



An Roinn Iompair
Turasóireachta agus Spóirt

Department of Transport,
Tourism and Sport

A NATIONAL AVIATION POLICY FOR IRELAND

DRAFT



May, 2014

Minister's Foreword

Aviation is a sector of national importance to Ireland. Our island status means that we are far more dependent on aviation than many of our continental neighbours and trading partners. A safe, secure and efficient aviation sector underpins a range of business, trade and tourism activities that contribute significantly to our economic well-being.

It is therefore important that Government provides an appropriate policy framework within which the sector can continue to develop and grow to support Ireland's economic recovery.

The first step that we took in developing a new national aviation policy for Ireland was the national aviation policy conference that was held in the National Convention Centre in December 2012 with over 450 stakeholders in attendance. Taking account of the issues raised at the conference, we then published an Issues Paper for consultation in March 2013. More than 70 submissions were received in response to the Issues Paper and this draft of the new national policy takes account of the views expressed in those submissions.

The key points are in the Executive Summary. I encourage interested parties to consider the proposals set out in this draft and provide further feedback to my Department before the new national aviation policy is finalised and adopted later this year.



Leo Varadkar T.D.
Minister for Transport, Tourism and Sport

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Executive Summary

Ireland's aviation sector is a major contributor to our economy. It is essential for our tourism industry, for our trading relationships and for connecting Ireland with the rest of the world. It contributes €4.1bn directly to our GDP comprising €1.9bn directly from aviation, €1.3bn through the supply chain and €0.9bn from associated spending by people employed in aviation. It supports 26,000 jobs directly and a further 16,000 in the supply chain. Ireland's tourism industry, which is hugely dependent on aviation, accounts for a further €5.3bn contribution to GDP and 180,000 jobs.

The draft national aviation policy aims to support the growth and continued development of aviation in 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; and
- To foster the growth of aviation enterprise in Ireland to support job creation and position Ireland as a recognised global leader in aviation.

The draft policy outlines the actions and initiatives proposed to achieve these key goals. In particular, it commits to:

- Making safety the number one priority and ensuring that safety regulation is robust, effective and efficient;
- The development of new routes and services, particularly to new and emerging markets;
- Ensuring a high level of competition among airlines operating in the Irish market;
- Supporting the development of Ireland's airports, including the development of Dublin airport as a secondary hub airport;
- Proper consideration of the importance of air freight to our export industries and our economic performance;
- Ensuring that the regulatory framework for aviation reflects best international practice and that economic regulation facilitates continued investment in aviation infrastructure at Irish airports to support traffic growth;
- Supporting the aircraft leasing and aviation finance sectors to maintain Ireland's leading global position in these spheres;
- Maintaining a safe and innovative general aviation sector to support Ireland's broader aviation industry.

The specific policy proposals set out in the Chapters that follow are brought together in Appendix 1.

Consultation Process

The draft National Aviation Policy for Ireland is available on the Department's website: www.dttas.ie.

Submissions and comments may be made by email to aviationpolicy@dttas.ie (preferred).

Alternatively submissions/comments may be made by post to the following address:

Aviation Services Division
Department of Transport, Tourism and Sport
44 Kildare Street
Dublin 2

The closing date for submissions is **Thursday 31st July 2014**.

Please note that all submissions and comments submitted to the Department of Transport, Tourism and Sport for this purpose may be subject to release under the Freedom of Information Acts 1997–2003 and may be placed on the Department's website.

1. THE INTERNATIONAL CONTEXT

BACKGROUND

Aviation is inherently international and the aviation sector in Ireland, as elsewhere, operates within this context. The system of rules governing the operation of international air transport dates back to the 1940s when the Convention on International Civil Aviation (commonly referred to as the Chicago Convention) was adopted. The Convention and its nineteen detailed annexes remain the rule-book for international air transport. The International Civil Aviation Organisation (ICAO) was established under the Convention. The European Union also has competence in relation to air transport and the evolving European regulatory agenda now extends to all areas of aviation.

Other EU and international organisations also have an important role to play in the development of the EU and international regulatory agendas in aviation. The European Aviation Safety Agency (EASA) is now at the heart of the EU aviation safety system with responsibility for proposing new rules and monitoring the implementation of EU safety rules and regulations. Eurocontrol plays an important role in the development of the Single European Sky, particularly in its role as network Manager. Ireland is a member of the European Civil Aviation Conference (ECAC) which promotes understanding of policy among its member states and other regions in the world.

Given this global context, many of the decisions that affect aviation in Ireland are not within national control. Ireland is, however, a significant player in international aviation. We have a strategically important role in air traffic management on the North Atlantic. We are the pre-eminent global centre for aircraft leasing with almost 4,000 of the 22,000 aircraft currently in operation around the world, owned by Irish based lessors and we are the licensing state of the largest intra-community carrier, Ryanair. It is therefore critical that Ireland influences developments at EU level and in ICAO to ensure that Irish aviation interests are defended and advanced in the development of the international and EU regulatory frameworks.

