

To: airportsdivision@transport.gov.ie

15 June 2023

RE: Regional Airports Programme 2021-2025 & Future Policy Supports to Regional Airports

To whom it concerns,

Cork Chamber represents 1,200 members together employing 100,000 people throughout the city, metropolitan area and county. Our vision is to be a world-leading Chamber of Commerce, delivering on a progressive economic, social and sustainability agenda at the heart of a vibrant business community. Our direction is guided by our formal pledge to uphold the United Nations Sustainable Development Goals five of which have been identified by the Chambers Ireland network.

Cork Chamber welcomes the opportunity to make a submission on the Public Consultation to inform a mid-term Review of the Regional Airports Programme (RAP) 2021-2025 as Cork Airport plays a crucial role in both the local economy and the wider economy with a great deal of trade, tourism and foreign direct investment dependent on its existence.

In order for Cork Airport to remain on a strong growth trajectory it is essential it receives the support it needs. It is therefore of paramount importance that the eligibility threshold for State aid in regional airports in Ireland is aligned with the EU norm, and that access to funding programmes for all state airports that serve fewer than 3 million passengers per year is granted.

The following submission outlines the specifics needed to support Cork Airport on its growth journey as well as highlighting the important role it plays in the South of Ireland and also its economic contribution to the entire country, referencing question **10.3** in the consultation document:

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)."

I hope you will consider our recommendations and observations and we look forward to the completion of this review, which will hopefully greatly enhance Cork Airport's operations and as a result increase the attractiveness of both Cork and Ireland for FDI, indigenous growth, and tourism.

Yours sincerely,



Conor Healy
CEO

Economic Importance of Cork Airport

Cork Airport plays a key role in the Irish economy as the principal international gateway to the South of Ireland. Enhancing Cork's regional and international connectivity is a top priority for our members and a key economic enabler for the south-west region. In the context of a growing population, in which we are set to be the fastest growing region in the nation to 2040, Cork airport must also continue to develop in line with these ambitions.

In the year prior to the pandemic Cork Airport contributed €904 million to the Irish economy¹. In addition to this the airport also contributed to the employment of 12,180 people. From a Cork perspective and from a business perspective, Cork Airport is crucial. The findings of a recent study conducted by Cork Chamber, and developed in cooperation with Cork Airport, show that our members depend greatly on Cork Airport for conducting their daily business activities.

Over 86% of businesses reported that direct air access to Cork Airport is key for overseas colleagues travelling to Cork offices. From an FDI perspective a thriving airport is a crucial selling point for attracting investment into the region.

Cork Airport also plays a major role in supporting the tourism offering in Cork and the wider region. It indirectly contributes to thousands of tourism and hospitality jobs and continues to be a major driver to the local economy. With the growth of Cork's economy and population requires an airport that facilitates the growing demand for air services.

Balanced Development

The main purpose of the RAP is to enable balanced regional development and to support Ireland's airports. However, the latest census figures show that while Ireland's population is growing at a faster rate than projected, that growth is still concentrated in Dublin and its surrounds. The 50:50 growth split between the Eastern and Midlands region and the Southern, Northern and Western regions is not being achieved.

While there are many factors that feed into this, it is clear that Cork airport's expansion is key to driving more balanced regional growth and Cork cannot afford to lose funding that is vital to the deliverance of key objectives in the NDP. This policy must consider how it is contributing to and aligning with these overarching national and regional targets.

Furthermore, there is increasing competition among Ireland's five commercial airports to secure new routes, leading to increased pressures to provide reduced rates to airlines. This policy should consider this issue and how the RAP can better ensure and maintain balanced and fair competition among Ireland's airports by expanding the scope for eligibility.

¹ <https://www.corkairport.com/corporate/regulatory-planning#:~:text=Cork%20Airport%20generated%20%E2%82%AC904,total%20of%20%E2%82%AC457%20million.>

Increasing eligibility threshold

Funding from RAP to Cork Airport during Covid-19 played a critical role in ensuring continued recovery of connectivity for the south of Ireland and in delivering safety and security projects. However, as the airport has rebounded and passenger numbers have steadily reached pre-pandemic levels, the airport will no longer be eligible to receive these supports. The 1 million passenger restriction currently in place under the RAP will limit Cork Airport's ability to meet its future growth ambitions, thus limiting balanced regional development.

Our central ask in this review process is to rectify this inequity by aligning the RAP thresholds under EU rules, for both operating aid and investment (capital) aid. We refer to the European Commission's 2014 Aviation Guidelines, whereby airports with up to 3 million passengers per annum are eligible for operating aid and airports with up to 5 million passengers per annum are eligible for investment aid. Expanding the scope of the RAP would better enable balanced regional development, enhance connectivity for the region, and contribute to achieving Cork's NPF and economic goals.

Sustainability

Cork has recently been designated to be a climate neutral city by 2030, acting as a testbed for innovation and investment in climate action. Cork Airport has the ambition to be Ireland's greenest airport and is committed to achieve the 51% reduction in carbon ahead of the Government mandated target of 2030. The RAP plays a key role in supporting the decarbonisation and sustainability of the aviation industry. Expanding the eligibility thresholds for the RAP would better facilitate this objective.

We advise that targeted supports and funding under the RAP be considered for the reduction of aircraft emissions, research and development, and other sustainability initiatives.

Concluding Remarks

Cork Airport is of strategic economic and societal importance to our region, attracting talent, investment, and tourism. To continue to enable increased connectivity we reiterate that Irish state aid limits for regional airports should be aligned with relevant EU limits namely:

- Operating Aid: For safety, security (and now sustainability) operating costs – allowed on a scaled basis with controls for airports up to 3 million passengers per annum
- Investment (Capital) Aid: For safety, security (and now sustainability) costs – allowed on a scaled basis with controls for airports up to 5 million passengers per annum

We are consistently engaging with Cork Airport and other stakeholders that are impacted by aviation policy and would like to offer our full support to Cork Airport's submission on this consultation.
