An Roinn Iompair,
Turasóireachta agus Spóirt
Department of Transport,
Tourism and Sport

Policy Supports for Regional Airports

Preparation of new Regional Airports Programme
2020 to 2024

Issues Paper for Consultation

30 August 2019

Contents

Purpose of this Document

The Department of Transport, Tourism and Sport is preparing a new Regional Airports Programme for the period 2020 to 2024. The current Programme, which was published in August 2015[1], expires at the end of this year.

The Department is committed to inclusive and informed policy development. Timely engagement with key stakeholders is critical to associated decision making.

The purpose of this document, therefore, is to invite written submissions from all interested parties and key stakeholders on the content of the paper and/or any other matters that may be relevant to the development of the new Regional Airports Programme.

Submissions received will contribute to the consideration of appropriate and cost effective support measures for Ireland's regional airports in line with the National Aviation Policy[2]. Such measures will have regard to policy objectives on regional development, connectivity, sustainability and climate impacts as well as the need to secure value for money in the deployment of Exchequer funds.

Making a Submission

The Department asks that all respondents reply to the consultation with reference to the questions outlined in Appendix 1 and limit all content to a maximum of 2,000 words. The public consultation will be open for a period of four (4) calendar weeks. All submissions should be forwarded to rapconsultation@dttas.gov.ie by close of business on Monday 30 September 2019.

The Department will use your submission in order to inform the development of the new Regional Airports Programme for the period 2020 to 2024. The Department collects your data in the form of any contact details that we receive from you in order to ensure clarity on the submissions received as part of this public consultation. Submissions received during the public consultation process may be published on the Department website, www.dttas.gov.ie and may also be released under the Freedom of Information Act 2014. Personal data, such as contact details, will be redacted

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[1] Regional Airports Programme 2015 to 2019
https://assets.gov.ie/12364/ed0d75526d894108a7db99665a358594.pdf

[2] A National Aviation Policy for Ireland – August 2015:
https://assets.gov.ie/14197/9b90e1b8a47d47c8950ead2492a54030.pdf

before publication. The Department will include your name, or the name of the organisation you represent, in any published submission. If you wish for your name not to appear on the Department's website, please indicate as such in your submission. All submissions received will be subject to the provisions of the Freedom of Information Act and Data Protection legislation. The Department will not process your personal data for any purpose other than that for which it was collected.

Introduction

Current Programme

The current Regional Airports Programme 2015 - 2019, which will expire at the end of this year, provides Exchequer support to four regional airports; Donegal, Kerry, Ireland West Airport Knock (IWAK) and Waterford. It is administered by the Department of Transport, Tourism and Sport in line with European Union (EU) rules on State aid and is dependent on the availability of Exchequer resources.

Under State aid rules, a key distinction in the provision of aid to regional airports is between economic and non-economic projects and activities. The operation of an airport is considered an economic activity. The construction of airport infrastructure is deemed an inseparable part of that.

Non-economic activities at an airport include air traffic control, police, customs, and fire services. State aid rules determine that these activities generally fall within the remit of the State. Most investment relating to the provision or maintenance of infrastructure necessary to perform such activities is also considered non-economic.

Economic Funding Schemes

In respect of projects and activities of an economic nature, grant schemes under the 2015-2019 Programme were designed in line with the 2014 EU Guidelines on State aid to airports and airlines[3] (henceforth referred to as the '2014 Guidelines'). Two schemes are currently in place to support capital and operational expenditure of an economic nature, namely the **CAPEX** and **OPEX** schemes.

Non-Economic Funding Schemes

Funding related to non-economic projects and activities are not subject to State Aid rules. Two 'non-economic' schemes are supported under the current Programme and are categorised as Public Policy Remit (PPR). One supports capital projects **(PPR-C)** and the other supports operational expenses **(PPR-O)**.