ISSUES

As a member state of the European Union, Ireland is a member of the European Council and has a say in all decisions and legislation adopted at EU level in relation to aviation.

In ICAO, the governing body, the ICAO Council, has 36 seats while there are more than 190 contracting states. For the purposes of securing representation on the ICAO Council and its advisory committee, the Air Navigation Commission, Ireland joined with six other European states in the mid - 1990s to form the ABIS Group. The members of the ABIS group 'rotate' the opportunity for representation on the ICAO Council and Air Navigation Commission (ANC) amongst its members. As part of this rotation process, Ireland secured election to the ICAO Council for the period 2001 to 2004 and we will again have the opportunity to present a candidate for election to the Council in 2016. Ireland currently has a representative on the ANC and previously we had a representative on the ANC during the period 1997 to 2000. These positions provide Ireland with an opportunity to shape the international regulatory agenda and to raise the profile of Irish aviation on a global stage.

At EU level, Ireland has multiple means of influencing developments affecting aviation; as a member of the Council, through our representatives in the European Parliament and by active engagement with the European Commission at the preparatory stages of the legislative process. It is in this latter process that there is scope for improving how we engage and influence the development of the regulatory agenda.

In Section 9, Consultation with Industry, the Department outlines its proposals for the establishment of a National Aviation Forum to provide a standing forum for engagement with industry and to coordinate the efforts of all Departments and state agencies with regard to the development of policy and legislation affecting aviation at national, EU and international levels. It is proposed that the National Aviation Forum would consider all emerging EU proposals and collectively decide on the most appropriate means of providing feedback to the EU Commission on all relevant stakeholder consultation processes.

POLICY PROPOSALS

- 1.1 Ireland will participate actively in international fora to influence developments in the aviation sector.
- 1.2 Ireland, as part of the ABIS Group, will seek nomination for election to the ICAO Council for the period 2016-2019.
- 1.3 The Department of Transport, Tourism and Sport will consult with the National Aviation Forum on the development of the international legislative agenda.

2. SAFETY, SECURITY AND SUSTAINABILITY

2.1 Aviation Safety

BACKGROUND

Safety, and public confidence in the safety of air travel underpin all other objectives in this sector. Maintaining the highest standards of safety in Irish aviation continues to be a priority objective of Irish aviation policy. In 2011, Ireland was ranked amongst the best in the world for civil aviation safety oversight, following an intensive international audit by the International Civil Aviation Organisation (ICAO). In July 2013, the Eurocontrol Performance Review Body (PRB) published its Annual Monitoring Report on safety which ranked Ireland first out of 29 European states for the measure of Effectiveness of Safety Management (EoSM) - a key metric for the quality of safety regulatory oversight. A fundamental requirement of any aviation safety oversight system is the obligation to report occurrences that may affect safety. In that regard, Ireland has a very good and effective Mandatory Occurrence Reporting System (MORs), established in accordance with the requirements of EU law and ICAO requirements, that is monitored on an on-going basis by both the IAA and the AAIU.

It is the Government's intention that Ireland's safety record in aviation is maintained and defended and that it participates actively in the development of the regulatory framework at an international level.

EU policy recognises that there is no such thing as "zero risk" in aviation as accidents and serious incidents may happen from time to time, especially in light of the growth of commercial air transport. Although EU policy is to do everything possible to increase the safety of air transport, whenever accidents or serious incidents happen, it is necessary to launch investigations into their causes in order to learn safety lessons and prevent such occurrences from happening again. Such occurrences are the subject of full investigations by the Air Accident Investigation Unit (AAIU), an independent Unit that reports directly to the Minister for Transport, Tourism and Sport. Final Reports of these investigations issue safety recommendations to national and international organisations and authorities to address shortcomings or deficiencies found in the aviation system during the course of the investigations.

The AAIU is required under International Convention and European regulations to investigate accidents and incidents that occur in the State. In addition, where foreign safety investigation authorities conduct investigations into occurrences on or involving Irish Registered and/or Irish operated aircraft abroad, the AAIU is required to appoint Accredited Representatives to assist the foreign state in the investigation. Furthermore, where a foreign state delegates an investigation back to the state of Registration, or where an Irish Registered aircraft suffers an occurrence in International waters, the AAIU is required to conduct the investigation. Mindful of the ever expanding Irish Registered commercial fleet, it is imperative that the AAIU retains the capacity to fulfil its investigative oversight obligations on the Irish Registered fleet both at home and abroad.

