



**Limerick
Chamber**
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Limerick Chamber
**Submission on Review of
Regional Airports
Programme**

June 2023

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Introduction

Limerick Chamber would like to thank the Department of Transport for the opportunity to submit our members' views on 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.

Our submission focuses on providing an evidence base for including regional state-owned airports, on a long-term basis, as part of the RAP and also encouraging the use of a PSO from a regional and enterprise development perspective as well as this we have also outlined our answers to the questionnaire published by the Department, which are located in the final section of this document.



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Regional Airports Programme

Overview & State Aid

An Irish Government Economic Evaluation Service (IGEES) [review of the RAP](#), in 2019, highlighted the two strategic objectives of the RAP:

1) Connectivity: The rationale for Government intervention in the provision of regional airport services is underpinned by the need to provide connectivity where it otherwise would not exist to a sufficient standard.

2) Regional Economic Impacts: Air connectivity can bring many wider economic benefits to a region. It is an objective of the programme to facilitate the delivery of economic benefits to the regions served by the airports.

The press release from the Department of Transport outlines that *“the primary aim of the Regional Airport’s Programme 2021 – 2025 is to provide funding to Ireland’s smallest airports; that is, those that provide connectivity and handle fewer than 1 million annual passengers. Funding is targeted at ensuring that the airports can maintain compliance in the areas of safety and security. Funding also supports projects with a sustainability focus. Also supported under the Programme are Public Service Obligation (PSO) air services between Donegal and Dublin”*.

However, as outlined below, it is a policy decision to not grant the RAP to airports greater than 1 million (outside Covid-19) this is not driven by a state aid issue, as the existing EU regulations allow for support to airports of [up to 3 million passengers](#). Furthermore, the EU regulations also allow for PSOs for key economic routes.

The RAP was designed in line with state aid rules, namely the European Union’s General Block Exemption Regulation (GBER), therefore any airport that meets the criteria set down by the programme are within EU state aid rules. The 2017 regulations, (EU) 2017/1084), outline that the competitive impact of an aid measure depends on size of the airport (passenger numbers) and not on the amount of aid. Once certain conditions are fulfilled (outlined below) investment aid to regional airports will not give rise to undue distortion of trade and competition and no pre-grant approval is required by the commission.

Funding under the RAP is provided under economic and non-economic schemes. Activities such as air traffic control, police, customers, firefighting, as well as those necessary to safeguard civil aviation are considered to be non-economic. While the economic scheme are those that provide an economic return (For Shannon, this could mean up to 50% funding due to Shannon Airport having between one and three million passengers.)

The Department of Transport, Tourism and Sport can provide funding to Ireland’s private regional airports (Donegal, Ireland West Airport Knock, Kerry and Waterford) through the current RAP. According to point 25(26) of the Aviation Guidelines 2014 and the General Block Exemption Regulation (GBER) 2017, airports with passengers less than 3 million are eligible to receive investment aid. Therefore, Shannon and Cork Airports qualify for aid, once other conditions are met. However, both Shannon and Cork Airports are excluded from the programme despite satisfying EU conditions for CapEx support, this is a policy decision rather than a regulatory or state aid decision.

Category	Scheme	Aid Intensity / Level of Support
Economic	Capital Expenditure (Capex)	Provides up to 75% for investment projects in line with GBER
Non-Economic	Public Policy Remit Capital (PPR-C)	Provides funding of up to 90% for projects in line with national policy
	Public Policy Remit Operational (PPR-O)	Provides up to 100% support for activities in line with national policy

This places these state-owned airports at a disadvantage compared to other private regional airports as the playing field between them is not level.

In line with the 2017 regulations, State aid compatibility conditions should always ensure open and non-discriminatory access to the infrastructure. However, excluding Covid-19, the policy has been to award it to the smaller private airports with less than 1 million passengers, as outlined in the [2021 – 2025](#) document *“the Regional Airport Programme 2021-2025 includes a CapEx scheme in accordance with the above. However, as the Programme only supports airports with less 1 million annual passengers...”* however, as per the GBER 2017 regulations *“the investment aid shall not be granted to airports with average annual passenger traffic of more than three million passengers...”* meaning smaller state airports such as Shannon and Cork are eligible for the RAP by having under 3 million passengers and also fulfilling the overarching criteria of the RAP.

Under the existing RAP, a Public Service Obligation (PSO) route is [supported between Donegal and Dublin](#). Previously, Kerry to Dublin was also supported as a PSO but now operates commercially. The conditions and requirements for PSOs are contained within Articles 16 to 18 Regulation (EC) no. 1008/2008 which outlines that PSOs may be imposed on routes that are [considered vital](#) for the economic and social development of the region that the airport serves.

The conditions and the requirements for PSOs are set out in [Articles 16–18 of Regulation No 1008/2008](#). Article 16 sets out the general principles for PSOs. It contains criteria for PSO imposition and continuity requirements, assessment criteria for Member States, rules on the procedure for publication and on commencing operations on PSO routes, conditions and procedure for limiting the access to a route and also the procedure to be applied in case of emergencies. Article 17 stipulates how the public tender procedure shall be conducted. Article 18 contains the rules for examination and review of decisions taken under preceding articles.

Regulation No 1008/2008 allows the imposition of PSOs on two types of routes:

1. Routes to an airport servicing a peripheral or development region: This is typically remote regions or a region accessible with difficulty from the capital and other main cities in the Member State.
2. Thin routes to any airport: The regulation does not define a quantified criterion to assess the ‘thinness’ of a route, given the various situations that may prevail in different Member States. However, based on the Commission’s experience in a large number of PSO cases, it appears safe to say that a route with traffic of more than 100,000 passengers per year cannot normally be considered as a thin route within the meaning of the regulation.

The regulation further highlights what the potential PSO route needs through its vital character:

1. PSOs may only be imposed on routes that are 'considered vital for the economic and social development of the region which the airport serves'.
2. An indispensable route for a region, such as a small island or a remote region, presents this vital character clearly. However, air services linking small and medium-sized cities to important economic or administrative centers could also be regarded as vital for the economic and social development of the regions in question under certain circumstances. For example, a PSO regime has been imposed on a route linking the capital of an island Member State to Brussels, as the city where various EU institutions and bodies have their offices.
3. While PSOs could be designed to lift hurdles to the economic and social development of regions or cities, they cannot be established with the aim, directly or indirectly, to promote or support a particular air carrier or to develop a particular airport.
4. The necessity and the adequacy of any envisaged PSO is to be determined on the basis of four criteria. The commission assesses the criteria of the envisaged route on four principles to examine if the PSO is established in accordance with the regulation.
5. Inadequacy of alternative transport modes: PSOs should only be imposed insofar as other transport modes cannot meet the transport needs of the region concerned. Account should be taken mainly of services offered by train, ferry and coach operators.
6. Existing air fares and conditions: The necessity and the adequacy of PSOs as required by the Regulation should also be assessed with regard to the air fares and the conditions quoted to users. PSOs can include requirements on maximum tariffs if this is deemed necessary, because otherwise the tariffs would be excessive in the context of the economic needs of the region concerned.
7. The combined effect of existing air transport supply: Whether PSOs are needed will ultimately depend on the combined effect of all air carriers operating or intending to operate the route. If the existing provision of air services already satisfies the mobility needs of the concerned region, then there is no 'market failure' that would deserve to be addressed, and a PSO would not be necessary

Under this context, and the Government's National Planning Framework (NPF) which cites regional balanced growth as an objective in its plans, the Mid-West is suitable for State investment, falling under the scope of vital economic and social development. Shannon Airport previously had an EU hub in London Heathrow; since Brexit, Shannon Airport no longer has access to an EU hub. Shannon requires an EU hub with an airport of high onward connectivity. Building ties with airports with strong international and onward journey connectivity is vital in the context of regional and enterprise development.

For example, Schipol (Amsterdam), has strong further connectivity to the wider European and international markets and could fulfil the EU hub requirement. The international connectivity that could be gained from establishing a PSO to such a destination meets the criteria regarding economic development through the investment that could be built, and subsequent jobs and contribution to the regional economy that it could generate.

Policy Context (Ireland)

Project Ireland 2040:

A central part of [Project Ireland 2040](#) is to promote regional balanced growth. In the business environment, supporting regional airports is a mechanism to creating a counterbalance to the high levels of activity in Dublin and indeed nurturing alternative investment region. With c. 86% of the Irish passenger market share coming through Dublin Airport, the availability of such strong direct and indirect connectivity in and out of an airport can be a leading factor for businesses deciding on a location to invest or re-invest in, thus creating jobs and boosting spend in the local economy. This was noted in a previous [analysis of FDI investment](#) in the Mid-West region, where all 16 companies behind investment announcements in the region cited Shannon Airport as a key factor in their investment decision.

Shannon Airport has the capacity and infrastructure to operate at a higher rate than it is currently operating at (additional capacity for c. 2.8 million passengers). Providing opportunities to fund direct connectivity in and out of Shannon creates the possibility to generate a stronger level of connectivity to the EU and rest of the globe.

In its current form, the RAP does not support a level playing field between State (Dublin, Cork, Shannon) and private airports (Donegal, Kerry, Knock), and hence does not support the Project Ireland 2040 goal of balanced regional development.