Aid Determination

The amount of aid, which can be given under each of the four schemes, is determined by a combination of national policy and the EU's 2014 Guidelines. The PPR schemes, which are nationally defined, allow for aid intensity of up to 90% in respect of PPR-C and 100% in the case of PPR-O. From 2011, national policy also determined that

[3] Guidelines on State aid to airports and airlines (2014/C 99/03) https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014XC0404(01)&from=EN

grant assistance would be limited to safety and security related projects and activities only, irrespective of whether the eligible projects and activities are economic or non-economic in nature.

In the period 2015 to 2018, a total of €23.9 million has been provided to the regional airports under the above four schemes as follows:

Table 1: Total Expenditure for CAPEX, OPEX, PPR-C and PPR-O between 2015 and 2018

Year	Donegal	IWAK	Kerry	Waterford	Total
2015	625,054	1,162,971	714,043	1,915,155	4,417,223
2016	807,909	2,933,419	937,557	1,038,596	5,717,481
2017	667,874	3,199,355	1,657,991	0	5,525,220
2018	896,042	4,176,105	2,385,694	750,000	8,207,841
Total	**2,996,879**	**11,471,850**	**5,695,285**	**3,703,751**	**23,867,765**

In addition to the above, the Regional Airports Programme also provides for a **Public Services Obligation (PSO) Air Services Scheme.** This scheme, which must comply with Regulation (EC) No. 1008/2008[4], provides financial support to airlines to operate essential air services to isolated areas – those not adequately served by alternative transport services. The airline(s) are selected based on competitive tender. There are currently two routes supported under the scheme; Donegal/Dublin and Kerry/Dublin. The associated contract for these services expires in 2022, two years into the new Regional Airports Programme. The cost to the Exchequer, by route, of supporting the PSO scheme between 1 February 2015 and 31 January 2019 was as follows:

Table 2: Amounts paid to airline in respect of routes Donegal/Dublin and Kerry/Dublin

Contract Year	Kerry/Dublin	Donegal/Dublin	Total
1 Feb 2015 to 31 Jan 2016	3,916,928.50	3,610,575.50	**7,527,504.00**
1 Feb 2016 to 31 Jan 2017	3,969,330.00	3,620,202.00	**7,589,532.00**
1 Feb 2017 to 31 Jan 2018	4,041,590.00	3,672,264.00	**7,713,854.00**
1 Feb 2018 to 31 Jan 2019	3,262,324.00	3,895,810.00	**7,158,134.00**
TOTAL	**15,190,172.50**	**14,798,851.50**	**29,989,024.00**

[4] EU OJ L 293 31.10.2008: Regulation (EC) No 1008/2008 of the European Parliament and of the Council of 28 September 2008 on common rules for the operation of air services in the Community https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32008R1008&from=EN

State Aid Framework

2014 EU Guidelines on State Aid to airports and airlines

The Treaty on the Functioning of the European Union (TFEU) largely prohibits State aid unless it is justified by reasons of general economic development. State Aid is a term that refers to forms of public assistance, using taxpayer-funded resources, that is given to undertakings on a discretionary basis, and which has the potential to distort competition and affect trade between Member States of the EU.

Despite this general prohibition, State aid is deemed compatible with certain policy objectives and related exemptions are stipulated in State aid legislation[5].

The European Commission ensures that State aid prohibition is respected and that exemptions, where provided, are applied equally across the EU. The 2014 Guidelines, which form part of the Commission's State aid modernisation strategy, sets out the conditions under which Member States can grant State aid to airports and airlines.

CAPEX Conditions

In line with the 2014 Guidelines and related European Court of Justice (ECJ) rulings, the operation of an airport is considered to be an economic activity, of which the construction of airport infrastructure is deemed an inseparable part.