In general, aviation safety standards are set internationally by the International Civil Aviation Organisation (ICAO) and, in a European context, by the European Aviation Safety Agency (EASA), the European Union (EU), Eurocontrol, the European Civil Aviation Conference (ECAC) and in the North Atlantic Systems Planning Group (NAT SPG). The Safety Regulation Directorate (SRD) of the IAA oversees and regulates the implementation of these standards for the Irish civil aviation industry and its activities are in turn subject to regular independent audits by ICAO, EASA and Eurocontrol.

Ireland is committed to working with ICAO, the EU and other international agencies in the on-going development of appropriate safety systems and processes, in supporting occurrence reporting and investigation and in ensuring regulations are implemented and enforced.

ISSUES

Ireland has an excellent aviation safety record. Safety shall remain the number one priority. The primary responsibility for safety rests with the operator; the State's obligation is to ensure compliance. There are rapid and significant changes underway in the aviation sector. The increasing complexity of the aviation system requires the use of a risk-based approach to identify safety issues and assess residual safety risks that may exist within a compliant system.

A risk-based approach is an inherent part of a Safety Management System (SMS). SMS has been adopted by ICAO as standard international practice. The European Union, through EASA, is in the process of moving from what has mainly been a reactive system, in which rule-making proposals were on the basis of past experience, towards a prospective system that attempts to anticipate and focus on potential safety risks.

The ICAO Global Aviation Safety Plan and the European Aviation Safety Programme require Ireland to achieve full implementation of a State Safety Plan (SSP) and SMS across the civil aviation system, to facilitate the proactive management of safety risks.

Through implementation of the SSP framework, Ireland will complement fundamental safety oversight functions with risk management and analytic processes that can proactively identify and mitigate safety issues.

A focus on improved human factors analysis and management within the SMS is essential. Effective mitigation actions require accurate identification of causal factors. By improving the quality and depth of investigation to identify human and organisation causal factors, through SMS processes, appropriate mitigation actions can then be formulated.

Data collection and exchange, including occurrence reporting, together with the necessary analysis capability are fundamental to a risk-based approach. A fundamental requirement is that occurrence reports are accurately recorded in the mandatory European Centrally Coordinated Accident and Incident Reporting System (ECCAIRS), an EU database in which the IAA and AAIU participate.

An area of the industry that is developing very rapidly is Remotely Piloted Aviation Systems (RPAS). This is an area that requires specific study to ensure that an appropriate regulatory framework (airworthiness, operations and ANS) is in place for RPAS and we will encourage and support the development of an appropriate regulatory framework for RPAS internationally.

POLICY PROPOSALS

- 2.1.1 Safety will remain the first priority in the aviation sector.
- 2.1.2 Ireland will play an active role in the development of aviation safety regulations at an EU level and in ICAO.
- 2.1.3 Ireland will continue to facilitate and promote occurrence reporting in accordance with EU law and ICAO requirements and to meet the highest standards of independent accident investigation.
- 2.1.4 The IAA will establish and monitor appropriate key aviation safety indicators based on the EASA system.
- 2.1.5 The IAA and AAIU will monitor aviation safety trends through ECCAIRS analysis.
- 2.1.6 Ireland will continue to maintain an independent safety investigation authority for the investigation of aviation occurrences.

2.1.7 Ireland will develop and implement an appropriate regulatory environment for Remotely Piloted Aviation Systems.

2.2 Aviation Security

BACKGROUND

As a contracting state to the Chicago Convention, Ireland is committed to implementing the security standards and recommended practices developed by ICAO at a global level and, as a member of the European Union, Ireland must implement EU legislation pertaining to civil aviation security. These rules shape the aviation security framework within which all entities in the aviation security chain in Ireland must operate. The international regulatory framework is also incorporated into Ireland's National Civil Aviation Security Programme (NCASP) which is developed in consultation with the industry and which all entities must comply with.

A high quality national aviation security system requires not only strong work by the State but also from all key players in the sector including airports, airlines, and other regulated entities involved in the secure supply chain.

The role of the State in aviation security involves ensuring that the current set of internationally set rules and regulations are adhered to by all those entities involved in the aviation sector. It also requires work at international level to ensure that the rules in place are justified, aligned with actual needs and proportionate to the level of risk.

In 2013, responsibility for monitoring compliance by all entities in the State with EU and international aviation security requirements was allocated to the IAA. The development of aviation security policy, including the NCASP, and engagement at international level continues to be led by the Department of Transport, Tourism and Sport.

ISSUES

The global threat to aviation remains real. It is also becoming more complex as new methods of attack are conceived by terrorists and others with an aim of unlawfully interfering with aviation. A global threat requires a global response – no one state can tackle this threat on its own.

Given the nature of air traffic operating into and out of our island, Ireland must be always ready to adapt, anticipate and respond to this evolving threat. Security rules are set internationally in fora such as ICAO and the EU. Ireland will continue to play our part in shaping the global response to the ever-present and evolving international threat and to ensure that this global response takes account of the impact of aviation security measures on the industry and on passengers and businesses.

