

Opening Statement To Oireachtas Joint Committee on Transport, Tourism and Sport

Basil Geoghegan, daa Chairman Designate

June 13, 2018

Chairman, members of the Committee, I was delighted to have been appointed Chairman Designate of daa by the Minister for Transport, Tourism & Sport, Shane Ross TD last month.

As part of that appointment process it is my pleasure to come before the Committee today.

I would like to introduce myself to you, provide some detail on my professional background and outline why I applied for the position of daa Chairman. I will also set out my initial impression of daa and how I believe I can support its Chief Executive, management team and staff to grow the business both at home and abroad for the benefit of the Irish State. Following this brief introductory statement, I will be delighted to answer any questions that you may have.

I am from Dublin and attended Trinity College where I obtained a degree in Law.

After graduating from Trinity in 1990, I left Ireland and completed a Masters in Competition Law at the European University Institute in Florence. After a short period as an intern in the European Commission, I qualified as a solicitor with Slaughter and May, a leading English law firm, in London. In 1995, I changed career and started in investment banking at Goldman Sachs. Since then I have worked in London and New York and during that period I have also worked with Deutsche Bank and Citigroup.

Most recently, I became a founding partner in a new advisory firm called PJT Partners. We were established in 2015 and are listed on the New York Stock Exchange.

During my career I have spent a lot of time advising companies in the broad aviation sector. My clients have included private aviation companies such as Pembroke Capital and Fairchild-Dornier and public companies such as Rolls-Royce and BAE Systems. Those roles have spanned placing equity for companies such as Avolon and Ryanair and raising debt for IAG and Garuda. In Ireland, I advised the Department for Transport, and later NewEra, on ownership options for Aer Lingus. I also defended Aer Lingus from two takeover bids launched by Ryanair.

As you may know, I have been a director of the Irish Aviation Authority (IAA) since 2012, a position which has given me further understanding of the Irish aviation sector, and particularly the challenges of developing operations, the new air traffic control tower at Dublin Airport and the new runway at Dublin Airport. My intention is to step down from the IAA board before taking up my role with daa.

Ireland is an important place for me. I travel through Dublin Airport most weeks, so know it well as a passenger. I have first-hand experience of the improvement in the passenger experience over the last 20 years. I have had the opportunity to compare it regularly with the many other airports around the world I travel through. At least as a passenger, I have seen the good and the bad in airports and airlines.

Despite leaving Ireland in 1990, I have maintained close links throughout my working life. In business, I have worked with clients such as eircom, C&C, Elan, the Government and several of the banks. I have worked with large overseas purchasers of Irish companies and have also helped many Irish businesses invest and raise funds outside Ireland.

Personally, for over 12 years I was involved in the Ireland Funds of Great Britain, including several years as its chair. I led, with others, the Forgotten Irish Campaign to assist the vulnerable and elderly Irish community in Britain. We focused particularly on helping the survivors of institutional abuse who now live in Britain, especially women from the Magdalene Laundries. I was honoured to be able to do that work and to help support those women.

My reasons for applying for the role as chairman of daa are very straightforward.

First, daa plays an increasingly vital role in the Irish economy. Dublin and Cork airports are essential connections with the global economy upon which Ireland depends, but on which we have also built our strength. I understand this connectivity first-hand.

Dublin Airport is Ireland's largest airport, handling almost 30 million passengers last year. Passenger numbers at Dublin have increased by about 50% over the past five years and it is now the eleventh largest airport in the European Union.

Cork Airport is the second largest airport in the Republic of Ireland. Passenger numbers at Cork are up 11% over the past two years, and it has further strengthened its position as the key gateway to the south of Ireland region.

Aside from its two Irish airports, daa is also something of a hidden Irish multinational. Its travel retail business Aer Rianta International (ARI) manages stores in 12 countries across four continents that collectively employ about 3,000 people and have a combined turnover of more than \$1 billion per year.

The Group also manages Terminal 5 at King Khaled International Airport in Riyadh, Saudi Arabia through its daa International subsidiary. To put this in context, T5 is

about the same size as Terminal 2 in Dublin, so it is a sizeable business in its own right.

While Dublin and Cork airports welcomed almost 32 million passengers in 2017, daa's overall business - comprising its airports, airport management contracts, retail outlets and airport investments - provided services to more than 135 million passengers last year.