[5] http://ec.europa.eu/competition/state_aid/legislation/legislation.html

The 2014 Guidelines define, relative to the size of the airports involved, the maximum permissible aid intensity levels that can be provided to airports according to the following thresholds;

- Up to **75%** aid intensity for airports with less than 1 million annual passengers;
- Up to **50%** aid intensity for airports between 1 million and 3 million annual passengers; and
- Up to **25%** aid intensity for airports between 3 million and 5 million annual passengers

Since 2015, in line with the 2014 Guidelines, Ireland applies a maximum intervention rate of 75% in respect of CAPEX investment aid for airports because all of the airports supported under the current Regional Airports Programme handle less than one million annual passengers per annum. As a result, airports are required to contribute at least 25% to the financing of the total eligible investment costs.

OPEX Conditions

In recognition of the difficulties faced by some smaller regional airports, the 2014 Guidelines allows compensation for uncovered operating costs, for a transitional period, where such airports qualify for these supports under the Guidelines.

The 2014 Guidelines provide that the aid amount is, in principle, to be established ex ante (i.e. based on forecasts rather than results) as a fixed sum covering the expected funding gap of the operating costs. The aid amount is determined on the basis of ex ante business plans during a maximum transitional period of 10 years, starting 4 April 2014.

Member States are required, when calculating the operating costs funding gap, to distinguish between the airport's costs associated with economic activities and those associated with non-economic activities over that 5-year period. Only those costs relating to economic activities will be eligible for OPEX supports and will form the basis of calculations to identify the 'operating funding gap'. Costs associated with non-economic activities will be dealt with outside of State aid rules and under 'Public Policy Remit' (see below).

While the maximum permissible aid amount during the whole transitional period is limited to 50% of the initial funding gap for a period of 10 years, the 2014 Guidelines also provide that under the current market conditions, airports with annual passenger traffic of up to 700,000 may face increased difficulties in achieving the full cost coverage during the 10-year transitional period. For this reason, the maximum permissible aid amount for airports with up to 700,000 passengers per annum is 80%

of the initial operating funding gap for a period of 5 years after the beginning of the transitional period (i.e. up to 4 April 2019).

In determining which airports would receive OPEX support under the current Programme, this Department was required to identify the 'initial operating funding gap' for each airport relating to core operating activities (not covered by revenues) for the years 2009 to 2013. As a result of this exercise, Kerry and Waterford Airports were the only airports deemed eligible to apply for OPEX funding under EU rules.

Public Policy Remit

As outlined above, the 2014 EU Guidelines provide for a distinction between airport activities that have, and don't 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' and do not fall within the scope of State aid rules.

Under the current Regional Airports Programme, subject to the availability of resources, the Exchequer provides compensation to the airports at 90% of the total cost of eligible capital investments (PPR - C). Furthermore, airports are compensated (at 100%) for operational costs relating to non-economic activities (PPR - O). The amounts provided are subject to the availability of annual Exchequer resources.

Public Service Obligation and the Altmark Judgement

The operation of Public Services Obligation (PSO) air services must comply with Regulation (EC) No. 1008/2008. The European Court of Justice, in its 2003 Altmark judgement, held that public service compensation does not constitute State aid when certain conditions are met. One such condition is that the compensation provided cannot exceed what is necessary to cover all or part of the costs incurred in the discharge of the PSO, taking into account a reasonable profit. If any of the associated 'Altmark' conditions are not fulfilled, then the public service compensation must be examined under State aid rules.

In line with the Altmark conditions, Ireland's Regional Airports Programme provides for a Public Service Obligation (PSO) Air Services Scheme[6]. This scheme currently provides financial support to Stobart Air for the operation of two domestic air services, a Donegal-Dublin route and a Kerry-Dublin route. Such support is based on

[6] The RAP does not cover PSO air service for the Aran Islands, which fall under the remit of the Department of Culture, Heritage and the Gaeltacht.

a need to ensure appropriate connectivity in these areas, which would not otherwise be served by adequate transport services.

Based on a competitive tendering process, Stobart Air won the contract to operate both these services from 1 February 2018 to 31 January 2022. The contract provides for two daily return flights on each route. The number of passengers travelling on the PSO routes has been increasing steadily since the beginning of the current Programme.