Our approach will continue to be one of partnership with industry. Resources are always limited and new approaches to achieving the best security outcomes are essential. We know this can be achieved by building on the good work already being done by industry and we will encourage this further through the introduction of a "Security Management System" (SeMS) approach. Allowing industry greater freedom in how precisely it complies with security rules has the potential to leverage the innovative skills inherent in the sector so that a risk-managed approach to security can be delivered focussing resources where the risk is highest. We will make progress in this area by initiating an outcome-focussed risk-based approach to the regulation of security in Ireland and through encouraging the greater use of technological solutions where possible. Our overall aim will be to deliver a more effective security outcome that facilitates a smoother experience for both

passengers and business. We will move progressively towards this objective by advancing our research into the feasibility of applying an appropriate best international practice that balances the needs of security with facilitation.

POLICY PROPOSALS

- 2.2.1 Ireland will ensure that sustainable aviation security solutions are delivered nationally. In designing future security procedures to be incorporated into our NCASP, a central consideration will be the perspectives of cost, efficiency and acceptability by passengers and air transport operators.
- 2.2.2 Ireland will introduce a more targeted and comprehensive approach to compliance monitoring developing requirements for a “Security Management System” (SeMS), similar to the successful approach already implemented in the field of safety.
- 2.2.3 Ireland will allow greater flexibility to industry through the introduction of the concept of an outcome-focussed risk-based approach to security regulation.
- 2.2.4 Ireland will expand our regulatory suite of measures to take account of new and emerging threat issues. In the period 2014-2016, our research efforts will focus on issues such as cyber, landside and ATM security.
- 2.2.5 Ireland will place a risk-based approach to security at the heart of our thinking and of our future research. As a first step in this direction we will undertake a feasibility study, in conjunction with other key stakeholders, on the concept of a “Trusted Traveller” Programme in 2015.

2.3 Sustainability

BACKGROUND

The impact of aviation on the environment has been a significant aspect of aviation policy internationally and is likely to remain so. Debate on aviation sustainability revolves mainly around greenhouse gas (GHG) emissions from aircraft and the impact on local communities of airport noise. In both instances, there have been considerable technological advances. New aircraft are 70% more fuel efficient than forty years ago and 20% more efficient than ten years ago. Although the current contribution of aviation to overall greenhouse gas emissions is relatively low at about 2%, emissions from aviation are among the fastest growing sources of GHG. By 2020, global international aviation emissions are projected to be around 70% higher than in 2005.

New aircraft are also much quieter, by as much as 75% compared to thirty years ago. On the other hand, these advances are offset by the increase in activity over the period.

ISSUES

Following the decision by the EU in 2008 to include aircraft emissions in the European Emission Trading Scheme (ETS), with effect from 1 January 2012, Irish carriers are required to record emissions (calculated on the basis of measuring fuel consumed) and to surrender certificates allocated to them. The number of certificates is capped, requiring airlines to either reduce their emissions or purchase certificates on the market. When introduced in 2012, the EU-ETS applied to all flights landing at or departing from an EU/EEA airport. However, in order to create the circumstances for the development of a global scheme and to build on the momentum established in ICAO during 2013, flights to and from destinations outside the EU/EEA have been exempted until 2016.

Recent ICAO Assemblies have recognised the need for action and in September 2013, a decision was taken to develop a global market based measure (MBM) to limit CO₂ emissions. The shaping of the global MBM scheme and the manner of its implementation by the agreed date of 2020 will be a key issue for Ireland alongside its EU partners. This is expected to involve considerable technical debate in which it will be important to have key data available.

Noise-related measures constrain not only airport capacity at a particular airport but also the aviation system as a whole through the network knock-on effects. The European Community adopted a Directive in 2002 on the procedures concerning the introduction of noise-related operating restrictions. The Directive was based upon the “Balanced Approach”, agreed and recommended by ICAO. The Balanced Approach comprises four principal elements:

- making aeroplanes quieter, by setting noise standards;
- managing the land around airports in a sustainable way;
- adapting operational procedures to reduce noise impact on the ground; and
- if required, introducing operating restrictions.

A proposal to revise this Directive is currently under discussion within the European Council and the European Parliament and an agreement on its revision is imminent.

POLICY PROPOSALS

- 2.3.1 Ireland favours the development of global international standards for market based measures on aircraft emissions and will work with European partners to achieve that.
- 2.3.2 Ireland will develop its aviation emissions reporting capability.
- 2.3.3 Ireland will, in 2015, update its National Action Plan for Emissions Reductions in line with the ICAO 2013 Resolution on Climate Change.
- 2.3.4 Ireland will encourage research and development in Ireland of clean engine technologies and sustainable fuels.
- 2.3.5 Ireland will support and implement a “Balanced Approach” to noise management at Irish airports.