National Aviation Policy (2015):

The [National Aviation Policy \(NAP\)](#), published in 2015, contains several indications which support the inclusion of Shannon Airport in the Regional Airports programme to 2025. The NAP identified that Shannon has scope to increase passenger numbers with their existing infrastructure, this is further supported through the Copenhagen Economic report on Irish Aviation Policy published in 2019 (outlined in the next section), where it was identified that Shannon could handle c. 2.8 million extra passengers on top of the 1.7 million it previously had, when operating a peak capacity utilisation. However, since the NAP was introduced in 2015, passenger flow in Shannon Airport has slightly fallen by c. 26,500 passengers to 2019, the last year normal business operating year prior to the pandemic. This suggests that current NAP has not focused on utilising existing infrastructure capacity that would require less in terms of cost to operate over building new infrastructure in Dublin to deal with the surging passenger flow.

The NAP has also identified that the three State airports will continue to provide essential strategic infrastructure and services that support the economic and social objectives of the State. Further to this, action 4.3.2. supports Shannon Airport as key tourism and business gateway for the region, and notes particularly that the development of key niche markets will be supported. While these policy objectives are welcomed, it is imperative that they are backed with the correct support, such as the RAP. The development of Shannon Airport aligns with national policy objectives and must be supported through policy mechanisms such as the RAP.

Review of Future Capacity Needs at Ireland's State Airports 2018:

A review of the total capacity of the three State airports was conducted in 2018 to identify the expected passenger growth levels to 2050. While this analysis may not be as applicable due to the impact of Covid-19 on the aviation sector, the forecasted passenger demand has still played a role in the direction of policy decisions. In the baseline scenario of the analysis, it was forecasted by 2050 that Dublin Airport would grow by two per cent per year to reach 54 million passengers (In 2019 the actual figure was 32.7 million). For Cork Airport to the same year, it is expected to reach 4.1 million, growing at 1.8 per cent per year and for Shannon it is expected to reach 3.3 million, growing at 1.9 per cent for year. Therefore, full capacity utilisation for Shannon Airport is not to be achieved prior to 2050, under the forecasting analysis commissioned by the Department of Transport, Tourism and Sport. This means that Shannon's passenger market share would remain at c. 5 per cent in 2050 based on these projections, and Cork would remain at c. 7 per cent while Dublin would increase to c. 88 per cent. This does not align with national policy regarding regional balanced growth or enterprise development.

The report also acknowledged that that the road network around Dublin Airport was already under pressure at the time of the report in 2018, and that these projected passenger growth number were expected to exacerbate this congestion. The reliance on a modal shift to alternative uses of transport to get to and from Dublin has not happened to the extent expected, and the introduction of an extra motorway lane on the M7 has widened the bottleneck seen daily at peak hours. Furthermore, the future Metrolink plans for Dublin does not connect directly to Heuston Station and will likely result in train passengers from outside Dublin disembarking in Heuston, taking the Luas and disembarking at the Jervis Street stop and walking to the proposed O'Connell Street metro stop. There should be a more cohesive public transport option for those travelling from outside Dublin other than a person needing to disembark with luggage twice to travel across three different modes of transport. The proposed system will not be an incentive for passengers outside Dublin to take the train.

Our Copenhagen Economics report in 2019 identified that Shannon operated at 38% of its peak capacity utilisation for the year, with capacity to handle another 2.8 million passengers. Given that this uptake in passengers could occur within the confinements of the existing infrastructure at Shannon Airport, it would be more prudent and cost efficient and subsequently beneficial for regional growth to introduce policies that support passenger growth in Shannon rather than build new infrastructure to increase capacity in Dublin.

However, to fully understand the scale required, there needs to be a study of where people are from and what airports they travel from. This is needed to understand the scale of people from the regions using Dublin Airport, while they might be better served by a more local airport.

People , Place and Policy – Growing Tourism to 2025:

Objective 5.2.4 in identifies working with State and regional airports, along with tourism agencies, to promote and increase access to Ireland for the benefit of the tourism industry. The policy considers that the tourism sector's best prospects for growth are in generating increased levels of overseas tourism and revenue. It is common that tourists fly into Dublin and take day trips to the west coast, meaning the average time to contribute to the local economy is condensed. If it were the case that tourists were encouraged to fly into Shannon through stronger marketing initiatives and greater supports – or even having the option to fly into Shannon, the resulting contribution to the local economy would likely be much greater. Regional airports, such as Shannon are gateways to popular tourist attractions such as the Cliffs of Moher, the Wild Atlantic Way and many more, and the RAP can be used as an effective tool in increasing tourism numbers.

Enterprise 2025: Renewed:

Strengthening international relationships is identified as a pathway to boost Ireland and its regions viability for foreign investment in this strategy. Airports such as Shannon play a key role in this, as international connectivity plays an important role in attracting and retaining investment. Currently, National Aviation Policy (NAP) does not align with the Government's enterprise strategy. This enterprise strategy to 2025 looks at enhancing clusters, strengthening international relationships and realising the full potential of our regions. In order to achieve these objectives, creating an environment where it is possible for regions to facilitate connectivity to attract, develop new ties and expand existing clusters must follow.



Climate Action Plan 2021:

Dublin has seen the delivery of an additional motorway lane to try and relieve the bottleneck of traffic that regularly builds up at peak hours. However, congestion still remains a significant issue. This leads to significant time implications for people travelling to the airport. From January 1st 2022 to August 31st 2022, there were [1,088 incidents on the M50](#). 399 of these incidents were collisions, which roughly equates to approximately 50 collisions per month. This has significant time and safety implications for those travelling to the airport by bus or by car, especially those coming from outside Dublin which are more reliant on the M50 for access to the airport.

There is an opportunity to utilise the existing infrastructure at Shannon Airport to reduce embodied carbon emissions. Shannon operated at 36% capacity in 2019, while in the same year, Dublin Airport broke its passenger record. Dublin Airport is in planning to build an additional runway to handle the growing levels of air traffic it experiences. In line with CAP 2021, utilising existing infrastructure offers the opportunity to engage in more sustainable practices, keeping embodied carbon emissions to a minimum while still expanding operations.

Shannon Airport has also upgraded to their runway as recently as in 2017, through a loan secured from the Ireland Strategic Investment Fund, indicating that maintenance of the airport would be kept to a minimum due to the standard to infrastructure available. Practices of sustainability underpins the aim of the CAP 2021, with Shannon's 'ready now' infrastructure providing a sustainable alternative to the proposed capital work needed to expand Dublin to cope with its growing passenger levels. Enabling Shannon to attract more of the market share of air traffic could therefore be deemed a more sustainable form of operations. While accomplishing this, utilising Shannon Airport for its capacity will also bring a more even balance to passenger flow across the regions, while easing the burden on Dublin.

Encouraging a better distribution of connectivity outside of Dublin to regional airports such as Shannon and Cork can aid in relieving these high levels of congestion experienced in Dublin and the ensuing issues caused. Limerick / Shannon and Dublin's 90-minute catchment areas overlap for areas in the Midlands region such as Portlaoise, and this could make Shannon a viable option for those who usually use Dublin Airport. There is existing transport infrastructure in terms of public and private transport out of Shannon and Limerick to facilitate journeys to and from Shannon Airport. Although public transport from Shannon to within the Mid-West and outside the region would have to be improved, this would require more connectivity for Shannon and greater support, which could be obtained as a byproduct through support mechanisms such as the RAP.

Mid-West Regional Enterprise Plan to 2024:

International connectivity in regional airports has played a key role in the growth of the Mid-West business sector, with the inflow of FDI that has occurred due to the presence of Shannon. Outside of the primary benefit of FDI in the region and the positives it brings in terms of direct employment, the knock-on effect on the business and social environment is also of high value to the Mid-West. Such investment often results in the development of clusters, company spin-offs and start-ups which in turn have a positive impact on the regional economy. Policy tools such as the RAP can allow the region to continue to attract investment.

A core objective of the [Mid-West Enterprise Plan](#) is to give more opportunities to smaller-sized businesses, such as SME's, microbusinesses and start-ups. Enabling stronger connectivity in the Mid-West to attract investment can generate an environment necessary for this to occur. Shannon Airport is a central factor in FDI businesses deciding to locate within a region, and for the Mid-West Regional Enterprise Plan, the availability of the RAP for Shannon Airport can positively influence this objective. Shannon and Limerick are home to a number of high-quality industry clusters already. Aviation and financial services have a strong presence in Shannon, while Limerick boasts a strong presence of Pharma, MedTech and Industry. A number of large scale FDI businesses in these sectors and others have located in the region, which creates the potential for spin-offs and start-ups which engage in the likes of support services or the supply of materials to these larger FDIs.



Economic Context

Copenhagen Economics Study:

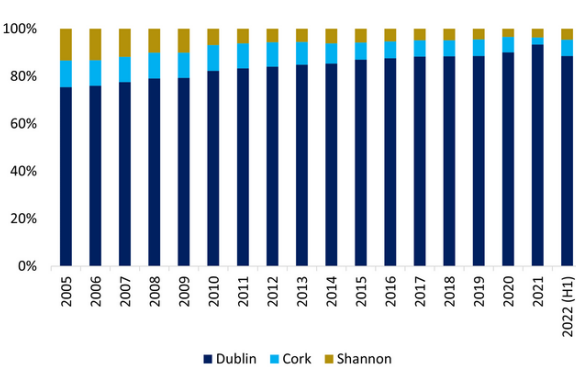
Commissioned in 2019 by Limerick Chamber, Copenhagen Economics examined Shannon Airport and how aviation policy can be a **driver of economic development** for the region. The report highlighted the growing dominance of Dublin Airport over the last number of years at the expense of regional airports such as Shannon. Shannon Airport operated at 37.7% capacity pre-pandemic in 2019, meaning a further 2.8 million passengers could be potentially handled annually.