Table 3: Annual PSO passengers per route

PSO Passengers	2015	2016	2017	2018
Donegal	24,460	31,014	33,765	36,802
Kerry	44,489	48,689	51,284	57,530
Total	**68,949**	**79,703**	**85,049**	**94,332**

Changes to EU rules under the General Block Exemption Regulation (GBER)

Article 108 of the Treaty on the Functioning of the European Union (TFEU) provides that State Aid must be notified to and cleared by the Commission before it is granted. As this obligation was found to be particularly resource intensive, especially with respect to scrutinising more routine measures, the Commission adopted the 'General Block Exemption Regulation' (GBER) in 2014 in order to reduce the associated administrative burden.

The GBER establishes a number of possible exemptions that can be used to provide effective and compliant State Aid and it enables Member States to implement a wide range of measures without the pre-approval of the Commission because the measures in question are unlikely to distort competition. On 17 May 2017, the Commission extended the scope of this Regulation to ports and airports[7].

With regard to airports, Member States can now provide capital support to regional airports handling up to 3 million passengers per year without needing to receive the prior approval of the Commission. The main conditions attaching to this exemption are as follows:

- Aid should not be granted to airports located in the catchment area (100 kilometres distance or 60 minutes of travel time) of another airport;
- The funded infrastructure should be fully used in the future and will not be larger than expected demand;

[7] Commission Regulation (EU) 2017/1084
https://eurlex.europa.eu/eli/reg/2017/1084/oj

- The aid does not go beyond what is necessary to trigger the investment, taking into account future revenues from the investment (i.e. aid can only cover the 'funding gap'); and
- Only a certain percentage of the investment costs can be subsidised (depending on the size of the airport and on whether the airport is located in a remote region).

As investment aid to very small airports of less than 200,000 passengers per annum is unlikely to result in 'significant distortion' of market competition, Commission Regulation (EU) 2017/1084 states that small airports are only subject to one of the two normal conditions regarding proportionate investment aid. As such, State bodies providing investment aid to small airports of less than 200,000 passengers per annum must ensure that the aid does not exceed maximum levels of permissible aid intensity ***or*** the aid amount does not exceed the difference between the eligible costs and the operating profit of the investment.

Again, in respect of airports that handle less than 200,000 passengers per year, the Regulation allows public authorities to cover their operating costs as long as the aid amount does not exceed the operating losses and a reasonable profit and that there is open and non-discriminatory access to the infrastructure. These airports account for almost half of all airports in the EU but only 0.75% of air traffic. While they can make an important contribution to the connectivity of a region, the Commission considers them unlikely to distort competition in the EU Single Market.