3. AIR SERVICES & CONNECTIVITY

BACKGROUND

The creation of the EU single market for aviation in the 1990s removed all commercial restrictions on airlines flying within the EU. Under the single market all EU carriers can operate services on any intra-EU route. The single market has been a resounding success; it has transformed air travel in Europe driving down prices dramatically, increasing consumer choice and connectivity.

Outside of the EU single market, however, access to the air transport market is still heavily regulated under the framework set down in the Chicago Convention. Ireland, under the Chicago Convention, has negotiated bilaterally with a wide range of states to agree market access rights for both passenger and cargo services. A list of states with which Ireland has a bilateral air transport agreement is available on the Department's website www.dttas.ie. Following the "Open Skies" judgment in 2002, all rights negotiated by each of the EU member states in their bilateral agreements, must be equally available to all EU carriers.

Furthermore, under the EU's external aviation policy, the European Commission has been mandated to negotiate such agreements on behalf of the EU and its member states with certain third countries. Under this process, so called "Open Skies" agreements have been negotiated, doing away with capacity, routing and other limits, creating a free market for services between the parties to that agreement. The EU-US "Open Skies" agreement is a good example.

The EU has indicated its willingness to negotiate the current ownership and control limitations in the Chicago Convention system with states prepared to similarly waive the requirement on a reciprocal basis.

The relaxation of current ownership and control limitations would help to increase access to capital markets for airlines and to facilitate consolidation in the air transport market. It is also likely to see the development of further services between these like-minded states.

ISSUES

3.1 Market Access Rights

For countries with which Ireland continues to negotiate on a bilateral basis, the general policy will be guided by free market principles. One key issue in such negotiations is the extent to which Ireland should grant "fifth freedom" rights. Irish airlines do not tend to and have not sought to operate on any routes using fifth freedom rights although such rights are available under some of Ireland's bilateral air transport agreements. However, non-EU countries will often seek fifth freedom rights for their airlines, which would allow such airlines pick up and drop off passengers in Ireland, en route to other destinations (for instance an airline with a route from east or south of Europe stopping off in Ireland en route to North America). Such routes would increase choice and connectivity for travellers to and from Ireland and increase the number of transit passengers using Irish airports. Although fifth freedom rights often feature in the access rights agreed between states in bilateral air transport agreements, the exercise of such rights is often limited and in the past they have tended to be exercised mainly on long-haul.

In the consultation process, submissions received were generally in favour of a fully liberalised approach being adopted.

By allowing fifth freedom access to all airports in Ireland, it is argued that the State would:

- become a more attractive destination for air passenger services with increased benefits for the Irish economy;
- enable maximum access and assist route development;
- complement the preclearance facilities already available at Dublin and Shannon; and
- assist the development of our airports as hubs.

Many stakeholders considered that because Ireland is an island nation with a significant tourism industry and a large number of high-value, time sensitive export industries which depend on these links, a liberal policy on fifth freedom rights should be pursued.

On the other hand, some stakeholders referred to the threat to existing airlines and the potential effects on inbound tourism, employment and on Irish and EU airlines and airports.

Furthermore, airlines in other countries may operate in a different competitive environment. For example, subsidies, unfair practices, inconsistent application of regulatory frameworks and lack of transparency in financial reporting, can distort competition. The issues raised by fair competition concerns are recognised at an EU level. Reassurance on this in the form of 'fair competition clauses' in bilateral agreements should be sought.

While this policy proposal may result in challenges for incumbent airlines, they are likely to be both short term in nature and also outweighed by the advantages to Ireland of an open market approach.

Where necessary the Department of Transport, Tourism and Sport will assess the economic costs and benefits for Ireland of specific measures under this policy proposal.

POLICY PROPOSALS

- 3.1.1 Ireland's objective in bilateral negotiations will be to reach agreement on the basis of fifth freedom rights, on a reciprocal basis, taking account of EU criteria on fair competition.
- 3.1.2 The Department will increase and extend Ireland's bilateral agreements with other states.
- 3.1.3 Ireland will continue to actively support EU efforts to negotiate full Open Skies agreements with third countries.

3.2 Irish Airlines

Ireland is well served by indigenous and international airlines. The biggest players in the Irish market are, of course, Aer Lingus and Ryanair but other Irish airlines including Air Contractors, CityJet and Stobart Air play an important role. Since Ryanair was first established in the 1980s, Ireland's aviation policy has favoured competition by having at least two major airlines competing in the Irish market. Between them the two largest Irish airlines, Aer Lingus and Ryanair, currently provide over 80% of the seat capacity in the Irish market, thus making the competitive dynamic between these two airlines particularly important.

