced regional development?

The RAP has supported the international connectivity of the West and NorthWest regions by providing various supports to ensure services can operate and expand from these regions.

Research¹⁷ has found that access to airports is particularly important for high tech FDI and knowledge intensive firms. In order for Ireland to achieve more balanced economic development it is necessary to prioritise growing jobs in the regions across a range of sectors and so airports have a fundamental role in this regard. Analysis of the Western Region economy has shown that the Western Region has a disproportionate share of employment in agriculture and tourism both of which were severely impacted by Covid and Brexit, discussed in [McGrath, Frost, McHenry 2021](#) and [Lydon & McGrath 2020](#). A diverse employment base is important for a strong regional economy.

The current Regional Airport's Programme has supported Ireland West Airport in providing air connectivity for the West, North West and Midlands regions of Ireland to international destinations including major UK cities such as London, Liverpool and also the cities of Cologne, Milan and Barcelona.

Ireland West Airport is set to record passenger numbers in 2023 in excess of 830,000 which will support continued investment, increased employment and consumer spending. It will help to generate consistent benefits for the local and national economy as it has done in the past.

The current Programme has further supported the Airport in:

- Experiencing significant passenger traffic growth since 2010 with a 20% increase in recent years. 2019 was the busiest year in the Airport's history with passenger numbers reaching 807,000 for the first time. Whilst Covid-19 had a devastating impact on passenger numbers the airport is forecasting to achieved a strong recovery with 721,000 passengers using the facility in 2022.
- Being been recognised as one of the four main airports in Ireland and targeted for further Capital investment as part of the National Development Plan 2018-2027.
- And is a key enabler for job creation with the designation of the Airport's land bank as an SDZ and part of the Atlantic Economic Corridor.
- RedC research carried out in 2018 demonstrated that on average passenger passing through Ireland West Airport spent on average of 5 bed nights in counties in the West and North West of the country and spent on average of €695 during their stay in the region demonstrating the importance from a tourism perspective of providing direct access through Ireland West Airport to the West and North west regions.

As one of Ireland's regional airports, Ireland West Airport plays a key role in the local economy and generates significant economic impacts for the Northern and Western region. An economic study

¹⁷ McCoy, Daire and Lyons, Sean and Morgenroth, Edgar and Palcic, Donal and Allen, Leonie (2016): *The impact of local infrastructure on new business establishments*.



from EY in 2019 (pre-COVID) to assess the impact of IWA indicated the following contribution of IWA and its passenger traffic in 2018.

Apart from ensuring better connectivity for the most remote part of Ireland, Donegal airport has generated wider impacts. In the most recent Economic Impact Study of Donegal Airport conducted by Fitzpatrick Associates it was estimated that the overall economic impact of Donegal Airport equated to a total output of €46.6m with €24.2m in gross value added and 393 FTE jobs to the county.

A forthcoming Economic Impact Study undertaken for The Shannon Airport Group will report positive economic benefits for the Mid-West economy.

Q 4.2: In terms of air connectivity, what do you consider are the barriers to achieving balanced regional development?

The WDC considers that connectivity in terms of more air routes through Ireland West and Shannon will deliver better accessibility to the West and North west making the entire region more attractive to investment. There needs to be better public transport services to serve Shannon and Ireland West. This will also help improve local patronage levels.

Q 4.4: What indicators could be used to measure enhanced regional development over the course of the Programme?

Airports play a key role 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%¹⁸.

Potential indicators could include:

- Growth in passenger numbers
- Growth in strategic route connectivity
- Growth in share of traffic through regional airports.

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.

SECTION 5 - SUPPORTING DIRECT ACCESS INTO THE REGIONS

Q 5.2: Is current connectivity supporting the demand for access into the regions? (If not, please suggest in what way current connectivity could better support access into the regions from a tourism and business perspective).

¹⁸ CSO 2022



Overall, in 2023 the capital Airport will increase its dominance at the expense of the other international airports in Ireland. Regional airports will therefore compete for a falling number of passengers arriving outside the capital airport.

Ireland West Airport are of the view that there is significant potential for a portion of direct access utilising existing capacity into Ireland to be diverted into the regions from mainland Europe and the US. Ireland West Airport serves a quarter of the country's landmass with jet runway capabilities and a population catchment of 1.2 million people across the West, North West and Midland regions of Ireland. Despite this less than 2% of the annual air traffic into and out of Ireland is into the West and Northwest region with over 85% of access into and out of Ireland coming through the gateway of the capital Airport.

As noted in Q3.8, the lack of an EU hub connection is a significant challenge for the region. There is significant leakage out of the Shannon catchment¹⁹ area to access hub routes elsewhere which indicates that the current connectivity is not supporting the demand in place.

