



An Roinn Iompair
Department of Transport

2023 PUBLIC CONSULTATION

TO INFORM A MID-TERM REVIEW OF THE

REGIONAL AIRPORTS PROGRAMME 2021-2025

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FUTURE POLICY SUPPORTS TO REGIONAL AIRPORTS

May 2023

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1. Introduction

The Regional Airports Programme 2021-2025 commits to a mid-term review of the Programme being complete in 2023.

The purpose of this public consultation is to inform that mid-term review. It is also envisaged that submissions received as part of the consultation process will contribute to the development of policy on future appropriate and cost-effective support measures for Ireland's regional airports, including the development of future programmes.



2. Background

Government recognises the important role regional airports play in their areas and in regional development. National policy on regional airports is designed to optimise conditions for connectivity and regional development. Social and economic benefits can be derived from facilitating access to and from the associated regions. For this reason, the capacity of our regional airports to handle scheduled services is fundamental to the Regional Airports Programme.

2.1 Regional Airports Programme 2021-2025

In advance of the publication of the Programme, and as part of the Spending Review 2019, a review of the Programme was undertaken. A paper titled '*A Review of the Regional Airports Programme*'¹ was published by the Department in August 2019.

The key findings of the review were that the objectives of the Programme were found to be largely consistent with Government priorities in respect of regional development. The rationale for the policy approach was also found to be consistent with the relevant EU Guidelines on State aid rules.

Furthermore, a public consultation, on matters relevant to the development of a new programme, was complete in 2019. Following on from this, the Regional Airports Programme for the period 2021 to 2025² was published by the Department on 4 February 2021.

In addition to continued support for Public Service Obligation (PSO) Air Services, this Programme has continued to support Ireland's smallest airports i.e., those that handle fewer than 1 million annual passengers (on average over the preceding two years). While the Programme targets funding at safety and security projects and activities, this Programme also supports projects with a sustainability focus, encouraging airports to reduce emissions and build climate resilience.

¹ Spending Review 2019 – A Review of the Regional Airports Programme
<https://assets.gov.ie/25103/267dd55358d34478893d153dcffbd018.pdf>.

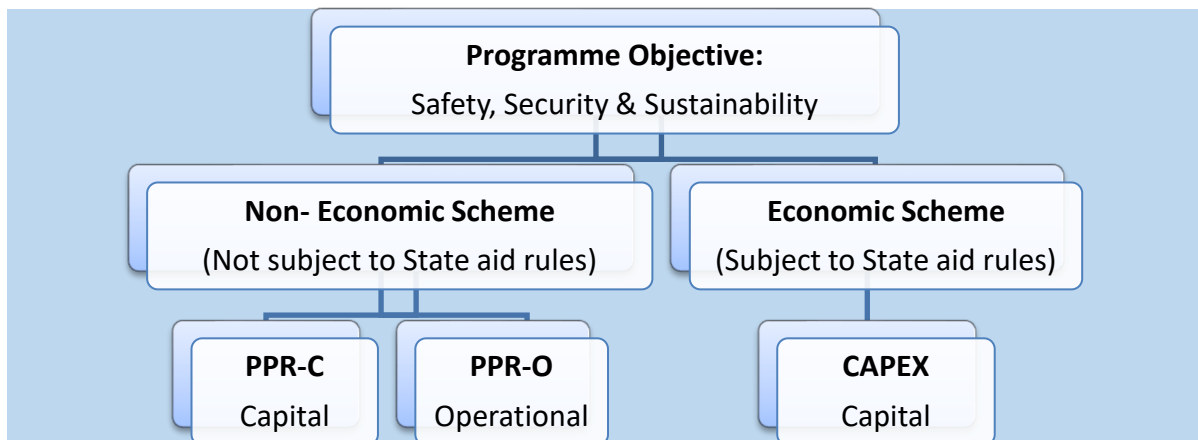
² Regional Airports Programme 2021 to 2025
<https://www.gov.ie/pdf/?file=https://assets.gov.ie/122051/e944cf8c-599f-4cff-85fe-514fb83a1768.pdf#page=null>



Financial support provided through the Programme is administered by the Department through three separate schemes - CAPEX; Public Policy Remit-Capital (PPR-C); and Public Policy Remit-Operational (PPR-O).

The CAPEX scheme provides for capital investment of an economic nature and is subject to funding limits under relevant State aid rules. The PPR-C and PPR-O schemes fund projects and activities that do not give an economic return to the airports (e.g., fire services, security, air traffic control). These 'non-economic' schemes fall within the Public Policy Remit (PPR) and are not subject to State aid rules.

Table 1: Funding Schemes



2.2 Eligible Airports

Ireland West, Donegal, and Kerry Airports were eligible for funding under the Programme in 2021 and have continued to remain eligible in 2023. By virtue of their size and passenger numbers, Shannon and Cork airports had not been eligible for funding under the Programme until 2022, when both became eligible due to suppressed passenger numbers in 2020 and 2021 as a direct result of COVID-19. Prior to this, in 2021, both Cork and Shannon airports had been funded separately under the one-year COVID-19 Regional State Airports Programme 2021.

Although passenger numbers have rebounded since the removal of COVID-19 related travel restrictions in March 2022, Shannon Airport has nevertheless remained eligible for funding under the Programme in 2023 as passenger numbers over 2021 and 2022 fell below one million passengers, on average over these two years.

Cork Airport is not eligible for funding under the Programme in 2023 given that annual passenger numbers in 2021 and 2022 exceeded 1 million passengers on average over these two years.

Beyond 2023, Shannon Airport will only remain eligible for funding under the Programme while annual passenger numbers, in the preceding two years, remain suppressed under 1 million. Current forecasts for 2023 suggest that neither Cork nor Shannon Airport will be eligible under the Programme in 2024.

Table 2: Airports on the Island of Ireland



2.3 Mid-term Review of the Regional Airports Programme

The current Programme provides that, beyond COVID-19, there may be some potential for reducing non-economic operational aid to airports. The Programme recognises that operating subvention has been increasing steadily in recent years and that it would be reasonable to expect a discontinuation of this trend if passenger numbers and revenues continue to increase. The Programme also calls for consideration to be given to potentially decreasing subvention in the coming years as the airports’ financial positions improve over the period to 2025. With that in mind, the Programme commits to carrying out a mid-term review of operational supports in 2023.