Since the Aer Lingus IPO in 2006 Ryanair has made three takeover bids for Aer Lingus. Successive Governments have opposed these bids primarily on competition grounds. On two occasions, in 2007 and 2013, the European Commission concluded that the proposed merger would have harmed

consumers. In 2013, the Commission concluded that the merger could create a monopoly or a dominant position on 46 routes where Aer Lingus and Ryanair compete vigorously against each other.

Competition between Ryanair and Aer Lingus has been good for Irish consumers and connectivity. No overwhelming case was put forward in the consultation phase advocating a change to a policy that supported two major airlines with bases in Ireland.

Competition has helped ensure the resilience of Irish airlines in the face of volatile industry conditions, in particular since 2008. Indeed, Irish airlines have been growing over recent years.

Irish airlines are in a better financial position than many of their overseas counterparts and are competitively placed to contend with fluctuating market challenges and demands.

The Irish Government and stakeholders recognise the significant economic benefits that will flow to Ireland from a fully liberalised domestic aviation market. The Government considers a competitive, open, domestic aviation sector to be the best mechanism to deal with current industry challenges and it strongly supports the maintenance of an open aviation market.

The State retains a 25% shareholding in Aer Lingus. In 2012, the Government included this shareholding in Aer Lingus among assets to be sold under the State Asset Disposal programme, but agreed that the stake would only be sold when market conditions were favourable and if acceptable terms and an acceptable price could be secured. However, circumstances favourable to a sale did not arise during the period of the EU/IMF support programme.

The Government continues to manage its shareholding actively, with the aim of maximising the value of the shareholding, securing dividends and encouraging new routes and additional capacity where commercially viable.

POLICY PROPOSALS

- 3.2.1 Ireland will continue to pursue its policy based on competition between at least two airlines with significant home bases in the Irish market, as the best means of ensuring a competitive aviation sector and ensuring a wider range of services such as long haul and also cargo services.
- 3.2.2 Ireland will facilitate a market which is open to new entrants in order to maximise connectivity and competition.
- 3.2.3 The State will retain its shareholding in Aer Lingus in the short term and will seek to maximise its value. The State remains open to the sale of its shareholding when conditions are right and if the right price and terms could be agreed.

3.3 Air Freight Services

BACKGROUND

While the global financial crisis has impacted on the growth of air freight in the short-term, as economic conditions improve, long-term global forecasts for international air freight point to continued strong growth over the coming decades. While only 1% of freight in tonnage is moved by air, it represents about 35% of the value of all freight into and out of Ireland - mainly seasonal foodstuffs, pharmaceutical, medical devices and IT components. Most of Ireland's international freight is carried in the hold of passenger aircraft. However, not all carriers provide a freight service, which means that there is less choice in terms of frequency and range of locations served for freight services, than is

the case for passenger services. Dedicated air freighters are, therefore, an important and growing part of the international freight business.

ISSUES

What we export is changing (more low volume, high value products) and the destination of Irish exports has become more diverse. A large proportion of Irish “air freight” exports in fact leave the State by truck for the UK and continental European airports where they are loaded onto freighter aircraft. There is considerable scope to enhance Ireland’s export competitiveness through better air freight provision, shortening supply chains and reducing time to market. Therefore, access to a choice of competitively priced and frequent air freight services to a range of short haul and long haul destinations in existing and emerging markets is critically important.

The irony of overnight express cargo systems is that express goods can move between continents in one day and then sit in a customs warehouse for days to follow. For many of Ireland’s most important sectors (e.g. life sciences, food and drink), efficient customs clearance of inward time sensitive merchandise is crucial as is the availability of temperature controlled freight movement/handling facilities to enable Irish businesses comply with international standards.

Responses received in the consultation process suggested that the State should ensure that air freight handling and custom facilities at Irish airports minimise delays and facilitate the efficient and timely delivery of outward and inward freight movements. The Department will engage with the relevant stakeholders under the auspices of the National Facilitation Committee to address these matters. The Department will also require the three State airports to develop and publish strategies on air freight, which will examine the costs and benefits involved, and consider how they can facilitate cargo, not only in terms of their charging regimes but also in terms of physical facilities. These strategies should include the introduction of arrangements for benchmarking the facilitation of freight through the airports, similar to those which aid passenger facilitation.

It is recognised that other players in the industry including airlines, industry representative bodies and some of the state agencies, also have a very important role to play in creating a supportive environment for air freight and it is important that efforts by all concerned are harnessed and aligned. In the context of the development of an overall freight policy for Ireland which will be undertaken in 2015, the Department will work with all of the players involved to develop a comprehensive policy on air freight.

Ireland will continue to pursue an “open-cargo” policy for dedicated air freight services. In this regard, it will pursue the removal of limits on all cargo capacity in our bilateral agreements to support our export industries who rely on air freight.