The Copenhagen Economics report identified that given Shannon's annual passenger flow was 1.7 million, it therefore qualifies for regional state aid under EU guidelines. While Shannon Airport was included in the RAP for 2021 and 2022, the rationale was to aid with recovery after the sector was decimated by Covid-19. Furthermore, **another IGEES** study identified that Irish air traffic levels are unlikely to return to 2019 levels until 2025. Which further bolsters support for continued access to the RAP by regional state-owned airports.

In 2005, Shannon Airport's passenger market share stood at 13%, while in 2022 to Q2, Shannon's market share of passenger flow was 4%. Over the same time period, Dublin Airport's market share has risen from 73% to 86%. From 2005 to 2019, prior to the pandemic, Shannon's annual passenger flow fell from 3.27 million passengers p.a. to 1.62 million. Over the same period, Dublin's passenger flow rose from 18.5 million p.a. to 32.7 million. This suggests that Dublin's growth has come at the expense of regional airports such as Shannon.

The Copenhagen Economics' study found that the economic impact of Shannon can be broken down into four distinct forms. Direct (activities in Shannon Airport), indirect (via trade with Shannon Airport), induced impact (activity by personnel at Shannon Airport and their suppliers) and catalytic impact, captured by increased connectedness for example FDI and Tourism capture. In total, it is estimated that Shannon contributes up to 45,595 jobs and c. €3.6 billion to the economy. Given that this economic impact is achieved at such a low-capacity level (36%), both retaining the levels of output and performance pre-pandemic as well as the potential that could be achieved with better financial resources highlight why support for Shannon Airport should be continued through programs such as the RAP. It is in the Government's interest in terms of achieving regional balanced growth to do so.

Fig 1.1: Passenger Share Irish State Airports



Copenhagen Study Recommendations

Government Recommendations:

- Provide funding to assist Shannon Airport in securing EU hub connectivity.
- Review the National Aviation Policy in the context of Project Ireland 2040 and strengthen the role of airports as key strategic assets for balanced regional development.

Department of Transport Recommendations:

- Commission and updated capacity review study that analyses the capacity of the airport network as a whole and makes recommendations in line with Project Ireland 2040's goal of balanced regional development.
- Assess the costs and benefits of increasing the number of Irish airports eligible for state aid and compare them to alternative policy instruments to secure balanced regional growth.
- Examine the costs and benefits of implementing a national route development fund to support the delivery of strategic FDI routes in airports outside of Dublin.

Department of Business Recommendations:

- More actively use aviation policy to achieve their ambition of balanced regional growth and put in place policies that will enhance the capacity for development (e.g., skills, office space, broadband speed, etc.).

Commission for Aviation Regulation Recommendations:

- Give due regard to the goals of Project Ireland 2040 when making its maximum airport charge determination for Dublin Airport.
- Ensure that the independent slot coordinator takes existing airport capacity elsewhere in the country into account when allocating slots at Dublin Airport.

Tourism Ireland Recommendations:

- Consider allocating a larger share of the funding to marketing airports outside Dublin. This could also be a funding mechanism for securing a European hub to mitigate the negative consequences of Brexit.

Shannon Airport Recommendations:

- Ensure that their operational processes and infrastructure continue to be efficient. Furthermore, the airport should explore additional revenue opportunities in cargo traffic.



Utilisation:

The Copenhagen Study outlines that that Shannon's peak hour capacity utilisation is at 3.7 million per year, with actual utilisation being 45% of that (1.7 million passengers). To put it into context, Dublin Airport's peak hour capacity utilisation stood at 76% in 2019 – during their record breaking 31.3 million passenger year. Encouraging more connectivity through Shannon facilitates a more balanced approach for the regional areas and will help to take advantage of additional capacity at Shannon Airport. Addressing Shannon's level of direct connectivity can be a key factor in unlocking its full capacity utilisation.

Flight Schedule:

Shannon Airport's flight schedule for winter will see it fly to 23 different destinations, including three routes to the United States. Cork Airport will fly to 27 locations during its Winter schedule, while Dublin will fly to 146 destinations. For the Mid-West, sectors such as the accommodation and food service industries rely on this tourism during the summer period to keep the local economy going. Shannon's summer schedule for 2022 saw it fly to 26 destinations. However, this was behind that of Cork (40+) and Dublin's (180) schedules for 2022. The RAP can provide Shannon with the opportunity to develop routes outside of the tourism spectrum, such as business-related routes.

Population Growth:

Of the five major cities, Dublin, Cork, Limerick, Galway and Waterford. Limerick, at 7.1% growth, is lagging the growth rates of other urban counties between 2011 and 2022, with all other counties reaching double digit growth except for Limerick.

Under project Ireland 2040, Limerick (city) is expected to grow by at least 50% by 2040. Using a rudimentary analysis looking at county level data, as per census 2022, Limerick has to achieve c. 42.3% more population growth by 2040 to achieve its goals. That is roughly 20% per decade or part thereof. At Limerick's current rate of growth, it will take approximately 60 years to reach the growth targets outlined in Project Ireland 2040. Improving support for regional airports can be a key enabler of improving the progress towards these growth targets.

Fig 1.2: Peak Hour Capacity Utilisation

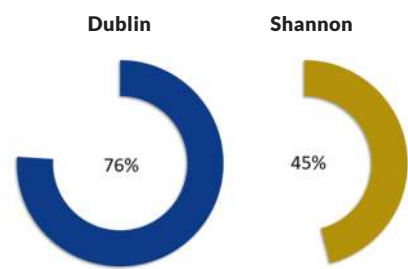


Fig 1.3: Winter & Summer Schedule of State Airports (2022)

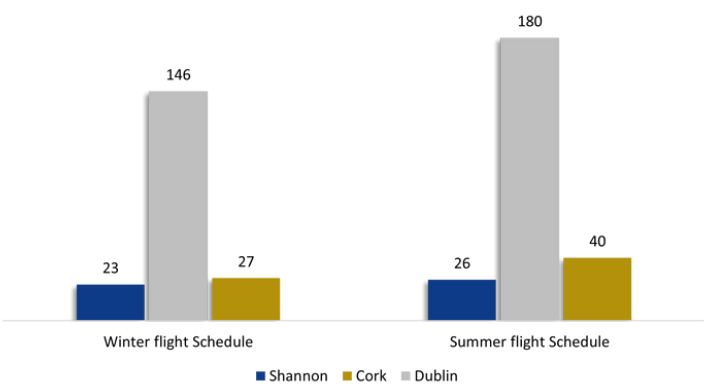
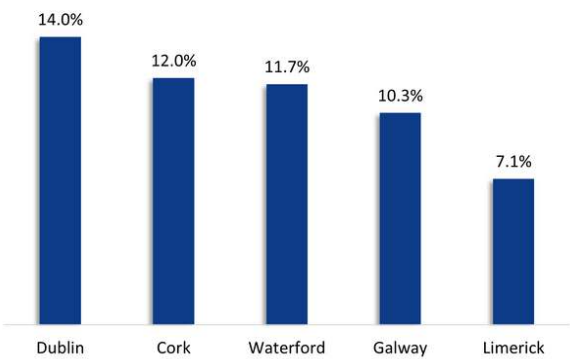


Fig 1.4: Population Growth



Existing & Potential Routes:

Shannon Airport is well serviced by seasonal flights to southern and eastern European countries, as well as the UK and the east coast of the United States. However, there is a distinct lack of service to central, western, and northern Europe. There is a need for a European hub that can provide existing business linkages and onward journey linkages. The provision of a PSO route, using the RAP, through the likes of Amsterdam or Frankfurt would help to bridge this gap and help to provide new and existing enterprises with wider access to Europe.

Kerry PSO:

A PSO has been in place at Kerry Airport for many years, pre-2005. An [IGEES review](#) of the Regional Airport Programme in 2019 found that subsidy per passenger had been declining at Kerry Airport since 2012, decreasing by 53% from 2012 to 2018. This was largely due to both an increase in passenger numbers and also some economic recovery after the crash in 2008. Today, Kerry Airport operates without a PSO with Ryanair now operating the Kerry to Dublin route on a commercial basis. The above outlines that a PSO is likely not needed indefinitely when used in the correct way, for example it can be used to show viability of a route by increasing passenger numbers.

Since the withdrawal of the United Kingdom from the European Union, Shannon Airport no longer has a connection to a European Aviation hub. A PSO in this regard could help to establish a much-needed business route to a major European city.

FDI focused employment:

The IDA play a significant role in encouraging inward investment into Ireland and its regions. However, within the IDA employment indicators, like many other indicators, the largest share is within Dublin and the wider Greater Dublin Area (GDA). Dublin holds 45% of Ireland's IDA employment and expanding this to include the GDA increases it to 52%. At 9% of total IDA employment, the Mid-West is behind the West (11%), South-West (17%) and of course Dublin including the GDA. Since 2015, only Dublin and the West have increased their share of employment. Dublin increased from 49% to 52% while the West increased from 10% to 11%. The Mid-West decreased from 10% to 9%, the South-West decreased from 18% to 17% and other regions decreased from 13% to 11%. In fact, during this time, Dublin has grown at the expense of the GDA, with Dublin increasing its share of employment from 40% to 45% and the Mid-East (GDA) decreasing from 9% to 7%.