The financial impact of daa to the State is also very important. Dublin Airport supports and facilitates €8.3 billion worth of economic activity which is equivalent to more than 3% of Ireland's GDP. Cork Airport supports and facilitates a further €727 million of economic activity, which equates to 2.2% of the total South West economy.

Although it is owned by the State, daa receives no funding from the State. The Group's investments in new facilities at Dublin and Cork airports and at its overseas business are funded through its own resources and borrowings. daa is instead a major contributor to the exchequer, paying €432 million to the State in dividends and taxes since 2014.

Growing daa's business both at home and abroad has a two-fold benefit for the State. The connectivity delivered by Dublin and Cork airports is a vital enabler for the Irish economy, and expanding passenger numbers boosts tourism, trade and investment in Ireland. Growing the business also generates additional revenue for the exchequer in terms of direct taxes and dividends paid by the Group. Continuing this balance of domestic and international investment and return will be important.

My second reason for applying was the national importance of developing the North Runway. Given the growth at Dublin, the successful development of the North Runway, in a way which increases the airport's capacity and flexibility, is of huge importance. Having the opportunity to develop, finance and operate such an important piece of national infrastructure on time and within budget is a very exciting prospect.

Dublin Airport's existing main runway is operating at capacity at peak times and the new runway is vital to allow the Irish economy to continue to grow. The current plan is that daa will award the main construction contract for the new runway this autumn. Construction is due to be completed by early 2021, after which there will be a nine-month commissioning phase before North Runway can be brought into service.

However, there are significant issues still to be addressed regarding the new runway. I do not believe these are widely known or understood.

Under the current planning conditions, as soon as the construction of the new runway is complete Dublin Airport would have to introduce an airport-wide reduction in the number of flights during the night and first thing in the morning, which is its busiest time of the day.

Dublin Airport currently has about 100 flights between 11pm and 7am every day. The restrictions would cut this to 65 flights, causing an immediate and hugely negative impact on flights, jobs and connectivity for Ireland.

The airport could lose up to 3 million passengers in the first year due to the restrictions. By 2037 the restrictions are estimated to cost the Irish economy over 17,000 jobs – that's a greater level of employment than currently offered by the combined operations of Apple, Dell, Google, Facebook, and Microsoft in Ireland.

daa is seeking to amend these restrictive conditions, but to do this, we need clarity urgently on the new system for noise regulation at the airport.

The Government has said that establishing the new noise regime is a priority and that Fingal County Council will be the new independent noise regulator for Dublin Airport. In due course, daa will make its case to the regulator; other stakeholders will also have an opportunity to have their views heard and ultimately the regulator will make its decision.

However, without the enabling legislation and an appropriate amount of time, there is a real risk of the undesirable situation I outlined above crystallising. That would mean that despite having built a new runway, Dublin Airport would have fewer flights and reduced connectivity.

In my view, as a country we have a great opportunity with the North Runway to be on the front foot and to show how we can develop our infrastructure efficiently and quickly. I would ask the members of this Committee to do everything you can to progress this matter and ensure the timely enactment of the legislation and establishment of the noise regulator.

I am also very mindful that the new runway is understandably an important issue for some of the airport's neighbouring communities. I understand that daa is continuing to meet local groups and individuals on an ongoing basis and I support this dialogue. Since North Runway was announced in April 2016, daa has held more than 125 meetings with about 1,500 local residents, either individually or as part of residents' groups. That dialogue will continue.

At the same time as daa proceeds with the new runway, we are facing potential upheaval with Brexit. In my business in London, I am very focused on this issue. Planning our way through Brexit, and optimising daa for the post-Brexit environment, is a vital endeavour. The new runway will enable Ireland to better compete in that post-Brexit world and it is essential for Ireland's economic wellbeing that the delivery of the runway allows Dublin Airport to continue to grow.

Finally, as chair of daa, ensuring the proper functioning of the board will be an important focus of mine. As the board evolves through new members and re-appointments, it will be crucial to have the right balance of skills, views and diversity

and we will work in co-operation with the Department and the Public Appointments Service to deliver this balance.

Having watched daa develop as a regular passenger and from my role in the IAA and with my various aviation clients, the opportunity to be its Chairman and to work with the board and staff of daa is both a great challenge and an honour.

Thank you again for the invitation to appear before the Committee today and I am happy to address any questions that you may have.