Also, in the consultation process it was suggested that the introduction of US cargo preclearance could enhance Shannon Airport’s potential as a recognised cargo transshipment point. The Department agrees but, following discussions with the US authorities, recognises the difficulties in initiating such a programme. In the context of establishing Shannon Group which will facilitate the development of an International Aviation Services Centre, the Department will promote the development of Shannon Airport as an aero-industry hub.

POLICY PROPOSALS

3.3.1 The Department will liaise with the US authorities in relation to the introduction of arrangements which would improve the existing regime for exports to the US including US cargo preclearance (customs, security, Food and Drugs Administration (FDA)).

3.3.2 The State airports will be mandated to develop and publish strategies on air freight.

- 3.3.3 Shannon Airport will be asked to prepare a business case for designation as an aero-industry hub, particularly as a European gateway to the US, in association with the International Aviation Services Centre.
- 3.3.4 The Department will remove limits on all cargo capacity in Ireland's bilateral air transport agreements, wherever practicable, to support our air freight export industries.
- 3.3.5 The Department will engage with the relevant stakeholders under the auspices of the National Facilitation Committee to ensure that air freight handling and custom facilities at Irish airports minimise delays and facilitate the efficient and timely delivery of outward and inward freight movements.
- 3.3.6 The development of a more comprehensive air freight policy will form part of the Department's overall freight policy, the development of which will be undertaken in 2015.

3.4 US Preclearance Service

BACKGROUND

Ireland has an aviation preclearance agreement with the United States since November 2008. Under the agreement, passengers of all US bound flights from Dublin and Shannon airports are now fully cleared for US immigration, customs, agriculture and security controls before leaving Ireland. This means that passengers travelling to the US are treated as domestic passengers on arrival and do not face any further US entry controls. This greatly improves the passenger experience on arrival in the US as it avoids a lengthy entry process and allows transit passengers to remain airside for connecting flights. Because of preclearance, aircraft from Ireland can now terminate their flights at domestic airports or at domestic terminals of international airports in the US.

Preclearance at Dublin and Shannon Airports provides Ireland with a significant advantage over other European airports as the service is not provided elsewhere in Europe. The commercial and economic benefits of preclearance are already clear. Preclearance is a factor that contributed to the growth of US connecting traffic at Dublin and Shannon in recent years.

ISSUES

US preclearance is an asset that can be exploited to develop major transit hubs at Dublin and Shannon Airports to take advantage of the service. There is also great potential to open up new routes to US domestic airports. This would be particularly relevant in attracting a low cost carrier to operate between the US and Ireland.

In addition to commercial aviation, the 2008 Preclearance Agreement with the US covers preclearance for general aviation/private aircraft flights (GA) and this has been available at Shannon since 2009. Given the high number of GA aircraft that already landed there for refuelling en route to the US there was an expectation that there would be a boost in GA landings in Shannon to take advantage of preclearance. However, the up-take by business jet operators has been disappointing. The penetration rate of GA aircraft availing of preclearance for westbound transatlantic operations stands at about 6% of the market. It is important to establish whether or not there is an opportunity to develop the service to meet the needs of the GA sector.

POLICY PROPOSALS

- 3.4.1 The Department will maintain close formal links with the US authorities to ensure the continued delivery and development of US Preclearance facilities at Dublin and Shannon Airports.

- 3.4.2 The Department will encourage Dublin and Shannon Airports and Irish carriers to maximise the benefits to Ireland of the preclearance offering and will promote the development of those airports as preclearance centres.
- 3.4.3 The Department's objective will be that all US bound flights from Dublin and Shannon are precleared.
- 3.4.4 The Department will work with the airports and US authorities to increase the number of GA aircraft utilising preclearance.

4. AIRPORTS

As an island nation, with a peripheral location, aviation access infrastructure is of strategic importance to Ireland as around 84% of all passenger movements into and out of Ireland are by air.

Air transport requires a specific level of airport infrastructure, both in terms of capacity and quality, to facilitate the optimum level of air services for Ireland. This includes terminal and runway capacity as well as access to airports. Ireland currently has twenty eight licensed aerodromes which include the three State-owned airports, twelve licensed for public use and thirteen licensed for private use. A full list can be found in Appendix 2. These airports provide different types of services, ranging from leisure orientated general aviation to full international scheduled passenger and cargo services. This section of the Policy is focussed on the larger airports that underpin economic activity in Ireland.

4.1 Ownership and operation of State airports

BACKGROUND

Around the world, airports are owned and operated under different models, including fully private, e.g. Heathrow; operating under long term leases such as airports in Australia; a mix of state and private ownership as in Paris, and those such as the three Irish state airports that are fully owned by the State. In the US, there are instances where terminals are privately owned or operated with a public authority retaining ownership of the runway and airfield.