The IDA must be supported in their role by placing the appropriate aviation infrastructure in place in the regions. Utilising the RAP effectively can help to support enterprise policy by increasing linkages in the Mid-West, through Shannon Airport, to other parts of the globe, especially European capitals and hubs.

Fig 1.5: Existing European Flights from Shannon Airport



Fig 1.6: PSO Subsidy Per Passenger and Seat (Kerry Airport)

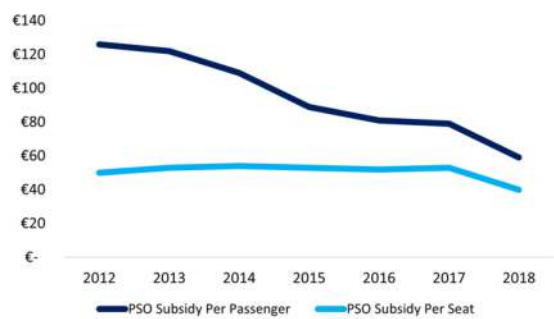
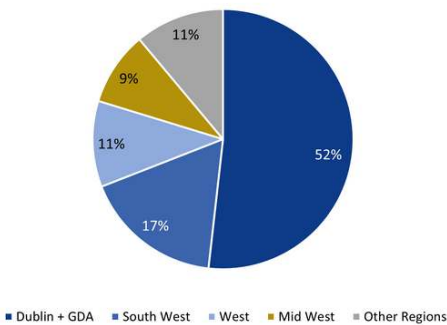


Fig 1.7: IDA Supported Employment Share by Region



Limerick / Shannon has a significant catchment area within a 90-minute drive, in fact, out of the four major cities Limerick has the second largest catchment area behind Dublin. Within a 90-minute drive, Dublin has a catchment area of c. 2.5 million people, Limerick has c. 1.3 million, Cork has c. 0.9 million and Galway has 0.8 million. There is a slight overlap between Limerick and Dublin catchment around the Portlaoise area.

It makes sense from a regional and national perspective to have a stronger regional airport that serves a significant catchment of people – thus reducing travel times and increasing air travel accessibility. It will also serve to improve air linkages for existing businesses in the area and will help to facilitate future investment. Shannon having long-term access to the RAP is key in this regard and from an evidence-based perspective makes sense given its potential impact on the four regional cities of Ireland. Of course, there are overlapping catchment areas for other airports, however, Shannon / Limerick remains to have the largest population size of a catchment area and thus will have the largest impact.

It also helps from a sustainable and emissions perspective to have people travelling shorter distances to a closer airport (Shannon) rather than an airport that is further away (Dublin), journeys which are normally undertaken by private vehicle.

International Connectivity:

The International Air Traffic Association (IATA) provides information regarding countries' connectivity in their '[Air Connectivity](#)' Report. In 2009, Ireland's global connectivity ranking was 23rd, by 2014 this had dropped eight places to 31st and stayed there until 2019, when the most recent report was released. However, examining the 30 countries that make up the European Economic Area (EEA) including Switzerland and the UK, Ireland ranked 10th.

Much of Ireland's success is not down to recent growth in air connectivity – in fact from 2009 to 2019, Ireland increased its connectivity score by just 46%, ranking Ireland at 27 out of the 30 countries in terms of growth. However, this is not unusual for wealthier European countries and matches the trend of higher growth in the southern and eastern countries. It is important to note here that mainland European countries have access to high quality international train services to increase their connectivity and are not as reliant on aviation as island economies such as Ireland and Iceland are. For example, the [IGEES report](#) published in 2021 found that in 2019, air travel accounted for 94% of overseas passengers' arrivals and departures, while sea travel accounted for 6%. Furthermore, in terms of international trade, in 2020 45% of Ireland's exported goods were transported by air, this is far greater than the European average of 11%.

This is a key difference between Irish aviation policy and European policy and the RAP can be used to increase Ireland's business connectivity through long-term support of regional airports.

Fig 1.8: 90-minute Drive Catchment, Limerick & Dublin

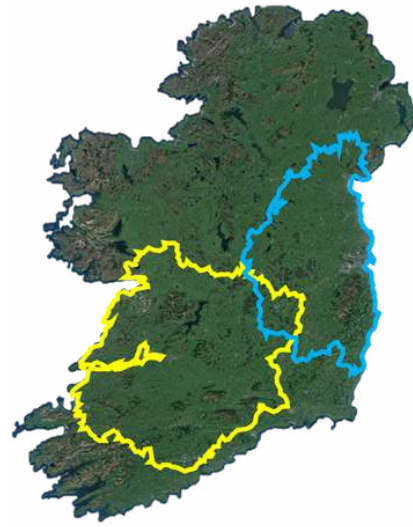
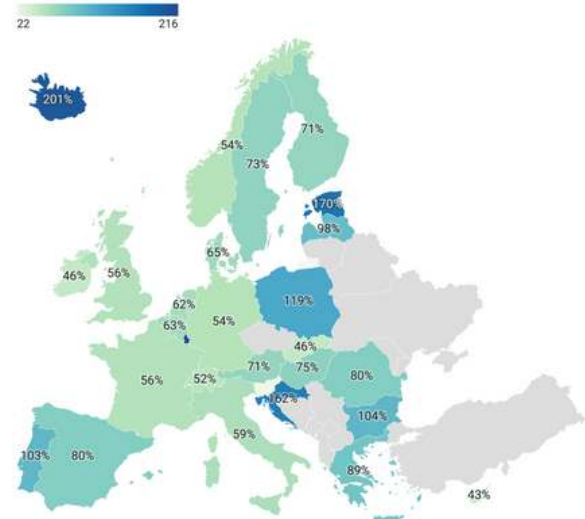


Fig 1.9: International Connectivity Growth (2009 -2019)



European Context

Belgium Covid-19 Supports:

In 2020, the European Commission approved support measures for two Belgian airports, Charleroi and Liège airports, which allowed them to defer the payment of the concession fees owed for the year 2020. The rationale behind this decision was to ensure that the two airports had adequate liquidity to overcome the impact of the pandemic on the aviation sector.

Romania Covid-19 Supports:

In 2020, €4.4 million in aid was approved by the European Commissions for Romanian airports. This scheme was announced to help offset the impact of the pandemic on the Romanian aviation sector, particularly the regional airports, due to the Covid-19 outbreak. The scheme was open to Romanian airports with a passenger flow of 200,000 to 3 million. This allows the scheme to focus on more regional airports.

Croatia PSO:

The Croatian Government, in September 2022, committed €78.6 million in funding for domestic PSO routes with two airlines. The two airlines, Croatia Airlines and Trade Air, will share the funding that will subsidise the losses expected from the 4-year commitment. Croatia Airlines will receive €54 million for the upkeep of six routes, while Trade Air has been granted €24 million for the same number of routes. The funding comes off the back of a tendering process which was delayed due to the pandemic, with the PSO contract running until March 28th, 2026.

Czech Republic PSO:

Ostrava Airport serves the Moravian-Silesian region, the second most populated region in the Czech Republic after Prague. Potential was identified from both a tourism and business perspective to take advantage of c. 6 million passengers in three countries within a 90-minute drive of Ostrava Airport to both Vienna and Munich. The route was sought due to the needs of tourists, inhabitants of the region and business clientele who look to travel in between regions. The PSO was supported by the Moravian-Silesian region, the sole owners of Ostrava Airport, who committed substantial support in order to capitalise on a unique business opportunity for the region.

Strasbourg PSO:

Strasbourg Airport has several PSOs to locations such as Munich, Amsterdam, Madrid and Prague. The Munich and Amsterdam PSO's was recently advertised and won by Amelia airlines, who noted the importance of connectivity for the region due to its European Parliament presence. Lufthansa had previously been operating the Strasbourg to Munich route under a subsidy of €1.1 million, while Air France had previously operated the Strasbourg to Amsterdam route under a subsidy of c. €2 million. Such routes to other European destinations are seen as crucial for members of Parliament and staff of the European Parliament in Strasbourg, or for Europeans for tourism and business in transit to Amsterdam and Munich.

Vilnius to London PSO:

The reasoning behind this PSO is to facilitate better connectivity between the UK and Lithuania, and to facilitate foreign direct investments and business relationships. The reintroduction of the route brings about new travelling possibilities for partners, the wider business community and the strong Lithuanian communities living in the UK, such as East London.

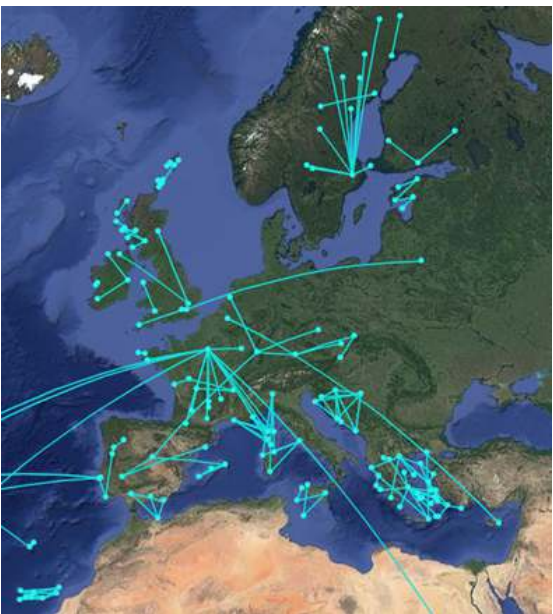
Wider EU PSO Landscape:

There is a large scale use of PSOs at European level to increase connectivity internally within states and also between states. In 2018, there was over €246 million spent on supporting PSOs by EU states. This funding supported c. 176 routes. In fact, when placed on a map, it shows the scale and interconnectedness provided by PSOs at European level. compared to Ireland.