In addition, given the ongoing calls from some for the inclusion of both Shannon and Cork airports under the Regional Airports Programme, as part of the mid-term review, consideration will be given

to expanding the scope of the Programme to regional airports that handle up to 3 million passengers per annum.

From a policy perspective, developing a programme to support regional airports with passenger numbers of up to 3 million passengers would represent a significant shift in Government policy. Any such shift, which could have significant long-term implications for Exchequer resourcing requirements under such a programme, would need to be fully assessed and a clear evidence base established to support it to ensure that the policy objective of enhanced connectivity and balanced regional development was being met.

With this in mind, the mid-term review will also consider how the Programme is currently delivering on its objectives, primarily in the context of how international connectivity and services, to and from the regions can be maintained and enhanced, whilst also exploring how balanced regional development is being supported.

2.3.1 Goals for review

As part of the mid-term review consideration will be given to how the Programme is performing in terms of:

- Ensuring effectiveness and value for money
- Maintaining and enhancing regional connectivity
- Supporting balanced regional economic growth & development
- Supporting direct access into the regions
- Supporting the decarbonisation of regional airports
- Supporting climate adaption and resilience of regional airports
- Transitioning Ireland's regional airports towards a financially sustainable model
- Delivery and engagement

2.4 Public Consultation

The Department is committed to inclusive and informed evidenced based policy development and considers timely engagement with key stakeholders critical to associated decision making.

Given this, in preparation for the opening of this Public Consultation to inform this mid-term review, the Department announced in November 2022 that views were welcomed from interested parties on the range of issues that might be addressed as part of a Public Consultation process.

The intent of this initial process was to open the discussion with relevant stakeholders on their views on how we can boost traffic to and utilise better our regional airports.

It was open to interested parties to put forward relevant issues to be considered for inclusion in this Public Consultation by 31 January 2023. In total 17 submissions were received for consideration.

This process has given the Department an overall picture of the range of issues that stakeholders would like to see addressed as part of this Public Consultation process. Consideration has been given to the issues raised in the preparation of this Public Consultation paper and questionnaire.

In response to this Public Consultation, submissions are now invited from key stakeholders, and all interested parties on the matters that may be relevant to inform the mid-term review of the Regional Airports Programme 2021-2025.

2.5 Making a Submission

The Public Consultation period will be open until 16 June 2023. Stakeholders and interested parties now have the opportunity to respond to the issues raised as well as put forward any other relevant issues for consideration.

The Department asks that all submissions be completed online with reference to the questions set out in the link provided in Appendix 2.

While online responses are the preferred option, submission via email, following the format of the Questionnaire provided under Appendix 2, are also welcomed. Such submissions can be made to airportsdivision@transport.gov.ie.

As part of this Public Consultation, the Department will collect your data, in the form of your name and email address provided by you in your submission. Such data may be used by the Department during the consultation process in order to seek clarity from you in relation to your submission, if necessary.

2.5.1 Privacy Information

This is a public consultation, and the Freedom of Information Act 2014 and the Access to Information on the Environment (AIE) legislation apply.

To ensure privacy, any personal information you give this department will be protected under the General Data Protection Regulation 2016/67 and the Data Protection Act 2018. You can read the Department's privacy statement [here](#).

The Department may publish the contents of all submissions received to this consultation on our website, www.gov.ie . We will redact personal data prior to publication. In responding to this consultation, parties should clearly indicate where their responses contain personal information, commercially sensitive information, or confidential information which they would not wish to be released under FOI, AIE or otherwise published.

Furthermore, a full list of those who make submissions may be included as an appendix in the mid-term review outcome report, which is subject of this public consultation. Any personal data will be removed from this outcome report.

The Department will not process your personal data for any purpose other than that for which it was collected.

2.6 Proposed Timeline for Mid-term Review

The timeline for the completion of the mid-term review is set out as follows:

Table 3: Proposed Timeline for Mid-term Review

STAGE	DATE	DETAIL	STATUS
Stage I ~ Call for Views	21 Nov 2022–31 Jan 2023	Call for views from interested parties	Complete
~ Reflection Period	Feb/Mar 2023	Department reflects on the range of Issues raised	Complete
Stage II ~ Open Public Consultation	May 2023	Opening of the Public Consultation	Complete
~ Close Public Consultation	16 June 2023	Closing of the Public Consultation	Expected by 16 June
~ Reflection Period	Q3 2023	Department reflects on the range of issues raised and undertakes any further necessary stakeholder engagement	Expected by 30 September
Stage III ~ Finalise Mid-term Review	Q4 2023	Department completes the mid-term review of the Regional Airports Programme 2021-2025	Expected by 31 December

3. Policy

3.1 National Aviation Policy (NAP)

In August 2015, the Department³ published 'A National Aviation Policy for Ireland'. The principal goals of the policy are to:

- Enhance Ireland's connectivity by ensuring safe, secure, and competitive access responsive to the needs of business, tourism, and consumers.
- Foster the growth of aviation enterprise in Ireland to support job creation and position Ireland as a recognised global leader in aviation; and
- Maximise the contribution of the aviation sector to Ireland's economic growth and development.

In line with above, the policy commits to optimising the operation of the Irish airport network to ensure maximum connectivity to the rest of the world. The airport network within Ireland is extensive for a small country. Aside from those airports that exclusively manage private and general aviation traffic, there are three State-owned airports (Dublin, Cork, and Shannon).

In addition to the State airports, the National Aviation Policy (NAP) recognises the role of smaller airports in supporting regional development and commits to encouraging airports '*to attract new business, to achieve excellence in the delivery of service and value for passengers and airlines, and to make a sustainable contribution to their respective local economies and communities.*' Policy on regional airports is currently being implemented through Actions 4.2.1 to 4.2.5 of the NAP, as appropriate:

³ Formally the Department of Transport, Tourism and Sport (DTTAS).