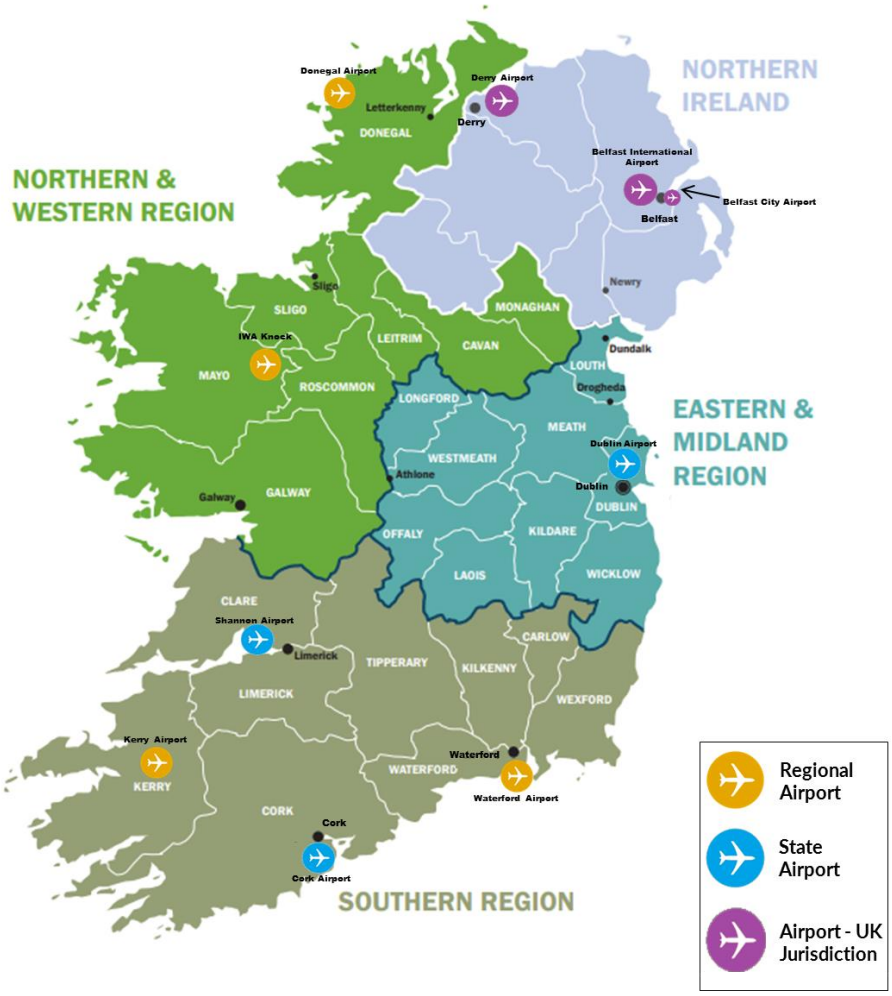
Policy Considerations

Context

The Department of Transport, Tourism and Sport published 'A National Aviation Policy for Ireland' in August 2015. 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:

Table 4: NAP Actions on Regional Airports

Action	
4.2.1	Ireland will implement an EU approved Framework (Regional Airports Programme 2015 – 2019) 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.

The following table shows total annual passenger numbers at State and regional airports over the period 2015 to 2018:

Table 5: Total annual passenger numbers at State and regional airports

Total Passengers	2015	2016	2017	2018
State Airports	28,835,861	31,886,883	33,642,314	35,753,018
Regional Airports	1,064,644	1,118,888	1,133,742	1,183,495

Despite lower passenger numbers than State airports, regional airports have the capacity to facilitate connectivity to the regions for social, business and tourism purposes. In recognition of this, smaller airports are encouraged to grow to a viable and self-sustaining position with the help of grant assistance under the Regional Airports Programme.

While the focus of policy on regional airports is to optimise conditions for regional development and connectivity, there has been a decline in the role of regional airports from the perspective of national connectivity following the substantial development of the national road network in recent years, particularly the completion of the inter-urban motorways over the last decade.

In acknowledgement of this, Government policy on supports for regional airports has seen commensurate adjustments in the past decade. A Value for Money (VfM) Review[8], which was undertaken by the Department of Transport, Tourism and Sport in 2010, made certain recommendations in respect of these supports. The majority of the recommendations were then incorporated into the design of subsequent Regional Airport Programmes. The main changes that resulted from the VfM Review was the withdrawal of support for Public Services Obligation (PSO) services between Dublin and the airports of Galway and Sligo as well as limiting grant assistance to safety and security related projects under the various Programme schemes.

The decision at a national level to restrict all grant assistance to safety and security related projects has remained in place since 2011 and PSO services have been limited to two routes only; Donegal/Dublin and Kerry/Dublin.

The importance of regional airports in facilitating international connections is reflected in Project Ireland 2040[9], which consists of the National Planning Framework (NPF) and the National Development Plan (NDP), as well as related Regional Economic and Spatial Strategies. The Government's commitment to regional airports, as part of this long term planning and investment strategy, is evident in the capital provision of €72 million for the Regional Airports Programme under the NDP from 2018 to 2027.