Fig 1.10: Annual PSO Expenditure (m) and Number of Routes, 2018



Fig 1.11: PSO Route Map, 2018



Sustainability

The RAP states that *"the Programme will also encourage airports to take account of sustainability objectives and to build resilience against the likely impacts of climate change."* This is critical for sustainability improvements for state-owned regional airports. The transition to a greener economy must come from all sectors and the RAP is key in regional state-owned airports making the appropriate sustainability upgrades.

Airports are moving towards significant carbon reduction, they are looking to improve waste management and recycling initiatives, including continued improvement of their water supply and conservation network. They will also begin moving eligible vehicles to electric over internal combustion engines as well as upgrading EV charging infrastructure, while also advancing renewable energy projects to improve their supply. Biodiversity plans will be implemented, and they will look to carry out sustainable building upgrades. This is a very significant pipeline of work that airports will have to undertake and access to the RAP is imperative in bringing airports up to a new sustainable standard.

Wastewater management is cited in Shannon's strategy to 2024, with a 40% recycling rate target cited for the group's operations. There are several high-level examples of wastewater management across international airports. Zurich Airport takes domestic wastewater and channels it to an offsite treatment plant, while rainwater is collected for use in its toilets. In Stockholm Arlanda Airport, wastewater is collected by a series of wells linked to an underground aquifer, before being sent to the terminal's air conditioning system during summer, and to a biofuel-powered heating system in winter.

The transition to a sustainable environment and achieving NetZero emissions by 2050 is an ambitious target set by the Shannon Airport Group in line with the Climate Action Plan (CAP) 2021. Given that the aviation sector is generally reliant on activity which can lead to higher levels of greenhouse gas (GHG) production, achieving such a target must be supported across several areas, which Shannon has laid out in its recent sustainable strategy to 2024. As we move towards a transitional period for sustainable fuel in the aviation sector occurs, it is likely that new infrastructure will have to be implemented in order to facilitate this.

A [report from KPMG](#) outlined that sustainable aviation fuel (SAF) is becoming an increasing focus of the aviation sector, in order to reduce emissions generated by aircraft vehicles. A sizable share of aviation's CO₂ emissions arise from the combustion of kerosene in aircraft engines. SAF is currently available to use in existing aircraft engines without the need for upgrades.

In Ireland, there has been increased interest in SAF production and implementation. Shannon Airport is a hub for the refueling of heavy cargo aircrafts, usually passing through as part of long-haul flights. International couriers such as DHL, FedEx and UPS all use Shannon on their way to their respective hubs, while Shannon is also used by Turkish Airlines for long haul flights between Istanbul and locations in the US. The impact of introducing a more sustainable approach to cargo related activities such as refuelling could play a role in reducing emissions on an international scale. However, there are issues in terms of availability and scalability of SAF, supply chain bottlenecks, price of the fuel and potential upgrades to existing fuel storage in airports. The RAP could help provide a funding base for the regional aviation sector to transition to lower emission fuels.

Research Conclusion

Limerick Chamber would, again, 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'. As the largest business representative body in the Mid-West, and with many businesses reliant on international connectivity present in the region, our members are significant stakeholders. Many of our members rely on international connectivity to both run and grow their business. In order to continue to support businesses already located in the region, as well as attract new investment to the region, Shannon Airport needs support from the Government in the form of the RAP and other potential programmes.

Currently, the dominance of Dublin Airport in terms of passenger flow and flight connectivity is occurring at the expense of other regional State airports. We have seen in the summer of 2022 how constrained Dublin Airport can become with capacity in Shannon to handle a further 2.8 million passengers without the need for significant infrastructure investment.

EU state aid rules offer the opportunity to extend state investment aid to all airports with passenger numbers below 3 million. Shannon Airport has not had 3 million or more passengers pass through its airport in a calendar year since 2007, despite the most recent NAP strategy being from 2015. This reflects that Shannon should continue to be included in the RAP to 2025.

Establishing a PSO route from Shannon is a State support option that can have significant benefits for the region. Examples of other European PSOs have been highlighted in this submission, with the economic and social benefits that often follow fitting the needs of Shannon Airport and the wider Mid-West region. Shannon currently lacks connectivity to central, western and northern European countries such as Germany, The Netherlands, Scandinavia etc. Both Cork and Dublin both offer services to airports in these countries or have onward connectivity potential. Introducing one via Shannon will boost both direct and indirect connectivity, which lags behind that of the other two State airports. PSOs are commonly used throughout Europe to increase connectivity of countries and with this Ireland could potentially expand the number of PSOs on offer.

Shannon Airport is a critical asset to the Mid-West region and the businesses located within it. The connectivity that it provides allows for ease of travel internationally, which only serves to benefit businesses who want to build international ties and grow their business. Providing support for Shannon to focus on delivering on areas such as airport connectivity should be the focus, and the RAP can play a vital role in this. Therefore, we feel that State support for Shannon should continue, given the potential that it offers for the region and the wider economy.

Ultimately, it is a political decision to not include Shannon (or Cork) in the RAP. Limerick Chamber feels that this is inappropriate and creates an unlevel playing field between private and public regional airports. There is significant scope to fully utilise existing capacity at Shannon, allowing people within the catchment area to travel shorter journeys to airports all while boosting tourism and business capability.

Overall Aviation Recommendations and Key Points

1 Long-term inclusion of Shannon Airport

Shannon and Cork Airports fit the criteria for inclusion in the Regional Airports Programme as outlined as the criteria to adhere to the GBER. Therefore, once Shannon and Cork Airports continue to meet the criteria they should be included in the programme.

2 RAP to increase support for Project Ireland 2040

There is a policy gap in Ireland with regards to who is responsible for delivering the goals of PI2040. Ultimately, there are multiple organisations and Departments that are responsible for delivery. However, the mechanisms used to achieve these goals is unclear. By supporting Cork and Shannon Airports through the Regional Airports Programme this will help to meet the population and employment goals feeding into the overarching regional development goal of PI2040 - without access, regional levers for achieving this goals are minimal.

3 Public Service Obligation (PSO) Routes

Creating and retaining a business environment that facilitates the targets outlined in PI2040 is critical. People will move and stay somewhere due to the careers available in the region. Business will set up in a place that is well connected to the rest of the world. Therefore, enterprise policy and aviation policy must go hand in hand. The battle is no longer just attracting investment, it has also moved in retaining investment and encouraging more indigenous investment. Using a PSO to establish a link between Shannon and a European Hub such as Amsterdam is critical.

4 Updates to Economic Impact Assessment

As part of the the eligibility requirements of the Regional Airports Programme, airports must undertake an economic impact assessment. As part of this the catchment area served by the airport within 30 and 60 minutes travel time must be included. It would be appropriate, given expansion of the public transport and road network, that this is expanded to 90 minutes. Not including this leaves significant portions of the population of the analysis.

Furthermore, while we acknowledge the department will fund up to 33% of the total costs of the economic study, increased funding in this regard, given the current inflationary environment, would be welcome.

5 Forward Passenger Analysis

It is imperative that a published forward passenger analysis is used to underpin the mid-term review of the RAP. To correctly understand current requirements for airports, the RAP and indeed National Aviation Policy, there needs to be an understanding of where people are travelling from domestically and what airports they are using i.e. some travelers from Cork will travel past three airports on their way from Cork to Dublin. If we have an understanding of how many people are doing this on a national basis we can design more effective schemes. Especially from a sustainability standpoint

6 Updating of National Aviation Policy (NAP)

A new National Aviation Policy must be undertaken and published while being informed by stakeholder groups. The last full policy document, published in 2015, is out of date and published at a time before Project Ireland 2040 and other issues that affected the wider economy, such as Covid-19. For example, regional development / growth and sustainability are not one of the stated objectives of the National Aviation Policy (2015). The new National Aviation Policy must be brought forward in line with how it will support Enterprise Policy in the years to come.

Public Consultation Questionnaire Response

Section 1 - Stakeholders

Q 1.1: Name

Seán Golden (on behalf of Limerick Chamber)

Q 1.2: Organisation

Limerick Chamber

Q1.3: Email Address

sgolden@limerickchamber.ie

Q1.4: What category of stakeholder do you represent?

Business representative group

Section 2 - Ensuring Effectiveness & Value for Money

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 success to be?

The RAP has been a success for those airports that have continuous access to it as they support capital upgrades and PSOs. However, in its current form, the RAP fails to reach its optimal level by excluding airports above one million and primarily focusing on private airports rather than public airports and thus creating an unlevel playing field.

Q 2.2: Are there any elements of the existing NAP, in relation to regional airports, that you feel are not a success?

The scope of the RAP could be much improved by allowing state-owned regional airports to participate. EU rules would allow the participation of airports with three million annual passengers, however, in its current form the RAP limits this to one million passengers. Furthermore, the RAP should be used more proactively to support key business routes through PSOs that support various national policies such as Project Ireland 2040 and the Regional Enterprise Plans as well as increasing business links with key European partners.

Q2.3: 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 existing RAP is effective in supporting safety and security for those with access to it. However, these are two of many strands of the RAP. As outlined in the 2021 - 2025 document "National policy on regional airports is designed to optimise conditions for regional development and connectivity in line with Project Ireland 2040. Social and economic benefits can be derived from facilitating access to and from the associated regions. For this reason, the capacity of these airports to handle scheduled services is fundamental to the Programme."