Table 4: NAP Actions on Regional Airports

Action	
4.2.1	Ireland will implement an EU approved Framework (Regional Airports Programme) of supports for regional airports.
4.2.2	Exchequer support for operational expenditure at regional airports will be phased out over a maximum period of 10 years, in accordance with EU guidelines*
4.2.3	Exchequer support for capital expenditure will be limited to safety and security related expenditure**
4.2.4	Clear business plans will be required from the airports seeking supports. In considering funding to regional airports, the Department will take account of the level of regional involvement including investment by local authorities and/or businesses.
4.2.5	From 2015, PSO contracts for Donegal/Dublin and Kerry/Dublin air services will run for two years initially and, subject to a satisfactory review after 18 months, may be extended by a maximum of one year***

* Exchequer support for operational expenditure, of an economic nature, at regional airports has now been phased out. Non-economic operational support in respect of eligible safety & security related expenditure is currently supported under the Programme.

** The scope of the current Programme was broadened to include capital projects with a sustainability focus.

*** The Kerry/Dublin route is now operated on a commercial basis. In relation to the most recent contract awarded on the Donegal/Dublin route, it was decided that a contract for three years be awarded, with the provision to extend the contract by a maximum of one additional year.

3.2 Review of NAP

The Department is committed to commencing a review of the NAP this year. In the interim, the current NAP continues to guide aviation policy. While many of the objectives of the original NAP remain valid, it is acknowledged that much has changed since 2015 in terms of the overall challenges for the aviation sector in Ireland, including the need to meet the decarbonisation goals necessary to achieve our climate ambitions.

The review to be undertaken will consider the changed environment the industry finds itself in. As with the development of the previous NAP, it is envisaged that there will be extensive stakeholder consultation and engagement.

3.3 Annual Passenger Numbers at State and Regional Airports

The following tables shows total annual passenger numbers at State and regional airports over the period 2015 to 2022, since the publication of the NAP:

Table 5: Total Annual Passengers at State and Regional Airports

Airports	2015 000s	2016 000s	2017 000s	2018 000s	2019 000s	2020 000s	2021 000s	2022 000s
State	28,836	31,887	33,642	35,753	37,219	8,268	9,094	31,844
Regional	1,065	1,119	1,134	1,183	1,225	244	304	1,113

COVID-19 had a significant and devastating impact on the aviation industry between 2020 and 2022, which is reflected in the reduced passenger numbers at our airports over these years. During 2022, a stronger than anticipated recovery in passenger numbers was seen across our airports. This recovery continues to be seen to date this year.

4. Funding to Regional Airports

The current Programme had taken into account developments in State aid rules, particularly the inclusion of airports in the General Block Exemption Regulation (GBER)⁴.

4.1 EU Framework and Rules

4.1.1 General Block Exemption Regulation (GBER)

The GBER or Commission Regulation (EU) No 651/2014 provides that certain categories of aid are compatible with the internal market. Regulation (EU) 2017/1084 (henceforth referred to as the '2017 Regulations') extended this exemption to include aid for airports.

Ireland's current Regional Airports Programme is designed in line with:

- the general provisions of Regulation 651/2014 (Chapter 1) in conjunction with the 2014 Guidelines on State aid to airlines and airports⁵ (henceforth referred to as the '2014 Guidelines'); and
- the conditions attaching to investment aid in Article 56a of the GBER as inserted by the 2017 Regulations

4.1.2 EU Rationale for Investment Aid (CAPEX) to Airports

Capital funding or investment aid for projects of an economic nature is referred to as CAPEX. Such funding provides an economic return to airports and is therefore governed by State aid rules.

Investment aid to regional airports can improve both the accessibility of certain regions and local development and can contribute to further economic growth and objectives of the EU in line with the priorities outlined in the European Commission strategy, Europe 2020.

The 2017 Regulations recognise that the competitive impact of an aid measure depends mainly on the size of the airport (by virtue of the number of passengers handled on an annual basis) and not on the amount of aid. Accordingly, once certain conditions are fulfilled, investment aid to regional

⁴ The GBER -

⁵ Communication from the Commission - Guidelines on State aid to airports and airlines (2014/C 99/03)

airports will not give rise to undue distortion of trade and competition and no pre-grant approval is required by the Commission.

4.1.3 Investment Aid to Airports – Specific Conditions

The GBER provides that investment aid to an airport shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided the common provisions of Chapter 1 and the specific provisions of Chapter 3 (Section 14) are fulfilled, namely paragraphs 3 to 14 of Article 56a (inserted by the 2017 Regulations):

Paragraphs 3 to 14 of Article 56a of Regulation 651/2014

3. *The airport shall be open to all potential users. In the case of physical limitation of capacity, the allocation shall take place on the basis of pertinent, objective, transparent and non-discriminatory criteria.*
4. *The aid shall not be granted for the relocation of existing airports or for the creation of a new passenger airport, including the conversion of an existing airfield into a passenger airport.*
5. *The investment concerned shall not exceed what is necessary to accommodate the medium-term expected traffic on the basis of reasonable traffic forecasts.*
6. *The investment aid shall not be granted to an airport located within 100 kilometres or 60 minutes travelling time by car, bus, train, or high-speed train from an existing airport from which scheduled air services, within the meaning of Article 2(16) of Regulation (EC) No 1008/2008, are operated.*
7. *Paragraphs 5 and 6 shall not apply to airports with average annual passenger traffic of up to 200,000 passengers during the two financial years preceding the year in which aid is actually granted if the investment aid is not expected to result in the airport increasing its average annual passenger traffic to above 200,000 passengers within two financial years following the granting of the aid. Investment aid granted to such airports shall comply either with paragraph 11 or with paragraphs 13 and 14.*
8. *Paragraph 6 shall not apply where the investment aid is granted to an airport situated within 100 kilometres from existing airports from which scheduled air services, within the meaning of Article 2(16) of Regulation (EC) No 1008/2008, are operated, provided the route between each of these other existing airports and the airport receiving the aid necessarily involves either a total travelling time by maritime transportation of at least 90 minutes or air transportation.*
9. *The investment aid shall not be granted to airports with average annual passenger traffic of more than three million passengers during the two financial years preceding the year in which aid is actually granted. The investment aid shall not be expected to result in the airport increasing its average annual traffic to above three million passengers within two financial years following the granting of the aid.*
10. *The aid shall not be granted to airports with average annual freight traffic of more than 200,000 tonnes during the two financial years preceding the year in which aid is granted. The aid shall not be expected to result in the airport increasing its average annual freight traffic to above 200,000 tonnes within two financial years following the granting of the aid.*

11. *The investment aid amount shall not exceed the difference between the eligible costs and the operating profit of the investment. The operating profit shall be deducted from the eligible costs ex ante, on the basis of reasonable projections, or through a claw-back mechanism.*
12. *The eligible costs shall be the costs relating to the investments in airport infrastructure, including planning costs.*
13. *The investment aid amount shall not exceed:*
 - a) *50% of eligible costs for airports with an average annual passenger traffic of one to three million passengers during the two financial years preceding the year in which aid is actually granted.*
 - b) *75% of eligible costs for airports with an average annual passenger traffic of up to one million passengers during the two financial years preceding the year in which aid is actually granted.*
14. *The maximum aid intensities set out in paragraph 13 may be increased by 20 percentage points for airports located in remote regions.*

As the Programme is fully compatible with GBER, Ireland was not required to seek pre-approval from the Commission prior to the implementation of the Programme.