The scope of any Regional Airports Programme must seek to balance national policy objectives within the EU's State aid framework while taking account of competing demands on, and availability of, Exchequer resources.

Level of Exchequer Support

The Regional Airports Programme provides Exchequer support to four airports, namely Donegal, Kerry, Ireland West Airport Knock and Waterford. Passenger numbers at these airports are less than 1 million per year (three have less than 400,000). As above, capital supports have been predominantly targeted at safety and

[8] Value for Money Review of Regional Airports Programme2010 - https://assets.gov.ie/12430/781bf7f93b8a483aa44b12c117723c0b.pdf

[9] Project Ireland 2040 - https://www.gov.ie/en/campaigns/09022006-project-ireland-2040/

security enhancements. Projects of a development or expansionary nature have been excluded from the scope of all Regional Airport Programmes since 2011.

However, within the context of promoting international connectivity and regional development, and in line with Project Ireland 2040, a decision was made by Government in June 2019 to adjust the future eligibility criteria of the Regional Airports Programme. This decision, which will help to facilitate a development proposal at Waterford Airport, is a step change in Government support for regional airports. As a result, the new Regional Airports Programme 2020 to 2024 will reflect this change in policy, specifically in relation to the consideration of development/expansionary proposals, in line with the funding model that was submitted by Waterford Airport and approved by Government. One condition of the new funding criteria will be a requirement for any proposal to have secured private/local authority finance of more than 50%.

Over the period 2015 to 2018, the four regional airports received the following amounts in capital grants:

Table 6: Total Capital Funding Provision

	2015	2016	2017	2018	Total
Donegal (CAPEX)	€0	€231,290	€0	€238,982	€470,272
Donegal (PPR-C)	€398,995	€220,022	€0	€0	€619,017
Donegal (Total)	**€398,995**	**€451,312**	**€0**	**€238,982**	**€1,089,289**
Kerry (CAPEX)	€0	€181,440	€345,333	€814,448	€1,341,221
Kerry (PPR-C)	€402,783	€129,262	€237,184	€372,399	€1,141,628
Kerry (Total)	**€402,783**	**€310,702**	**€582,517**	**€1,186,847**	**€2,482,849**
Knock (CAPEX)	€0	€1,201,040	€502,361	€1,476,839	€3,180,240
Knock (PPR-C)	€564,622	€764,609	€828,555	€782,704	€2,940,490
Knock (Total)	**€564,622**	**€1,965,649**	**€1,330,916**	**€2,259,543**	**€6,120,730**
Waterford (CAPEX)	€43,839	€0	€0	€0	€43,839
Waterford (PPR-C)	€732,286	€18,381	€0	€0	€750,667
Waterford (Total)	**€776,125**	**€18,381**	**€0**	**€0**	**€794,506**
TOTAL	**€2,142,525**	**€2,746,044**	**€1,913,433**	**€3,685,372**	**€10,487,374**

In relation to supporting operational expenses, specifically OPEX, the new Programme will need to reconsider the 2014 Guidelines in tandem with the GBER. The latter now allows public authorities to cover the economic operating costs of airports handling up to 200,000 passengers per year as the Commission considers them unlikely to distort competition in the EU Single Market.

While two airports (Kerry and Waterford) were deemed eligible to apply for OPEX subvention under the current Regional Airports Programme in line with EU rules, Waterford was the only airport to receive OPEX support and only for the years 2015 and 2016. Kerry Airport indicated in its Business Plan that it did not require OPEX funding over the lifetime of the Programme. In respect of Waterford Airport, funding support was withdrawn as a result of scheduled flights ceasing at the airport in June 2016.

Notwithstanding the reduction in payments under the OPEX Scheme, operating subvention has been steadily increasing in recent years in the form of PPR-O. The PPR-O Scheme contributes to non-economic operational expenses at the airports, such as air traffic control, fire services, security etc.