Increased flights and passenger traffic will increase the economic activity within and outside the airport, and higher connectivity will enhance the catalytic impacts of the airport and in turn offer an untapped potential for the West and North West to deliver economic growth, reducing pressure on Dublin.

In addition, Tourism Ireland should consider allocating a larger share of the funding to market tourist destinations to regional Ireland. Increased connectivity to the region will stimulate increased tourism numbers and spend to the regions which in turn supports more balanced regional growth.

Q 5.3: Are new routes required to enhance access into the regions? (If so, which routes would support this and what market segments would be served?)

For Ireland West Airport the routes most in demand are from key inbound tourism and business connectivity markets such as the UK, Germany, France Netherlands and the US. Tourism Ireland research shows that the West of Ireland consistently ranks amongst the top 2 for the most visited regions for overseas visitors to Ireland with the majority of these visitors coming through the gateway of Dublin Airport due to the lack of direct access to the region.

By opening up new access from these markets direct to the regions tourists and overseas visitors want to visit, this will be a catalyst to be a major economic driver for growth and tourism in the regions.

Consideration should be given by the Department of Transport, Tourism and Sport to examine the costs and benefits of implementing a national route development fund to support the delivery of strategic FDI routes into regional airports in Ireland which in turn would support balanced regional development and generate significant economic and tourism benefits for these regions. The Introduction of a dedicated Regional Air Access /Route Development scheme for access to critically important UK and European Hubs which will deliver clear tourism and economic benefits to regional Ireland where commercial services to these airports are not deemed viable by airline partners without significant support in years 1 to 3 of initial operation is critical.

¹⁹<https://www.asn-global.com/airport-catchment-analyser/>



In addition to the above, international PSOs should be explored subject to State Aid rules include strategic international connectivity from the regions to key UK and European hubs. These would be implemented to address regional imbalance in air access to the country and to help rebuild the aviation sector and in particular to support regional connectivity which is of critical importance for the recovery of the regional economy.

Q 5.4: Air connections aside, what do you consider to be the barriers (if any) to enhancing direct access into the regions i.e., visitor accommodation, local accessible car hire, local transport links etc.?

As outlined earlier, transport links are a key constraint in supporting passenger growth at regional airports. This submission has noted examples of how the very good public transport connections to Dublin Airport from the regions supports its growth while militating against the growth of Shannon and Ireland West which are relatively poorly served by public transport connections.

International air travel is an essential driver of inward direct investment, and surface access to Ireland's airports is crucial for both arriving and departing passengers as well as those working in and around the airport. Ireland West Airport is currently heavily reliant on public transport provided by Bus Eireann and taxi services, and also has over 70% of passengers use their own transport means to get to/from the airport.

In the age of Mobility as a Service (MaaS) airports need to be connected to cities and regions by different transport modes (car sharing, taxi, bus, rail, cycle and other mobility services) to successfully compete and grow business.

The lack of good public transport connectivity to regional airports is a significant barrier to enhancing access into the regions. Many passengers are deterred from using regional airports because of the lack of good bus connections.

SECTION 6 - SUPPORTING THE DECARBONISATION OF REGIONAL AIRPORTS

The scope of the current Programme was broadened to support projects with a sustainability focus, encouraging airports to reduce carbon emissions and build climate resilience. *(See Section 4.5 in the Public Consultation Paper for the categories of projects with a sustainability focus supported to date under the current Programme).*

Q 6.2: Could the Programme better support airports in achieving net zero carbon emissions by 2050? If so, how?

The challenges regional airport face in decarbonising their own operations and facilities is significant. Airports will need continuing support through the RAP.



SECTION 8 - TRANSITIONING IRELAND'S REGIONAL AIRPORTS TOWARDS A FINANCIALLY SUSTAINABLE MODEL

Q 8.1: Taking this into account, what do you consider to be a viable self-sustaining position for regional airports?

A self-sustaining position for regional airports will to a large extent depend on the characteristics of each airport and particularly the level of capital investment required. Airports face a huge financial burden to meet the climate action targets and funding will need to be made available to achieve these targets. The European Commission determines that airports above 3 million passengers per annum (mppa) should be financially viable and this seems reasonable.

However, achieving financial viability has always been a challenge for smaller regional airports due to a number of structural issues, including traffic seasonality and demand imbalance across the year, as well as higher fixed costs and the lack of economies of scale achieved by larger airports. But the market dynamics post pandemic, particularly in increased airline buyer power which results in suboptimal revenues from user charges mean prospects for improved financial viability are challenging.

While an airport can be operationally financially viable from an accounting perspective, the need to fund significant capital investment may result in airports not being self-sustaining. It will be critical that sufficient resources are made available to support airports in maintaining their infrastructure from a safety, security and sustainability perspective.

Conclusion

The WDC is pleased to make this submission to the 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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