4.2 Economic Funding Schemes

In respect of projects of an economic nature, a capital grant scheme under the current Programme was designed in line with the EU framework and rules, as set out above. A scheme is currently in place to support capital investment of an economic nature, namely the **CAPEX Scheme**.

However, as the Programme only currently supports airports with less 1 million annual passengers (i.e., based on an average over the two preceding financial years), Section 13 (a) of the specific provisions above do not currently apply. In addition, airports of less than 200,000 passengers are only required to meet one of the general conditions outlined above i.e., the aid intensity should not exceed a maximum permissible aid intensity, which varies according to the size of the airport.

4.3 Non-Economic Funding Schemes

The 2014 EU Guidelines provide for a distinction between airport activities that have, and do not have, associated economic activity. Activities such as air traffic control, police, customs, and fire services are considered necessary for the purposes of safeguarding civil aviation against acts of unlawful interference. The related investments/activities are considered, for the most part, to be of a non-economic nature and normally fall under the responsibility of the State. As a result, they are regarded as having a 'Public Policy Remit' (PPR) and do not fall within the scope of State aid rules.

Thresholds of support for such non-economic activities, can be determined at a national level. Under the current Programme, subject to the availability of resources, the Exchequer provides compensation to eligible airports at 90% of the total cost of eligible capital investments under a Public Policy Remit – Capital Scheme (**PPR-C Scheme**). Furthermore, airports are compensated (at up to 100%) for operational costs relating to eligible non-economic activities under a Public Policy Remit – Operational Scheme (**PPR – O Scheme**). The amounts provided are subject to the availability of annual Exchequer resources.

4.4 Aid Intensity

Under the existing Programme, funding remains targeted at airports that operate scheduled services and have average annual passenger numbers of fewer than 1 million, on average over the preceding two years. Scheduled services must facilitate international connectivity, either directly or via another national hub airport such as Dublin.

The amount of aid, which can be given under each of the three schemes, has been determined taking into account the EU's 2014 Guidelines.

As set out under Table 6 below, State supports are limited to 75% of the total eligible costs of eligible projects under the CAPEX Scheme. The non-economic schemes, which are nationally defined, allow for aid intensity of up to 90% in respect of non-economic capital investment with a public policy remit (PPR-C) and up to 100% in the case of eligible non-economic operational expenditure with a public policy remit (PPR-O).

Table 6: Aid Intensity under Funding Schemes

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

Regulation 651/2014 (paragraph 13 of Article 56a), as set out under Section 4.1.3 above, allows for investment aid not exceeding 50% of eligible costs, at airports with an average annual passenger traffic of one to three million passengers during the two financial years preceding the year in which

aid is actually granted. Although this is permitted under State aid rules, the current Programme does not provide for this.

4.5 Climate Action and Sustainability

As reflected in the NAP, the Department is committed to working with airport operators to help mitigate the impacts of their operations on the environment⁶.

As airports move towards carbon neutrality, the Programme supports the procurement of lower emissions vehicles and equipment, the delivery of projects that will build resilience against the likely impacts of climate change and the exploration the potential for uptake of low carbon and renewable energy alternatives.

Many of the projects supported under the Programme in 2021 incorporated valuable climate benefits, such as the replacement of vehicles at our airports with more efficient, low emission equivalents and the replacement of airfield and external lighting with LED. Other projects funded included new safety and security systems which incorporated more energy efficient components, as well as components that are recyclable at the end of their service life.



⁶ The Climate Action Plan 2023 (CAP23) is the second annual update to Ireland's Climate Action Plan 2019 and is accessible here [gov.ie - Climate Action Plan 2023 \(www.gov.ie\)](https://www.gov.ie/en/publications-and-resources/documents/284b27f3507a411b982d8aff91e1bf49/) Included in the Plan are climate adaptation measures to ensure that the State is ready to protect people from the negative effects of climate change in Ireland and steps to limit any damage caused. The Transport Climate Change Sectoral Adaptation Plan from 2019 is accessible here [284b27f3507a411b982d8aff91e1bf49.pdf \(www.gov.ie\)](https://www.gov.ie/en/publications-and-resources/documents/284b27f3507a411b982d8aff91e1bf49.pdf)

Projects supported in 2022 included the upgrade of airfield ground lighting circuitry along with the upgrade of airport operational and maintenance vehicles with electric vehicles. Support for, and the planning of, Solar Photovoltaic systems, providing airports with the means for electricity generation, was also provided, so too was a Fire Training Simulator project, which by deviating from live fire for the provision of the majority of fire training, will have a significant impact in terms of reduction of CO₂ emissions.

4.6 Level of Exchequer Support to Airports

Over the past ten years over €254 million has been provided in aviation specific supports to our airports. A breakdown of this funding, over the period 2012- 2022, including the relevant funding schemes, is set out at Appendix 1.

In relation to the current Programme specifically, Exchequer funding of over €76m has been provided to regional airports in 2021 and 2022.

Table 7: Total Expenditure to Date under Current Programme

Year	Donegal	IWAK	Kerry	Shannon	Cork	Total
*2021	€1,193,262	€3,191,389	€4,084,377	€16,944,587	€16,689,769	€42,103,384
2022	€1,289,830	€4,111,658	€2,511,597	€11,637,688	€14,460,343	€34,011,116
Total	€2,483,092	€7,303,048	€6,595,975	€28,582,275	€31,150,112	€76,114,500

**In 2021 Shannon and Cork regional State airports were funded under a one-year COVID-19 Regional State Airports Programme 2021. This Programme mirrored the focus and objectives of the Regional Airports Programme 2021-2025*

Additional COVID-19 related funding was also provided to our airports in 2021, a detailed breakdown of which is provided in Appendix 1 also.