In the period 2015 to 2018, the four regional airports received the following amounts in operational aid under the OPEX and PPR-O Schemes:

Table 7: Total Operational Aid Provision

	2015	2016	2017	2018	Total
Donegal (PPR-O)	€226,059	€356,597	€667,874	€657,0601	1,907,591
Kerry (PPR-O)	€311,260	€626,855	€1,075,474	€1,198,847	3,212,436
Knock (PPR-O)	€598,349	€967,765	€1,868,439	€1,916,563	5,351,116
Waterford (PPR-O)	€382,205	€425,722	€0	€0	807,927
Waterford (OPEX)	€756,825	€594,493	€0	€0	€1,351,318
Total	**€2,274,698**	**€2,971,432**	**€3,611,787**	**€3,772,471**	**€12,630,388**

As above, Waterford Airport received OPEX payments of €756,825 and €594,493 in 2015 and 2016 respectively, bringing Waterford Airport's total operational aid to €2,159,245 in the period 2015 to 2018 inclusively.

Consideration will be given to the most appropriate and streamlined way of supporting operational expenses while recognising the overall objective of

encouraging airports to make continuous progress towards commercial viability as outlined in the National Aviation Policy.

In relation to the PSO Air Service Scheme, Article 18 of EU Council Regulation (EEC) No. 1008/2008[10] sets out the criteria to be examined when reviewing the on-going funding of PSO services:

a) The proportionality between the envisaged obligation and the economic development needs of the region concerned;
b) The possibility of having recourse to other modes of transport and the ability of such modes to meet the transport needs under consideration, in particular when existing rail services serve the envisaged route with a travel time of less than three hours and with sufficient frequencies, connections and suitable timings;
c) The air fares and conditions which can be quoted to users;
d) The combined effect of all carriers operating or intending to operate on the route.

As the current contract in respect of the existing PSO scheme is due to expire during the period covered by the next Programme, a review of the need for related services and a continuation of funding will be required, most likely by end 2020.

Expenditure Review

The Department of Public Expenditure and Reform (DPER) published a high level expenditure review paper[11] in respect of the Regional Airports Programme on 15 August 2019. The paper, which forms part of DPER's 2019 Spending Review, considers the rationale, efficiency, and impacts of the Programme.

As the paper was prepared by staff from the Irish Government Economic and Evaluation Service, the findings and views expressed are independent of the Department and/or Minister for Transport, Tourism and Sport.

Key Findings

The review found that the objectives of the Programme are largely consistent with Government priorities in respect of regional development and with relevant EU Guidelines on State Aid rules.

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[10] 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): https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32008R1008&from=en

[11] Spending Review 2019 – A Review of the Regional Airports Programme - https://assets.gov.ie/25103/267dd55358d34478893d153dcffbd018.pdf

The review pointed to a difficulty in drawing strong conclusions on the extent to which the Programme is meeting its connectivity objective in the absence of strictly defined objectives or related targets. The review suggests that consideration should be given to defining connectivity indicators in future Programmes.

Operating subvention has been increasing steadily in recent years. The review suggests it would be reasonable to expect a discontinuation of this trend (if passenger numbers and revenues continue to increase) and that subvention could potentially decrease in coming years, as the airports' financial positions improve.

The review highlighted the lack of significant data on the profile of passengers using regional airports. The review advises that information on origin, destination and journey purpose would be useful in evaluating the impact of the airports and recommends that next Programme should place an obligation on airports to undertake surveys that will capture this important data.

The review also found that, as passenger numbers have increased, PSO subvention amounts have decreased per passenger and per seat over the duration of the current Programme. Increased passenger numbers also mean higher revenue levels accruing to these services. The review suggests that, if this trend continues, the subvention levels required to operate these services could be expected to decrease.

For both Donegal and Kerry, the review found that the PSO delay rates and cancellation rates are both significantly below the maximum target performance levels set out in the related PSO contracts and suggests that consideration should be given to reducing these thresholds in future PSO contracts.