The RAP needs to do more to encourage a positive economic impact for the regions by facilitating increased access, especially from a business perspective. For example Shannon airport has no regular and direct link to Northern Europe despite the number of multi-national companies located in the Mid-West and their plans for expansion in the future.

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?

There are several positive benefits to the long-term inclusion of Shannon and Cork Airports within the RAP.

In terms of balanced regional development, it will allow the aviation industry in Ireland to better use peak hour capacity utilisation in regional airports instead of further expanding Dublin Airport. Furthermore, it will also help with the population goals outlined under project Ireland 2040. Currently, Limerick, has seen the least growth in population of all five cities, with Limerick growing in single digits since 2011, compared to double digit growth in the other four cities.

For connectivity, using PSOs under the RAP will provide Shannon Airport and the Mid-West and West regions with direct business connectivity to Northern Europe. Many multi-national companies located in the Mid-West have their EMEA headquarters here and there is an appetite for connectivity to a European Union hub with onward connectivity potential. By allowing state regional airports access to the RAP, not only could it support the use of PSOs but it will also provide the financial support needed to grow the airport and increase connectivity. This will also help businesses expand in the Mid-West and attract and retain workers which will increase economic growth in the region. The increased connectivity potential might also encourage more businesses to locate outside Dublin, which would help to attain several goals targeted under Project Ireland 2040; including balanced regional development and economic growth.

Furthermore, Ireland has seen a low level of international connectivity growth when compared to other European nations (from 2009 to 2019). Providing increased support for state regional airports will increase Ireland's overall connectivity and bring international connectivity growth more in line with the European average.

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?

Expanding the scope to include Shannon and Cork Airports would provide a level playing for regional airports. There is likely to be minimal negative impact on smaller privately owned regional airports if Shannon and Cork were to be included in the RAP since these airports service a different market and catchment area. In fact, all airports would benefit from a stronger and better connected aviation sector in Ireland, whether they are state-owned or not.

Q 2.6: However, there have been calls for the Programme to be expanded to include other capital investment, for example supporting the development of terminal and landside facilities. Should a business case be made showing that such investment would facilitate increased passenger numbers, passenger experience and connectivity, what metrics of indicators would measure and monitor the value of such investment?

Limerick Chamber fully supports the expansion of the RAP to include terminal and landside facilities and agree that a business case should be provided showing the benefits of such investment. There are several metrics which could be used to measure and monitor investments value:

- 1) Total passengers numbers
- 2) Airport Capacity
- 3) Flight numbers (commercial and non-commercial)
- 4) Time taken to travel through airport (check-in, security etc. to gate)
- 5) User experience scores such as ESQI
- 6) Economic Impact Assessment - sometimes benefits of investment can be unseen and economic impact assessments allow a full picture of the impact of investment.

Q 2.7: In terms of Value for Money to the Exchequer, what metrics of indicators could be use to calculate and monitor how airports are performing in relation to PPR-O funding provided?

Similar to question 2.6 there are several metrics and tools which may be used to assess wider performance:

- 1) Under PPR-O funding there could be an assessment whether the airport is reaching its own sustainability targets under their sustainability strategy such as waste water recycling and adaption of sustainable aviation fuel.
- 2) Considering PPR-O funding can be used for salary costs and the currently tight labour market, staff retention could also be examined
- 3) With regard to security funding, it could be examined how many security breaches there are and how the airport performs on security audits
- 4) Similarly, for fire safety, examine the outcomes of fire safety audits and drills
- 5) Cost Benefit Analysis could be used to assess whether the cost produces the benefits targeted.

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.

While Limerick Chamber appreciates the reasoning behind this proposal. It comes with several concerns. We have seen how unforeseen global issues, such as COVID-19, can drastically impact passenger numbers. If it was the case that some disruption like COVID-19 happened again then it could see funding being slashed in a time when airports would need support. There would need to be mechanisms in place to protect against such an outcome. Furthermore, allocating on a per passenger basis would mean that smaller airports that require more help to grow may not receive it and thus the funding would be counter productive and may encourage status quo in aviation rather than growth. There is also the consideration of inflation, businesses have seen significant increases in costs over the last year due to inflation, however, for airports, there may not have been a commensurate

However, using this mechanism would ensure that support would go to those airports that have the greater chance of growth and expanding.

Section 3 - Maintaining and Enhancing Regional Connectivity

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

Airports have a large part to play in improving access to them by sustainable modes of transport - but this work from airports comes in the form of advocacy. They are in no position to provide extras bus routes or indeed infrastructure to the airport. However, they are in a position to highlight what the airport needs and highlighting passenger feedback. Unfortunately, much of the time a critical mass of passengers are required to increase bus routes or other public transport modes and there appears a scenario whereby public transport might increase passenger numbers, but there needs to be an increase in passenger numbers to warrant an increase in public transport. This can leave much needed public transport options not going ahead.

There is also the need for airports to influence potential new policy. For example, the Limerick BusConnects plan only focuses on the urban area of Limerick, despite the close economic and connectivity ties with Shannon there is a policy gap here that needs to be highlighted. Therefore, when consultations such as Limerick BusConnects are taking place the department carrying out the work must liaise in depth with airports.

Q3.2: 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?

Yes and collaboration is a must. Especially when it comes to providers of public transport. For example, Shannon Airport is one of the few airports that does not have direct inter city bus connectivity. This encourages private car use which goes against national policy. It is important that all stakeholders within a region work together to ensure optimal public transport coverage.

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?

There is scope to use Public Service Obligation (PSO) funding to increase connectivity between key economic areas. This is standard European practice. There is also the potential to take advantage of existing capacity within the system. While the national aviation conversation has moved to building a third terminal at Dublin Airport. The conversation should move towards examining whole system capacity at other airports and how we utilise this more effectively.

Furthermore, to accurately access and utilise existing capacity we must understand where passengers are travelling from within Ireland and what airports they use. It could be the case that many passengers are using Dublin Airport when a service closer to home would be successful due to demand. However, without a holistic approach to forward travelling details we will come to a sub optimal conclusion. For example, the catchment area of Shannon and Dublin airport intersects around Portlaoise, it may be the case that many of these travellers could use Shannon airport and its existing capacity, rather than adding to the capacity issues at Dublin Airport. By providing the aviation industry with more detail on demand this will help increase options regardless of a liberal aviation policy. Also, the licensing of bus operators to service Dublin Airport but not Shannon Airport has enhanced the concentration of passenger traffic at Dublin Airport, this should be rectified.

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

Following the pandemic, airports are grappling with limited financial resources and shifting market dynamics, including intensified competition and the industry's decarbonisation efforts such as the EU fit for 55 green transition plan. The optimal approach to support airports in enhancing connectivity and maximising their available capacity is to encompass all regional airports, including those with fewer than 3 million passengers, within the RAP. Airports encounter various cost factors related to safety, security, and sustainability initiatives, and assistance from the RAP will alleviate the financial strain from this obligations and will allow a more optimal resource allocation towards growing existing routes and developing new routes, enabling them to concentrate on route development.

Q3.5: There have been calls for a regional air access strategy to enhance overall regional connectivity. What are your views on the potential for airports to collaborate and coordinate such a strategy?

Limerick Chamber would welcome the process for regional airports to collaborate to produce a regional air access strategy. Given the growing dominance of Dublin and current market trends, this strategy could help to increase air access to the regions.

Q3.6: 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?

While the existing PSO scheme has merit in increasing air travel within Ireland from some regional airports. It does a poor job in connecting key regional airports, through economic routes, to key European neighbours and often leaves the regions isolated from other parts of Europe. It is critical, from a business perspective, that PSOs are used to support route development for economic and business routes into the future especially in areas with gaps, such as the Mid-West of Ireland to Northern Europe.

Q3.7: What experience do you have in relation to the operation of PSO air service schemes by other Member States?

As outlined in Fig 1.10 and Fig 1.11 other members of the European Union are far more effective in using PSO routes to create economic linkages between countries. However, there is a wide range of funding and routes supported depending on the country. France supports PSOs through €92 million in funding across 37 routes, while the Portugal allocates almost €31 million across 20 routes. Meanwhile Spain supports 23 routes at a cost of €1.7 million. Please see fig 1.10 for a breakdown on route support by member states and also fig 1.11 for a route map of PSOs. Under Articles 16 and 17 of EU regulation 1008/2008 member states may impose PSOs on certain routes. Furthermore, It is worth noting that most of these countries also have the added benefit of an interconnected rail and road system while Ireland does not and predominantly relies on aviation to create these economic links.

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?

The displacement effects on other regional airports is likely to be minimal as most people travel via Dublin Airport. It is important, however, that the impact of PSOs is not measured on displacement only but rather the other positive impacts such as the economic benefit and sustainability impacts since people will be taking shorter journeys. Due to the congestion at Dublin Airport, offering a route from Shannon and utilising existing capacity at the airport would not only alleviate the problems passengers are facing at Dublin Airport but also would provide significant benefits for the Mid-West and West. Furthermore, Shannon Airport is the only state-owned airport that has no service to an EU hub and the implementation of a PSO will help to rectify this and fully realise the economic potential within the Mid-West. This has been studied extensively in Limerick Chamber's *"Assessment of aviation policy as a driver of economic development in the West and Mid-West of Ireland"*.