As part of the mid-term review, consideration will be given to the most appropriate and streamlined way of supporting non-economic operations and activities at eligible airports, while recognising the overall objective of encouraging airports to make continuous progress towards commercial viability as outlined in the NAP.

5. Public Services Obligation (PSO) Air Services

The Programme also supports regional connectivity via a PSO air services scheme, providing subsidised air services to remote regions in accordance with EU Reg 1008/2008⁷.

Based on a competitive tender process, this scheme provides financial support to airlines to operate essential air services to isolated areas – those not adequately served by alternative transport services to administrative, business, education, and medical centres.



5.1 Legal Framework

The conditions and the requirements for PSOs are set out in Articles 16 to 18 of Regulation (EC) No. 1008/2008. PSOs may only be imposed on routes that are considered vital for the economic and social development of the region which the airport serves. As per the Commission's Interpretative Guidelines⁸ (Commission Notice 2017/C 194/01) on the Regulation, PSOs can be imposed 'on two types of routes:

- a) Routes to an airport serving a peripheral or development region -

A peripheral region is typically a remote region or a region accessible with difficulty from the capital and other main cities in the Member State. The remoteness and isolation should be

⁷ Regulation (EC) No 1008/2008 of The European Parliament and of the Council of 24 September 2008 on common rules for the operation of air services in the Community (Recast)

⁸ Interpretative guidelines on Regulation (EC) No 1008/2008 of the European Parliament and of the Council – Public Service Obligations (PSO)

assessed with regard to the territory of the Member State, its administrative, business, education, and medical centres, but also with regard to the territory and such centres of other Member States with which it shares a border. A development region is lagging behind economically, as measured for example by GDP per capita or by unemployment rate.

b) 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.

5.2 Current PSO Contract

When this Programme was published in 2021, a PSO contract was in place for the operation of air services on both the Donegal/Dublin and the Kerry/Dublin routes. This contract was due to expire on 31 January 2022 - one year into the new Programme.

However, in June 2021 the contracted airline entered into liquidation, with both PSO air services ceasing with immediate effect. In July 2021, an airline commenced operations on the Kerry/Dublin route on a commercial basis. Given this, and in line with Regulation 1008/2008, a PSO is no longer imposed on the Kerry/Dublin route.

Currently one PSO route remains in operation, under contract, between Donegal and Dublin airports. This contract, which commenced on 26th February 2022, provides twice daily two-way air services. Services facilitate same day return trips from Donegal, and further international connectivity from Dublin airport, marking Government's commitment to ensuring continued connectivity to this region for another 3 years (with the provision to extend the contract by a further 12-month period).

In line with Government's commitment to balanced regional development, this service will also support growth of the economy and tourism in the region.

5.3 Possible Future PSO Contracts

The framework for the granting of any further PSOs to airlines is set out as follows:

Subject to Ministerial approval for any new PSO service over the period of the Programme 2021 to 2025, and following the completion of a public tender process, in accordance with the procedures set

down by paragraphs 2 to 10 of Article 17 (see below), the specifics of the PSO in respect of the route concerned will be set out in a contract between the Minister for Transport and the selected airline(s).

That contract will specify –

- a) the nature and the duration of the PSO;
- b) the number and frequency of the services to be provided;
- c) the minimum capacity (seats) of the aircraft assigned to operate the services;
- d) the range of fares that may be applied;
- e) the parameters for cancelled and delayed flights;
- f) the parameters for calculating, controlling, and reviewing the compensation;
- g) the arrangements for avoiding and repaying any overcompensation.

Compensation

The actual total amount of the compensation already determined and payable by the Department will be determined annually, on an ex-post basis, and will be limited to the actual losses incurred, having regard to actual costs, revenues and if applicable, profit margin, by the successful airline in operating the service, subject, as a maximum, to the limit of the amount stated in the contract in respect of each year. Payments may be claimed by the airline on a regular instalment basis, in accordance with the procedures set out in the associated contract. A balancing payment will be payable at the end of each contract year, subject to receipt by the awarding authority of appropriately documented claims accompanied by certification from the carrier's auditors, in accordance with the terms of the contract.

The above framework reflects the contents of the Commission Communication 2012/C 8/03 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of Services of General Economic Interest (SGEI).

Unless extended for a 12-month period, as allowed under contract, the current contract in respect of the existing PSO services is due to expire during the period covered by this Programme. In advance of initiating a public tender process, a review will be carried out to determine whether supports should be continued. A detailed evaluation of the services will be undertaken. Having regard to Government policy on regional development, tourism, sustainable development, a review of the need for related services and a continuation of funding will be required, most likely by early 2024.

5.4 PSO Funding and Performance

The following table sets out the level of compensation in respect of PSO services under the current Programme.

Table 8: Cost to the Exchequer of PSO Routes Under the Current Programme

Contracts	Kerry/Dublin	Donegal/Dublin	Total
1 Jan 2021 to 11 Jun 2021	€1,647,467	€2,017,922	€3,665,889
26 Jul 2021 to 25 Feb 2022	N/A	€2,400,000	€2,400,000
26 Feb 2022 to 25 Feb 2023	N/A	€4,006,264	€4,006,264
TOTAL	€1,647,467	€8,424,186	€10,071,653

Table 9: Annual PSO Passengers Per Route

PSO Passengers	2015	2016	2017	2018	2019	2020	2021	2022
Donegal/Dublin	24,450	31,014	33,765	36,802	37,714	14,589	11,240	34,223
Kerry/Dublin	44,489	48,689	51,284	57,530	58,021	16,908	3,828*	N/A
Total	68,949	79,703	85,049	94,332	95,735	31,497	15,068	34,223

** Passenger numbers up until June when PSO ceased*

**Since July 2021 the Kerry/Dublin route has operated on a commercial basis, with the reporting of passenger numbers being a commercial matter for the airline.*