Climate Action and Sustainability

As reflected in the National Aviation Policy, Ireland is committed to working with international partners to help mitigate the impacts of aviation on the environment and to help facilitate the sustainable growth of the sector. In April 2019, the Department of Transport, Tourism and Sport published 'Ireland's Action Plan for Aviation Emissions Reduction'[12]

Strict energy compliance targets are in place for 2020 and 2030. Related investment in energy efficient technologies will help to reduce airports' operational costs but it will also help to deliver emissions reduction benefits. Any investment in airport infrastructure should also have regard for relevant sectoral adaptation plans under

[12] Ireland's Action Plan for Aviation Emissions Reduction - https://assets.gov.ie/21634/ee5b50357fb04fc5a8af5f6589759231.pdf

Ireland's National Adaptation Framework[13] as well as the Ireland's recently published Climate Action Plan[14].

As airports move towards carbon neutrality, with more than 500 European airports (including Dublin and Cork Airports) publicly committing to this goal by 2050, the new Regional Airports Programme will give consideration to how funding supports could be designed to incentivise the procurement of lower emissions vehicles and equipment, to deliver projects that will build resilience against the likely impacts of climate change and to explore the potential for uptake of low carbon and renewable energy alternatives. Such supports could help smaller airports take better advantage of new and emerging technologies in the field of airport management and environmental best practices.

Approval of European Commission

It is anticipated that grant aid schemes associated with the new Regional Airports Programme 2020 to 2024 will be designed within the scope of the new provisions and flexibilities under EU Regulation 2017/1084, while also having regard to the provisions of the 2014 Guidelines. If the new Programme is fully designed with GBER in mind, Ireland will not be required to seek prior approval for this Programme from the Commission.

In Summary

As part of the preparation for the new Programme 2020 to 2024, consideration will be given to the following:

- Changes to State aid rules;
- The structure of supports and schemes required to meet objectives relating to regional airports in line with the recent Government Decision (June 2019) and Project Ireland 2040;
- The availability of Exchequer resources;
- Findings from the IGEES's 2019 Review of the Regional Airports Programme;
- The use of grant aid to better support sustainability objectives, thus helping to mitigate the impacts of climate change; and
- The need for a continuation of the PSO Air Services Scheme post 2022.

[13] National Adaptation Framework - https://www.dccae.gov.ie/en-ie/climate-action/topics/adapting-to-climate-change/national-adaptation-framework/Pages/default.aspx

[14] Climate Action Plan - https://www.dccae.gov.ie/en-ie/climate-action/publications/Pages/Climate-Action-Plan.aspx

Appendix 1: Public Consultation Questionnaire

New Regional Airports Programme 2020-2024

Question 1: What category of stakeholder do you represent?

Responses may include airport company, airline, transport infrastructure owners or operators; state or commercial transport service providers; local authorities; environmental groups; and transport system users, amongst others.

Question 2: Having regard to the actions on regional airports in the National Aviation Policy, what are your views on the effectiveness of the current Regional Airports Programme?

Please give your views on how effective existing grant schemes are in supporting policy objectives on regional airports

Question 3: What, if any, changes would you like to see reflected in the new Programme and why?

Question 4: How do you think the new Programme can best support Ireland's transition to a low carbon economy, having regard to policy on climate action and sustainability?

Responses should indicate potential actions or measures with justification for their consideration. Evidence for the efficacy of proposed measures or further information, such as the associated costs for implementation, may be provided to support your response.

Question 5: What are your views on the PSO Scheme, the air service routes currently being supported and the need for a continuation of the Scheme beyond 2022?

Additional Comments

Please feel free to add additional comments as part of your submission.

Note: The limit for all submissions is 2,000 words and the deadline for receipt of submissions is cob on 30 September 2019.

An Roinn Iompair,
Turasóireachta agus Spóirt
Department of Transport,
Tourism and Sport