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

Consumers would gain from any potential increase in competition among routes and airports, which would enhance regional competitiveness. Furthermore, the economic advantages resulting from new routes would bolster the rationale for opening more routes, leading to a favourable cycle of sustainable growth for the aviation industry. However, given the lack of all-year direct route flights to EU hubs from the regions the competitive aspect is likely to have a negligible impact in the short and medium-term and would likely not have a negative effect on the aviation industry, however, it would provide a plethora of economic benefits to businesses as a whole due to increased connectivity and the positive spillover effects would benefit the aviation industry.

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

Limerick Chamber would support any scheme that would increase the provision of new routes and increase mobility and connectivity for businesses.

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

Limerick Chamber seeks continuous feedback from our c. 400 member organisations in relation to aviation demand in the region. Feedback suggests there is a massive demand within the region for increased connectivity. Therefore, any scheme that increases this connectivity and facilitates the demand would likely be extremely attractive to relevant parties.

Q 3.12: If such a scheme was to be developed, what advance notice for route/schedule planning would airlines require?

Limerick Chamber has no view on this question and would encourage engagement with airports and airlines on this matter.

Q 3.13: What experience do airlines have in relation to such schemes being administered in other Member States? (If any, in your response please indicate what you consider worked/didn't work well etc.)

As outlined in figure 1.10 and 1.11 airlines have significant experience with the PSO process at a European Union level. This is also addressed in question 3.7.

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?

As a whole, the lack of EU hub connectivity from the Mid-West is a key challenge for businesses, and this should be the overall priority, especially to a Northern European Hub. However, being route specific, in order of priority, would be Shannon to Amsterdam, Frankfurt, Copenhagen and Charles De Gaulle with the overall priority and ask from businesses being a Shannon to Amsterdam route. However, it is important when deciding such a route that onward journey connectivity is a chief concern. The primary goal of connecting to an EU hub is to ensure seamless onward journey connectivity to other European Cities and the rest of the world – therefore choosing the right airline and airport are critical steps to ensure that the airport is not the end destination by a gateway for onward connectivity.

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?

One of the local authorities' primary areas of control when it comes to regional airports is the provision of an adequate and safe road network as well as advocating for increased public transport potential to regional airports. In Clare, Clare County Council in collaboration with Transport Infrastructure Ireland have begun work on the upgrade of the N19 road to Shannon Airport. This scheme will provide a combination of active travel measures for walking and cycling, along with new and improved road and public transport to the airport. Meanwhile in Limerick with Limerick City and County Council, a portion of the Limerick Northern Distributor Road is underway, connecting Coonagh to Knockalisheen which will improve R445 access to Shannon Airport and relieve congestion on the North side of Limerick City. Furthermore, there has been significant engagement across the region in terms of the Limerick Shannon Metropolitan Area Transport Strategy and Limerick BusConnects projects.

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

While public bodies are not subject to commercial rates, this exemption does not apply for airports and as a result are subject to significant costs in an already challenging environment. A similar mechanism could be considered for regional airports whereby they are not liable for commercial rates. However, depending on the funding level for the local authority this might have to be covered by exchequer funding.

From a business context, as the largest business representative body in the Mid-West, Limerick Chamber continually raise member issues and provide evidence-based research to support connectivity and balanced regional development. As well as this the business community through Limerick Chamber makes submissions on various topics. Our members are a key element of this process.

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?

European Union (EU) member states typically fund public service obligation (PSO) routes for aviation through a combination of methods:

1. State Budget Allocation: Member states may allocate funds from their national budgets to support PSO routes. These funds are used to compensate airlines for operating routes that are deemed essential for the region's connectivity but may not be commercially viable.

2. Subsidies: Governments provide direct subsidies to airlines operating PSO routes. These subsidies cover the difference between the actual costs incurred by the airline and the revenues generated from ticket sales. The subsidies ensure that the airlines can offer affordable fares while maintaining the required level of service.

3. European Funding: European Regional Development Fund (ERDF) - The ERDF, a financial instrument of the EU, provides funding for various regional development initiatives, which could include PSO routes. Member states could apply for ERDF grants to support aviation connectivity in less-developed or remote regions. Some PSO routes may receive funding from EU programs, such as the Connecting Europe Facility (CEF). CEF supports the development of transport infrastructure, including aviation, and may provide financial assistance for PSO routes that contribute to regional connectivity.

4. Regional and Local Authorities: Regional and local authorities within member states may also contribute funding for PSO routes. They can provide financial support to airlines operating within their jurisdictions, usually through subsidies or grants.

It's important to note that the specific funding mechanisms and policies can vary among member states, as each country has its own approach to supporting PSO routes within the framework of EU regulations. Therefore, funding mechanisms must be considered in line with the potential negative effects they may cause.

Section 4 - Supporting Balanced Regional Economic Growth and Development

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 is performing sub optimal in terms of balanced regional development. One of the primary goals under Project Ireland 2040 is balanced regional development and the urban areas and cities to grow at a substantial rate. As outlined in fig 1.4, population growth of 7.1% in Limerick is not in keeping with the goal of population growth and balanced regional development. While businesses are planning to invest it is in spite of rather than because of the programme. Shannon Airport is excluded from the programme, Shannon Airport can serve the cities of Galway, Cork and Limerick. By failing to supporting Shann Airport the RAP is not supporting regional or urban development in these cities and therefore there should be a greater alignment between the goals of project Ireland 2040 and mechanisms which can enable that growth, such as the RAP.

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

The largest barrier facing state-owned regional airports supporting balanced regional development is lack of a European Union hub connection. From an enterprise perspective, especially those companies that have EMEA headquarters in Ireland, there are a plethora of significant benefits to providing these EU focused routes, the continuation of failing to do so will mean a sub optimal approach to achieving balanced regional development and may negatively impact it in the long-term.

Q 4.3: How are regional airports currently facilitating balanced regional development?

Regional airports can play a significant role in achieving balanced regional development. Access to Airports is important for multi-national companies, especially American companies with access to pre-clearance regional airports. This supports jobs and new investments in regions. However, to reach the true potential of this investment onward routes into an EU hub are required.

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

- Population growth
- Growth in inwards tourism
- Growth in passenger numbers
- Growth in investment
- Growth in business start-ups
- Growth in strategic route connectivity
- Measures for the improvement in sustainability and decreasing emissions

Section 5 - Supporting Direct Access into Regions

Q 5.1: In relation to supports provided to support air access, have you any experience in availing of supports under this Regional Co-operative Market Access Scheme?

Limerick Chamber does not have any experience in this matter.

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).

As outlined thus far, current connectivity is not supporting demand. There is high levels of demand for routes to European Union hubs from the Mid-West region, however, these routes are not currently in place. Limerick Chamber suggests using the RAP and PSOs to introduce a route from Shannon Airport that will meet this business demand.

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?)

Yes. As a whole, the lack of EU hub connectivity from the Mid-West is a key challenge for businesses, and this should be the overall priority, especially to a Northern European Hub. However, being route specific, in order of priority, would be Shannon to Amsterdam, Frankfurt, Copenhagen and Paris Charles De Gaulle with the overall priority and ask from businesses being a Shannon to Amsterdam route. However, it is important when deciding such a route that onward journey connectivity is a chief concern. The primary goal of connecting to an EU hub is to ensure seamless onward journey connectivity to other European Cities and the rest of the world – therefore choosing the right airline and airport are critical steps to ensure that the airport is not the end destination by a gateway for onward connectivity.

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.?

The Mid-West region is serviced well with visitor accommodation and car hire. However, there is an obvious gap in public transport to Shannon Airport both from Limerick City and other direct inter city services. This lack of public transport options is a critical barrier and something Limerick Chamber has highlighted in the past through the Draft Limerick BusConnects plan and our pre-budget submission for 2024.

Section 6 - Supporting the Decarbonisation of Regional Airports

Q 6.1: How do you think the current Programme is performing in terms of supporting regional airports transition to a low carbon economy, having regard to policy on climate action and sustainability?

In order to realise the RAPs full potential impact on supporting regional airports transition to a low carbon economy, state-owned regional airports must be included in the long-term. To not include these airports may have a negative effect in achieving climate targets. As outlined in previous answers in this submission, these sustainability investments required increase the financial burden on state-owned regional airports. However, the existing RAP does provide a mechanism for government support for these airports to achieve climate reduction targets, but the RAP needs to include state-owned regional airports to have any meaningful impact.

Supporting airports through RAP in making required sustainability upgrades should allow airports to focus more on route development and other operational concerns.

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

Existing capacity utilisation is absolutely critical in achieving targets by 2050. The RAP must focus on supporting existing capacity in regional airports rather than expanding capacity in Dublin. Not only will this have a positive effect on balanced regional development, but it will also allow the aviation industry to take advantage of existing embodied carbon rather than creating new embodied carbon and increasing the possibility of missing climate targets. Furthermore, as outlined in fig 1.8, supporting existing capacity at regional airports will allow passengers take shorter journeys to airports close to home rather than travelling to Dublin. Furthermore, utilising existing capital investment rather than funding new capital investment is likely to provide greater value for money. Furthermore, by expanding the RAP to include state-owned regional airports, it will allow greater levels of funding to be provided to state-owned airports for sustainability upgrades.

Section 7 - Supporting Climate Adaption & Resilience of Regional Airports

Q 7.1: What challenges do you see for regional airports in terms of climate adaption and resilience?