Appendix 1: Total Aviation Supports to Airports 2021-2022

TOTAL AVIATION SUPPORTS 2012- 2022													
AIRPORT	SCHEME	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Donegal	CAPEX	-	€339,474	€431,759	-	€231,290	-	€238,982	€460,941	-	€149,374	€43,275	€1,895,095
	PPR-C	-	-	-	€398,995	€220,022	-	-	€362,995	€245,488	€583,017	€608,146	€2,418,663
	PPR-O	-	-	-	€226,059	€356,597	€667,874	€657,061	€688,922	€580,617	€460,871	€638,409	€4,276,410
	OPEX	€111,417	-	-	-	-	-	-	-	-	-	-	€111,417
	Covid Supplementary Support Scheme	€111,417	€339,474	€431,759	€625,054	€807,909	€667,874	€896,043	€1,512,858	€826,105	€1,451,683	€258,421	€8,960,006
Kerry	CAPEX	€1,633,946	€740,958	€133,156	-	€181,440	€345,333	€814,448	€630,365	€97,490	€719,322	€184,158	€5,480,816
	PPR-C	-	-	-	€407,783	€129,262	€237,184	€372,399	€1,288,376	€1,058,452	€2,066,822	€893,084	€6,448,362
	PPR-O	-	-	-	€311,260	€626,855	€1,075,474	€1,198,847	€1,277,546	€1,499,564	€1,298,034	€1,434,355	€8,721,935
	OPEX	€550,000	€436,918	€507,224	-	-	-	-	-	-	-	-	€1,494,142
	Covid Supplementary Support Scheme	€2,183,946	€1,177,876	€640,380	€714,043	€937,557	€1,657,991	€2,385,694	€3,196,287	€2,655,506	€5,881,963	€2,511,597	€23,942,841
Ireland West - Knock	CAPEX	€699,007	€2,013,023	€1,925,413	-	€1,201,045	€502,361	€1,476,839	€6,702,288	€553,295	€1,725,054	€1,242,016	€18,040,341
	PPR-C	-	-	-	€564,622	€764,609	€828,555	€782,704	€1,044,099	€329,740	€448,510	€1,081,845	€5,844,684
	PPR-O	-	-	-	€598,349	€967,765	€1,868,439	€1,916,563	€1,736,516	€1,353,859	€1,017,826	€1,787,797	€11,247,114
	OPEX	€589,644	€654,576	€548,600	-	-	-	-	-	-	-	-	€1,792,820
	Covid Supplementary Support Scheme	€1,288,651	€2,667,599	€2,474,013	€1,162,971	€2,933,419	€3,199,355	€4,176,106	€9,482,903	€2,236,894	€5,997,098	€4,111,658	€39,730,668
Ireland West Total	CAPEX	€1,333,830	€361,686	€533,210	€43,839	-	-	-	-	-	-	-	€2,272,565
	PPR-C	-	-	-	€732,286	€18,381	-	-	-	-	-	-	€750,667
	PPR-O	-	-	-	€382,205	€425,722	-	-	-	-	-	-	€807,927
	OPEX	€1,232,964	€1,121,399	€1,038,784	€756,825	€594,493	-	-	-	-	-	-	€4,744,465
	Emergency Subvention	-	-	-	-	-	-	€750,000	€375,000	€375,000	-	-	€1,500,000
Waterford Total	CAPEX	€2,566,794	€1,483,085	€1,571,994	€1,915,155	€1,038,596	-	€750,000	€375,000	€375,000	€0	€0	€10,075,624
	City of Derry	€345,590	-	-	-	-	-	-	-	-	-	-	€345,590
	North/South Co-operation	€345,590	-	-	-	-	-	-	-	-	-	-	€345,590
City of Derry Total	CAPEX	-	-	-	-	-	-	-	-	-	-	-	€345,590
	PPR-C	-	-	-	-	-	-	-	-	-	-	-	€345,590
	PPR-O	-	-	-	-	-	-	-	-	-	-	-	€345,590
	OPEX	-	-	-	-	-	-	-	-	-	-	-	€345,590
	Covid Supplementary Support Scheme	-	-	-	-	-	-	-	-	-	-	-	€345,590
Shannon	CAPEX	€6,496,398	€5,668,034	€5,118,146	€4,417,223	€5,717,481	€5,525,220	€8,207,843	€14,567,048	€6,397,018	€158,078,101	€34,011,117	€254,203,629
	PPR-C	€3,666,783	€3,455,141	€3,023,538	€43,839	€1,613,775	€847,694	€2,530,269	€7,793,594	€650,785	€15,500,591	€7,782,651	€46,908,660
	PPR-O	-	-	-	2,098,686.00	1,132,274.00	1,065,739.00	1,155,103.00	2,695,470.00	1,633,680.00	6,359,684.28	4,001,875.77	€20,042,512
	OPEX	€2,484,025	€2,212,893	€2,094,608	€756,825	€594,493	€3,611,787	€3,772,471	€3,702,984	€3,434,040	€14,993,549	€21,100,051	€54,509,694
	Emergency Subvention	-	-	-	-	-	-	-	-	-	-	-	€8,142,844
Exceptional Supports	Emergency Capital Supports	-	-	-	-	-	-	€750,000	€375,000	€375,000	-	-	€1,500,000
	North/South Co-operation	€345,590	-	-	-	-	-	-	€303,513	€349,560	-	-	€6,779,612
	Covid Supplementary Support Scheme	€0	€0	€0	€0	€0	€0	€0	€0	€0	€0	€0	€115,974,716
Dublin Airport	CAPEX	-	-	-	-	-	-	-	-	-	-	-	€97,240,000
	PPR-C	-	-	-	-	-	-	-	-	-	-	-	€97,240,000
	PPR-O	-	-	-	-	-	-	-	-	-	-	-	€97,240,000
	OPEX	-	-	-	-	-	-	-	-	-	-	-	€97,240,000
	Covid Supplementary Support Scheme	-	-	-	-	-	-	-	-	-	-	-	€97,240,000
TOTAL	CAPEX	€6,496,398	€5,668,034	€5,118,146	€4,417,223	€5,717,481	€5,525,220	€8,207,843	€14,567,048	€6,397,018	€158,078,101	€34,011,117	€254,203,629
	PPR-C	€3,666,783	€3,455,141	€3,023,538	€43,839	€1,613,775	€847,694	€2,530,269	€7,793,594	€650,785	€15,500,591	€7,782,651	€46,908,660
	PPR-O	-	-	-	2,098,686.00	1,132,274.00	1,065,739.00	1,155,103.00	2,695,470.00	1,633,680.00	6,359,684.28	4,001,875.77	€20,042,512
	OPEX	€2,484,025	€2,212,893	€2,094,608	€756,825	€594,493	€3,611,787	€3,772,471	€3,702,984	€3,434,040	€14,993,549	€21,100,051	€54,509,694
	Emergency Subvention	-	-	-	-	-	-	-	-	-	-	-	€8,142,844
Exceptional Supports	Emergency Capital Supports	-	-	-	-	-	-	€750,000	€375,000	€375,000	-	-	€1,500,000
	North/South Co-operation	€345,590	-	-	-	-	-	-	€303,513	€349,560	-	-	€6,779,612
	Covid Supplementary Support Scheme	€0	€0	€0	€0	€0	€0	€0	€0	€0	€0	€0	€115,974,716
Regional Airports Programme & COVID 19 Regional State Airports Programme 2021	Scheme	Detail											
	CAPEX	Funding safety and security related capital expenditure of an economic nature											
	PPR-C	Scheme in place since 2015 - Funding capital expenditure for services that normally fall within a 'Public Policy Remit' and generate no economic return for an airport, for example Fire Service, Air Traffic Control and Security											
	PPR-O	Scheme in place since 2015 - Funding operational expenditure that normally fall within a 'Public Policy Remit' (as above)											
	OPEX	Scheme in place up until 2020 - Funding safety and security related operational expenditure of an economic nature - no airports eligible since 2016 Scheme											
Exceptional Supports	North/South Cooperation	Support for North/South Co-operation in line with the Good Friday Agreement. This funding represented the final drawdown from a capital funding allocation of €11m made in 2005 which was provided to the airport on a joint funding basis with the British Government.											
	Emergency Subvention	Operational supports provided on an exceptional basis to Waterford Airport.											
	Emergency Capital Supports	Funding of an Embankments projects and a Hold baggage Screening (HBS) security project at Shannon Airport (approved by Government in 2020).											
	Covid Supplementary Support Scheme	During the COVID crisis, the EU's Temporary Framework for State aid measures to support the economy in the emergency of COVID-19, and Article 107(2)(b) of the Treaty of the Functioning of the European Union (TFEU), provided the basis for funding under a COVID Supplementary Supports Scheme for Irish Airports in 2021.											

