Ireland West Airport

Submission to the Joint Committee on Transport and Communications Networks

November 2020

Introduction

Ireland West Airport opened in May 1986 and was managed by Connaught Airport Development Company Ltd (CADCO). In 1991, the Government withdrew its nominees to the Board and a public Trust was established by a Deed of Trust dated 20 November 1991 which constituted "The Horan International Airport Trust" (Trust). The Trust was signed in by the Minister of Transport and its objectives are focused on developing the airport on a commercial basis for the people of the West and North West of Ireland, expanding air services to key international markets of the UK, Europe and USA and supporting employment growth in tourism and business across the region.

Furthermore, any dividends/profits must be reinvested in the airport and it's Trustees and Board of Directors of the airport management company CADCO provide their services on a fully voluntary basis, therefore there are no private shareholders and the rights attaching to the Trust shares are to invest in, encourage and facilitate investment in the Airport and to fulfil the objectives set out for the people of the West of Ireland.

In 2017 seven Local Authorities (Mayo, Galway City & County Councils, Roscommon, Leitrim, Sligo and Donegal County Council) took a 17.5% shareholding in the airport with the objective of further driving the development of the airport with key focus areas of inbound tourism, business and economic development, leading to strong growth in inbound visitors and the designation of the airport as a Strategic Development Zone last year.

Ireland West Airport is unique in many ways compared to other airports and in particular in regard to the following:

1. Its ownership structure under a community/public Trust and operated on a commercial remit for the benefit of all those living in the region it serves. Additionally, equity shareholding by the seven Local Authorities (Donegal, Leitrim, Sligo, Roscommon, Mayo, and Galway City and County) in the Airport has created a unique regional investment and partnership in the facility between the people of the region and Local Government

2. This very positive endorsement by Local Government across the West and North West in 2017 has enabled the Airport to drive forward and has resulted in positive collaboration and cooperation in the key areas of inbound tourism, economic development and the harnessing the large Diaspora that use the Airport from the region

3. The Airport was designated with SDZ status in 2019 and recognised as one of the four main airports in the country with the commitment by Government in the Project Ireland 2040 plan and the National Development Plan 2018-2027 of increased investment, and prioritising the airport as a critical driver of economic and tourism development for the West and North West of Ireland

4. The airport serves a quarter of the country's landmass, with jet runway capabilities and a population catchment and customer base of 1.2 million people across the West, North West and Midlands regions of Ireland

5. The airport has the third longest runway on the island (2,400m) and the capability to handle all types of jet aircraft (e.g. wide body 767 for the G8 summit in 2013 and Airforce 2 for VP Biden's visit in 2016. In 2018 the Airport was pleased to welcome Pope Francis as part of his visit to Ireland and Knock Shrine

6. The Airport has experienced significant passenger traffic growth since 2010 and provides direct air access to 20 international destinations across the UK and Europe and in the recent past direct scheduled and charter services to the US cities of New York and Boston. 2019 was the busiest year in the Airport's history with passenger numbers reaching 807,000 for the first time

7. As a non-state-owned airport, it operates under a fully commercial remit, while receiving support from Government under the Regional Airport's programme, has managed to self-finance over 90% of all operational costs annually from commercial and aeronautical income streams

8. The airport is a key gateway for the West and North West regions in delivering 12 million overseas visitors since the Airport officially opened in 1986 with an estimated annual tourism contribution of €182m, based on the impact of Ireland West Airport passengers in 2018, supporting 2,901 jobs, contributing GVA of €112.6m and an Exchequer revenue of €29.4m*

(*Source: 2018 Ernst & Young)

2020

- 2020 was forecast to be another strong performing year with further growth towards achieving 1 million passengers per annum

- On March 5th following onset of COVID-19 our long-term airline partner, Flybe, ceased trading with the loss of their services to Birmingham, Edinburgh and Manchester - and loss of 92k annual passengers

- The airport closed its doors and laid off staff from March 30th to June 30th as a result of airlines cancelling their flight schedules due to COVID-19

Impact of COVID-19

- The Airport resumed flight services on July 1st with Ryanair and Lauda operating 50% of their regular schedule but load factors (number of seats filled) were just 30% compared to 90% for the same period in 2019
- Passenger numbers have collapsed by 90% over summer period due to the COVID-19 pandemic and the stringent travel restrictions currently in place
- Passenger forecast now for 2020 is 145k passengers – a reduction of 82% v 2019 to passenger levels last seen in 1995
- In late October Ryanair confirmed an 80% reduction in 2020/21 winter flight schedule and a complete suspension of flights for a 4-week period from mid-November to mid-December
- The Airport has restructured the business & reduced the workforce by up to 70%
- To date 43 redundancies with up to 100 staff placed on temporary layoff and remaining staff on reduced 3 day working week
- The airport appreciates and acknowledges the support received to date from the TWSS and now EWSS, and the rates relief scheme
- The Airport will sustain record losses of c. €4m in 2020 despite aggressive cost reduction measures across all areas of the business with revenues to decline by over €11m
- The region is deeply concerned that vital services will be lost to regional Ireland - services which could be lost to the region for a very long time given the current market conditions and travel restrictions in place
- Industry experts forecasted it to be 2024 before traffic levels return to 2019 levels

What the airport seeks

The COVID-19 pandemic represents the biggest ongoing challenge facing the airport and the aviation sector as a whole. In 2020, Ireland West Airport will record unprecedented financial losses as a result of the pandemic and a 90% collapse in passenger numbers. The airport has had to close its doors twice this year with major uncertainty and no certainty regarding airline schedules post December.

- The Airport is calling on Government to provide urgent support through an expanded regional airports programme or alternative funding mechanism to address the enormous financial losses resulting from the devastating collapse in passenger traffic, as a result of

COVID-19. This will support and protect the airport's cash position. Given the exceptional financial impact of the pandemic, the airport request that the current Regional Airports Programme is enhanced to address the impact from COVID-19 for 2020, to a level that covers the airport's net loss position, given that unlike in previous years, the capability of non-core airport activities income to cover/offset core airport activity costs are totally inhibited due to the pandemic

- Implement the recommendations of the Aviation Taskforce Report, of which the airport was a contributor to, as it is critical that the appropriate financial support mechanisms to support and incentivise the restoration of critical air access into regional Ireland are put in place.

- Following the adaption of the European Commission's traffic light system which maps out a co-ordinated approach to COVID-19 free movement restrictions, Government and the Public Health Authorities to work with airports in agreeing a common system of pre-departure testing at all Irish airports in advance of the Christmas travel period

- In particular for regional Ireland, to prioritise the opening up of an air corridor with the UK with limited/zero travel restrictions for regions with similar disease levels, as regional airports rely to a much larger degree than Dublin on this market. This will also be critical in supporting the survival the thousands of SME's and tourism and hospitality businesses through the pandemic and BREXIT challenges