Airports face several key challenges in terms of climate adaptation and resilience. Here are some of the significant challenges:

1. Rising sea levels: Airports located near coastlines or low-lying areas are at risk from rising sea levels. As sea levels increase, airports may experience more frequent and severe flooding, leading to disruptions in operations, damage to infrastructure, and potential safety hazards.
2. Extreme weather events: Climate change is leading to an increase in extreme weather events, including hurricanes, storms, and heatwaves. These events can damage airport facilities, disrupt flight schedules, and cause power outages, requiring airports to have robust contingency plans and resilient infrastructure.
3. Changing precipitation patterns: Alterations in precipitation patterns can result in increased rainfall or prolonged periods of drought. Heavy rainfall can cause flooding, damage runways, and affect the overall safety of airport operations. Conversely, drought conditions can lead to water scarcity, affecting the availability of water for airport operations and firefighting.

4. Temperature extremes: Rising temperatures can pose challenges for airports, especially in regions where heatwaves are becoming more frequent and intense. Higher temperatures can impact aircraft performance, reduce runway capacity, and increase the risk of equipment failure. Air conditioning demands within terminals may also rise, putting strain on energy systems.

5. Infrastructure vulnerability: Many airports have aging infrastructure that may not be adequately prepared for the impacts of climate change. Upgrading and retrofitting existing infrastructure to withstand climate-related challenges can be costly and time-consuming, requiring significant investments in engineering solutions, such as reinforcing runways, improving drainage systems, and protecting critical equipment.

6. Supply chain disruptions: Climate-related events can disrupt supply chains, affecting the availability of critical resources for airport operations. For example, extreme weather events can disrupt fuel supply or cause delays in the transportation of necessary materials, impacting aircraft refueling and maintenance.

7. Regulatory and financial considerations: Adapting airports to climate change requires compliance with evolving regulations and standards. Meeting these requirements often involves significant financial investments, which may pose challenges for airports with limited budgets. Securing funding for climate resilience projects can be challenging, particularly for smaller airports or those in developing regions.

Addressing these challenges requires a comprehensive approach involving collaboration between airport authorities, government agencies, airlines, and other stakeholders but it will also require funding and support. It involves implementing climate-resilient design and construction practices, developing emergency response plans, investing in renewable energy sources, improving water management strategies, and enhancing operational flexibility to adapt to changing conditions.

Q 7.2: How do you think the Programme could better support climate adaption and resilience measures at regional airports, having regard to policy on climate action and sustainability?

By allowing state-owned regional airports access to the RAP and utilising existing capacity. Furthermore, there needs to be an appropriate aviation policy including a risk assessment and mitigation options with regard to climate action and sustainability, this should be undertaken in collaboration with key stakeholders including airports. Once risks and mitigation options are identified, there is scope within the RAP to support implementation of these mitigation options as well as continually analysing key risks to ensure that funding is yielding positive results.



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?

Different regional airports with different characteristics will require different levels of investment and targeted projects to reach a level of self-sustainability. There is the potential the airports could be self-sustainable from an operational perspective and to maintain the status quo, however, factoring investment required into account may not result in self-sustainability furthermore maintaining the status quo will come at a cost of future growth.

Rather than assessing regional airports on a pure accounting self-sustainability basis, regional airports should be looked at as both a public service but also as a policy tool for implementing national policies such as Project Ireland 2040 and other policies that create a more sustainable environment.

Therefore, when examining decreasing subvention, we should also examine the potential of regional airports and the optimal outcome they can achieve with support, rather than purely focusing on a status quo self-sustainability point of view. Of course, the ultimate goal would be to have all airports being self-sustainable with little to no exchequer funding but this will require more years investment and growth of regional airports, likely beyond 2025.

Q 8.2: What do you consider as being the threshold for operational financial viability of regional airports?

Limerick Chamber lacks the required data to make a fully informed decision on this question and we encourage engagement with regional airports on this matter. However, the rules set down by the European Commission outline that airports with greater than 3 million passengers on an annual basis should be financially viable.

Q 8.3: What have airports done in recent years to achieve alternative means of revenue?

Regional airports do not have the flexibility when it comes to aeronautical revenues for the use of infrastructure that larger airports would have due to increased price sensitivity and lower use numbers and therefore these revenues are unlikely to cover costs. Therefore commercial activities such as retail, advertising, car parking and land use have become increasingly important, however, due to lower passenger numbers and decreased spend when compared to larger airports there is only so much that regional airports can do in this regard.

Q 8.4: What should airports consider as alternative means of revenue?

Limerick Chamber does not have the operational knowledge of the commercial aspects of running an airport to sufficiently answer this question and we encourage further engagement with regional airport operators to examine feasible alternative means of revenue.

Section 9 - Delivery & Engagement

For completion by eligible regional airports only

Section 10 - Other Considerations

Q 10.1: What aspects of the existing policy on regional airports would you like to see repeated in any future new policy document?

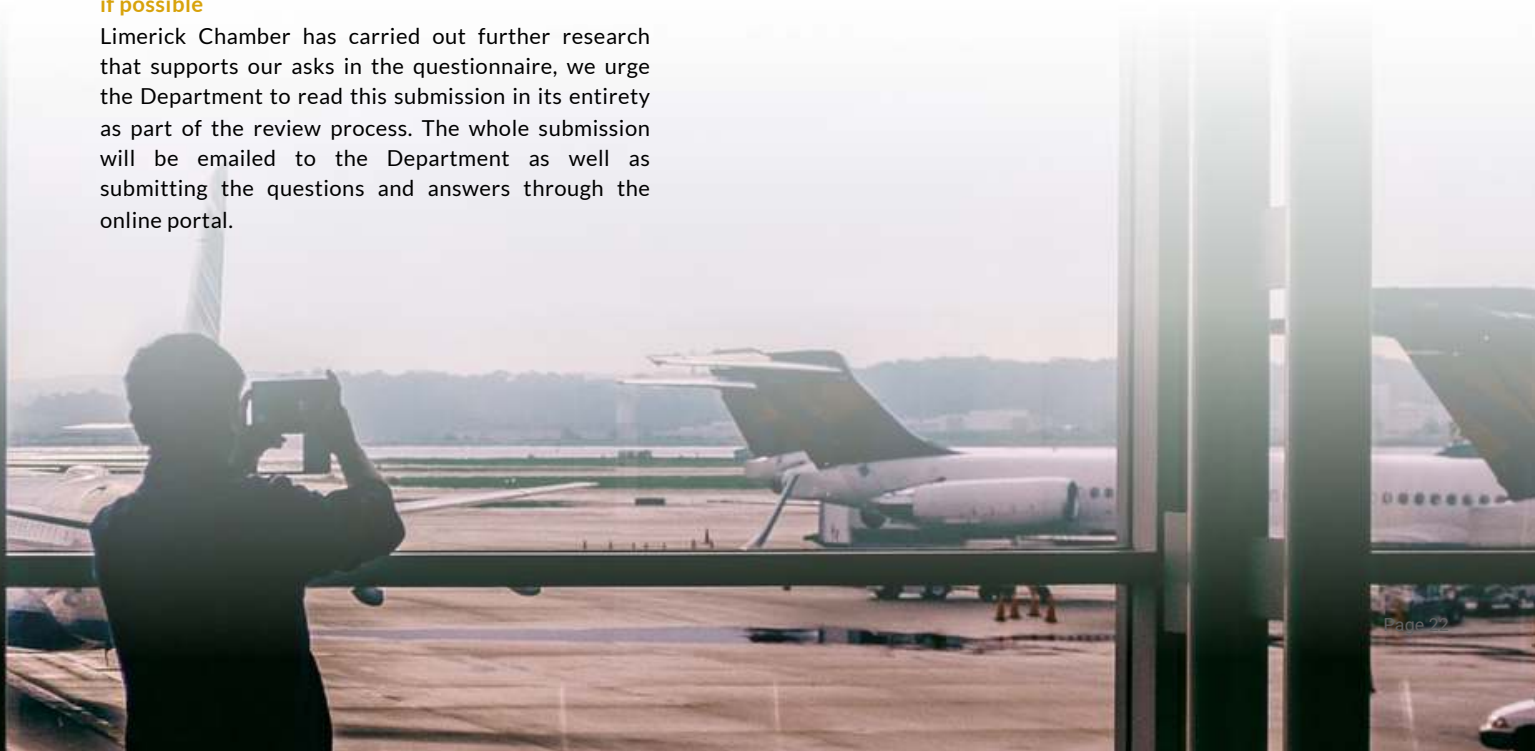
All aspects of the existing policy are worthwhile and should be repeated. However, as outlined, regional state-owned airports should have access to the RAP and there should be a greater focus on PSOs.

Q 10.2: In addition to those set out throughout this Questionnaire, what other changes, if any, would you like to see reflected in any future Programme? (Please also indicate why and how. Responses should also indicate, where possible, potential solutions to reaching the objectives sought).

A greater focus on PSO routes via routes from Shannon Airport EU hubs would be most welcome and in keeping with business demand of the Mid-West region. We would also like to see a greater emphasis on how the RAP could facilitate the goals of Project Ireland 2040, especially balanced regional development. Furthermore, expanding access to state-owned regional airports is also critical.

Q 10.3: The Department welcomes any other relevant additional comments as part of your submission. Given this, are there any other relevant issues, not set out in the Public Consultation Paper or raised above in this Questionnaire, which you wish to add as part of your submission? (If so, your response should indicate the issue/objective, rationale, and proposed measures to deliver on the stated objective, if possible)

Limerick Chamber has carried out further research that supports our asks in the questionnaire, we urge the Department to read this submission in its entirety as part of the review process. The whole submission will be emailed to the Department as well as submitting the questions and answers through the online portal.





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