Appendix 2: Public Consultation Questionnaire

QUESTIONNAIRE TO INFORM A MID-TERM REVIEW OF THE REGIONAL AIRPORTS PROGRAMME 2021-2025 & FUTURE POLICY SUPPORTS TO REGIONAL AIRPORTS

As set out under Section 2.5 of the Public Consultation Paper, Stakeholders and interested parties now have the opportunity to respond to the issues raised in the Public Consultation Questionnaire, as well as put forward any other relevant issues for consideration.

The Department asks that all submissions be completed online with reference to the questions set under the following link:

[Online 2023 Public Consultation Questionnaire](#)

However, while online responses are the preferred option, submission via email, following the format of the Questionnaire provided below, are also welcomed. Such submissions can be made to airportsdivision@transport.gov.ie

Note: The deadline for receipt of all submissions is 6pm on Friday 16 June 2023.

The Programme for Government acknowledges the value of aviation in supporting international connectivity, economic development, and tourism via our airports. Furthermore, Government policy on regional airports seeks to optimise conditions for connectivity and regional development – both for social and economic benefits. Government recognises that as employers, airports contribute to the local economy and employment is also supported through the various ancillary services that are provided to the airport. As these benefits can be derived from facilitating access to and from the associated regions, the capacity of these airports to handle scheduled services is fundamental to the Regional Airports Programme 2021-2025.

In completing this questionnaire, please respond to the specific questions raised. We value additional views you may have, which can be included at Section 10 at the end of your submission.

If you have ideas for new measures, please set out the justification for their consideration. Evidence of the efficiency of proposed measures or further information, such as potential impacts/benefits and costs for implementation, may be provided to support your response.

Note: All references to the National Aviation Policy (NAP) throughout this questionnaire are in relation to the National Aviation Policy published by the Department in 2015.

SECTION 1 - STAKEHOLDERS

Q 1.1: Name

Q 1.2: Organisation (if applicable)

Q 1.3: Email Address

Q 1.4: What category of stakeholder do you represent? *(Responses may include airport company, airline, transport infrastructure owner or operator; State or commercial transport service provider; local authority; environmental group; tourism sector; hospitality sector; and transport system user, amongst others.)*

SECTION 2 - ENSURING EFFECTIVENESS & VALUE FOR MONEY

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

The previous Programme was extended to 2020 and was superseded by the current Regional Airports Programme 2021-2025, published by the Department on 4 February 2021. This Programme continues to support Ireland’s smallest airports i.e., those that handle fewer than 1 million annual passengers (on average over the preceding two years). The Programme ensures that these airports continue to receive support for measures aimed at maintaining compliance with the EU’s safety and security related obligations. The Programme also supports projects with a sustainability focus, encouraging airports to reduce emissions and build climate resilience.

Effectiveness of the current Regional Airports Programme 2021-2025

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

- Q 2.2:** Are there any elements of the existing NAP, in relation to regional airports, that you feel are not a success?
- Q 2.3:** Please provide your views on how effective the existing grant schemes are in supporting policy objectives, in relation to safety, security and sustainability, at regional airports.

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

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

Under the current Programme, Exchequer support is limited to capital investment supporting safety and security related projects, as well as projects which have a sustainability focus. This policy objective underpins the qualifying criteria under all capital funding schemes.

- 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 or indicators would measure and monitor the value of such investment?

Value for Money

The current Programme provides for operational funding, of a non-economic nature, to airports under a PPR-O Scheme. As part of the eligibility criteria, airports are required to maintain cost accounting systems that distinguish between economic and non-economic activities.

Activities such as air traffic control, security and firefighting are generally considered to be non-economic in nature. Under the PPR-O Scheme and subject to the availability of resources, the Programme primarily targets support, of up to 100%, towards salary costs associated with these activities.

Where insufficient funds are available to pay the full eligible non-economic payroll costs of all eligible airports, the total amount paid to each airport is determined by allocating the total Exchequer funds available on a pro rata basis between airports based on overall eligible payroll costs.

