Limerick Chamber

Submission on Issues Paper for the Review of Regional Airports Programme

January 2023

Introduction

Limerick Chamber would like to thank the Department of Transport for the opportunity to submit our members' views on the issues paper for the 'Mid-term Review of the Regional Airports Programme 2021-2025'. Limerick Chamber is the largest business representation organisation in the Mid-West boasting a membership of 400 businesses and over 50,000 employees. Limerick Chamber represents a wide array of businesses across the region from local retailers, indigenous exporters to Multinational Corporations and everything in between.

Regional connectivity is a core part of Project Ireland 2040 and is a key enabler to the growth of enterprise in the region. Without adequate policy support to back up these two goals, the outcome will be sub-optimal. Therefore, access to the Regional Airports Programme (RAP) is critical to regional and enterprise growth, especially for state-owned regional airports such as Shannon and Cork. As cited in the RAP, *"National policy on regional airports is designed to optimise conditions for regional development and connectivity in line with Project Ireland 2040".*

We welcome short-term funding provided to regional state airports over the last number of years in order to deal with the issues posed by Covid-19. However, we have several recommendations / issues which should be addressed as part of the review on the RAP which will better facilitate enterprise and more balanced regional development.

As an island nation, Ireland does not have the option to increase international linkages by building roads or increasing the number of trains, therefore aviation connectivity is critical for Ireland to maintain its economic standing on the world stage. Outside aviation and marine travel, there are no other transport modes that meet the transport needs of Ireland in a regional and national context. In fact, 94% of journeys in 2022 were carried out by air travel.

It is not sufficient, nor prudent, to have the vast majority of airport passengers travelling through Dublin (86%), nor is it sufficient to give private airports access to the RAP when state-owned regional airports do not have the same access. There must be a level playing field.

Suggested Issues

Expansion of the Regional Airports Programme to all State-owned Regional Airports:

The Regional Airports Programme (RAP) provides financial support to regional airports, defined by the Department of Transport as airports that handle less than 1 million passengers per year.

The European Commission specifies that airports with under 3 million passengers are eligible for Capital Expenditure support at varying levels. In addition, the RAP provides Exchequer support to regional airports that fall outside of EU State Aid Rules, known as Public Policy Remit. This support mechanism is determined at a national level, Public Policy Remit (Capital) and Public Policy Remit (Operational) supports can be extended to any airport that the Irish Government deem suitable.

Question 1: As permitted under EU State Aid Rules, should the RAP be expanded to include all regional airports with under 3 million passengers for Capital Expenditure, Public Policy Remit (Capital & Operational)?

Supporting Project Ireland 2040:

Project Ireland 2040 is the Government's overarching strategy that can fundamentally change how Ireland grows for the next two decades. Within Project Ireland 2040, there are significant ambitions for regional development and population growth.

There are few support mechanisms which can positively influence Project Ireland 2040, however, the RAP is a mechanism that can significantly aid in achieving the goals of Project Ireland 2040 - especially the regional development and population growth goals. For example, Project Ireland 2040 has significant population targets for urban areas, however, some areas are lagging behind others. From 2011 to 2022 Limerick has grown by just 7.1 per cent while Dublin has grown by 14.0 per cent, Cork has grown by 12.0 per cent, Waterford has grown by 11.7 per cent and Galway has grown by 10.3 per cent.

Furthermore, there is a serious imbalance of air travel, with c. 86 per cent of all air travel passengers flowing through Dublin Airport with other areas competing for the remaining 14 per cent. For context, Shannon captures c. 4 per cent and Cork captures c. 7 per cent with the remaining private airports accounting for the remainder. This has large implications for population growth and also enterprise investment decisions.

Question 2: How can the Regional Airports Programme assist in supporting the targets outlined in Project Ireland 2040 and what changes are required to the RAP to facilitate this?

European Hub Connectivity:

The conditions and requirements for Public Service Obligations (PSO) are set out in Articles 16-18 of EU Regulation No. 1008/2008. Under this regulation, EU Nations may support scheduled services on routes which are vital for economic development. Similarly, under the RAP a PSO is in operation from Donegal to Dublin.

C. €246 million per year is spent by EU Nations in support of PSOs. Since the withdrawal of the United Kingdom from the European Union, Shannon Airport no longer has a direct link to an EU Hub. Furthermore, there is a lack of direct flights, and flights with forward journey potential, between Shannon and Western / Northern Europe. This is suboptimal from an enterprise perspective.

Question 3: What are your views in terms of supporting EU Hub connectivity under the Regional Airports Programme?

Sustainability:

Funding under the RAP can also support sustainability objectives for assisting airports to undertake much needed sustainability works and contribute to national climate targets.

The Climate Action Plan is committed to achieving a 51% reduction in greenhouse gas emissions by 2030 and setting the path to reach net-zero emissions by no later than 2050. The Shannon Airport Group have launched a sustainability Strategy to support the Climate Action Plan by reducing greenhouse gas emissions by 50% by 2030 and getting to net zero by 2050 across the Shannon Campus. However, airports need to be supported in this goal.

Question 4: How can the RAP assist Airports to deliver on their objectives under the Climate Action Plan? Are there any changes required to the RAP to help with this?