Where the total PPR-O funding available is greater than total non-economic payroll, the balance of funding is allocated on a pro-rata basis calculated on total non-economic expenditure (*see Appendix I of the Public Consultation Paper regarding the level of operational aid allocated to airports under the current Programme*).

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

SECTION 3 - MAINTAINING AND ENHANCING REGIONAL CONNECTIVITY

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

Accessibility of Regional Airports

- Q 3.1:** What role can regional airports play in terms of improving access, to them, by sustainable modes of transport?
- Q 3.2:** Is there scope for collaboration to take place between regional airports and other stakeholders in their regions, in relation to improving accessibility/sustainable transport modes to and from regional airports?

Capacity of Regional Airports

While many have sought more dispersed regional air access through the diversion of some international traffic from Dublin Airport, Ireland has always taken a liberal approach to our aviation policy. Furthermore, the EU single aviation market is fully liberalised which means that European

carriers are free to operate air services anywhere in the EU. The possibility to place restrictions on such operations is limited.

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

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

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

Public Service Obligation (PSO) Air Services

The current Programme also supports regional connectivity via a PSO air services scheme, providing a subsidised air service to Donegal in accordance with EU Regulation 1008/2008.

Based on a competitive tender process, this Scheme provides financial support to operate essential air services to isolated areas – those not adequately served by alternative transport services to administrative, business, education, and medical centres.

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

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

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

Policy on regional airports has been largely influenced by the need to optimise conditions for connectivity and regional development. In relation to proposals calling for the imposition of Exchequer funded PSO air services to support routes from regional airports to EU Hubs, this is not a policy implemented by Government to date.

It is imperative that any policy intervention does not distort competition. Given this, views from airlines and all other stakeholders are being sought to explore this issue further.

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?

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

Start-up Aid Scheme

Ireland has, traditionally, maintained a liberal aviation policy which has served the country well. In relation to the establishment of air transport connections, decisions to operate specific air routes are an operational matter for airlines themselves, in consultation with airport authorities and other stakeholders. Such decisions take into account the commercial viability of the route itself.

That aside, there are certain State aid conditions under which Exchequer funding could support route development. In accordance with the EU's 2014 Guidelines on State aid to airports and airlines, State aid granted to airlines for launching a new route, with the aim of increasing the connectivity of a region, will be considered compatible with the internal market pursuant to Article 107(3)(c) of the Treaty.

In this regard, airlines may receive "start-up aid" that gives them the necessary incentive to create new routes from regional airports, increasing the mobility of EU citizens by establishing access points for intra-EU flights and stimulating regional development.

In compliance with State aid rules, the level of aid would be limited to 50% of the published airport charges, at both the arriving and departing airport, for a maximum period of 3 years, after which the route should be commercially viable.

While this is not an approach that has been developed by the Department as policy to date, the Department welcomes the industry's views on the provision of such a scheme.

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

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

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

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.)*

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?

Funding

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

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

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

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?

SECTION 4 - SUPPORTING BALANCED REGIONAL ECONOMIC GROWTH & DEVELOPMENT

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

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

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

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

- Q 4.3:** How are regional airports currently facilitating balanced regional development?
- Q 4.4:** What indicators could be used to measure enhanced regional development over the course of the Programme?

SECTION 5 - SUPPORTING DIRECT ACCESS INTO THE REGIONS

Action 4.1.2 of the NAP provides that *'The Department, the airports, and the tourism agencies will continue to work together to increase access to Ireland from high-potential overseas tourism markets'*.

The Regional Co-operative Market Access Scheme, administered by Tourism Ireland, promotes air and sea access direct to the Wild Atlantic Way and Ireland's Ancient East, with matching funding from airlines, sea carriers, airports, ports, and regional tourism stakeholders including local authorities.

- 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?
- 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).*
- 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?)*
- 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.?

SECTION 6 - SUPPORTING THE DECARBONISATION OF REGIONAL AIRPORTS

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

Carbon Reduction & Climate Change

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

SECTION 7 - SUPPORTING CLIMATE ADAPTATION & RESILIENCE OF REGIONAL AIRPORTS

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

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?

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

Action 4.2.2 of the NAP provides that *'Exchequer support for operational aid to airports will be phased out over a maximum period of 10 years, in accordance with EU Guidelines'*.

In accordance with the 2014 Guidelines on State aid to Airports and Airlines, provided certain qualifying conditions were met, **OPEX** funding, in relation to economical operational costs, to airports of up to 3 million passengers was considered compatible with the internal market pursuant to Article 107(3)(c) of the Treaty, for a transitional period of 10 years starting from 4 April 2014.

The initial objective of the transitional period of 10 years was to assist regional airports transition towards a financially sustainable model, in relation to operational expenditure of an economic nature, which our airports have done. While the OPEX Scheme was in place in Ireland until 2020, since 2016 no regional airports had been eligible under the Scheme. Given this, the OPEX Scheme was redundant prior to the publication of the current Programme in 2021.

However, in relation to funding under the PPR-O scheme, which supports safety and security related operational expenditure of a non-economic nature, the current Programme provides that there may be some potential for reducing such operational aid to airports. Operating subvention has been increasing steadily in recent years and it would be reasonable to expect a discontinuation of this trend if passenger numbers and revenues at airports increase.

The current Programme provides that consideration needs to be given to potentially decreasing subvention in the coming years as the airports' financial positions improve over the period to 2025.

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

- Q 8.2:** What do you consider as being the threshold for operational financial viability of regional airports?
- Q 8.3:** What have airports done in recent years to achieve alternative means of revenue?
- Q 8.4:** What should airports consider as alternative means of revenue?

SECTION 9 - DELIVERY & ENGAGEMENT *(for completion by eligible regional airports only)*

Administration of Programme

The Department is currently exploring options for the digitisation of the grant administration process. Such options will include creating an online platform for more streamlined engagement with airport stakeholders, including tools for uploading applications and documentation such as grant agreements, airport business plans, capital project progress reports and grant drawdown requests.

- Q 9.1:** How is the Department currently performing in relation to the administration of funding schemes under the current Programme?
- Q 9.2:** What would you consider the advantages of bringing this process online?
- Q 9.3:** What functionality would you like to see in any such online system?

10 – OTHER CONSIDERATIONS

Future Policy 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?
- 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).*

Other Issues

- 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).*



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