The future ownership arrangements for the State airports have been considered on a number of occasions over the years, and fundamental changes have recently been introduced by the current Government. Since 31 December 2012, Shannon Airport has been separated from the DAA and at the same time the Government decided that Cork Airport should remain within the DAA. Since then Cork Airport has established a Cork Airport Development Council to provide for strong engagement and alignment with key stakeholders in the region to exploit the opportunities for growth and to improve the operating performance of the airport.

The three State airports, owned and operated by DAA and SAA, have a critical role in supporting economic development by facilitating trade, tourism and inward investment. These State companies, while operating to a commercial mandate, ensure that airport investment decisions take account of the wider national interest in a way that could not readily be guaranteed were they owned by private shareholders.

In particular, the strategic importance of Dublin Airport extends far beyond its geographic catchment area and its future is critically bound up with the Irish economy e.g. inward investment, tourism, trade etc. This strategic importance is also reflected in the nature and extent of the competition that Dublin Airport faces.

In developing a national aviation policy, it was considered appropriate to discuss the ownership and operation issue again given the medium to long term horizon of the policy.

ISSUES

Many of the respondents considered that Dublin Airport is the only airport in the State which could be described as critical to national business and tourism needs. It handles 80% of all passengers into and out of the State and 85% of air freight.

Of the 74 organisations and individuals who submitted responses to the Department's Issues Paper, 34 expressed views on the future ownership of the State airports. Only two of these advocated privatising the State airports.

It was also noted by the Airports Council International (ACI) in their submission that the majority of airports in Europe are publicly owned (78%). ACI consider that by itself, the type of airport ownership is not a key determinant of airport investment, operational efficiency or commercial acumen.

Airport operators are increasingly commercially-focused and profit driven and this has led to considerable improvements in performance, efficiency and innovation. These improvements can be advanced by ensuring that the airport operator is enabled to operate at arms-length from the Government, is incentivised to make a profit, operates within an appropriate regulatory framework and has the freedom to make all necessary commercial decisions. Consequently, it was noted in some responses that the mandate of all State airports should be reviewed periodically, to ensure they are achieving the required economic outcomes for the State.

The revised ownership and governance arrangements for the three State airports, provides the certainty for the airports that has been lacking since the adoption of the State Airports Act 2004. The 2004 Act also provides the legal mechanism under which Cork Airport could separate from the remainder of the DAA should this at some future point make financial sense for the airport and the remainder of the DAA. All three airports are now developing business plans to achieve renewed traffic growth.

POLICY PROPOSALS

- 4.1.1 The three State airports will remain in public ownership.
- 4.1.2 The Department will review the mandates of the State airports in 2019 (and subsequently at defined intervals) to ensure that they are continuing to deliver the desired economic outcomes for the State.

4.2 The future capacity needs of the State airports

BACKGROUND

It has been evident for some time that the traditional strong economies of Europe, Japan and North America are being challenged, and in some cases outperformed, by new high growth emerging economies. Current economic forecasts suggests that within six or seven years China will leapfrog the US to become the world's largest economy, followed by India with Russia displacing Germany as the world's fifth largest economy. These shifts in relative economic power are already influencing global politics, business environments and investment flows.

At the same time consumer markets in these economies are expanding at an accelerated rate to cater for the massive expansion of the middle class. By 2030, air passenger traffic in the Asia-Pacific region is predicted to surpass all other world regions, with more than 4.8 billion passengers – up from just 1.4 billion in 2009.

In this dynamic situation Ireland will be left behind if we do not respond to these developments and create good air connections to these countries to take advantage of the business, tourism, cultural and educational possibilities.

While very significant growth in air transport is forecast for Asia Pacific, in particular, in global terms the forecast is that air traffic will double over the next 15 years. This means that there continues to be great scope for expansion in Ireland's air services connections for business and tourist purposes with our traditional trading partners in Europe and North America.

ISSUES

To ensure future connectivity and to deliver growth, it will be important that the State airports, Dublin in particular, have runways of sufficient length to enable services to operate to global emerging markets without weight restriction.

Furthermore, respondents to the consultation phase of this policy statement noted that new international research suggests that we need to shift focus away from connecting to economies as a whole to cities within them, and beyond high-profile megacities to the most attractive middleweights, particularly in emerging markets.

Over the next 15 years, the makeup of the group of top 600 cities will change as the centre of gravity of the urban world moves globally south and, even more decisively, east. By 2025, 136 new cities are expected to enter the world's top 600, all of them in the developing world and overwhelmingly in China.

Using current aircraft fleets, it is not possible to reach many of these top cities from the existing runway at Dublin Airport.

In addition, despite the current traffic downturn, there are peak periods of the day, particularly in the early morning and late afternoon, when operational capacity at Dublin Airport is constrained as a result of it not having a parallel runway. Both Shannon and Cork Airports have considerable scope to increase passenger numbers with their existing infrastructure and this is likely to be sufficient for their medium to long term development.

Submissions in the consultation phase suggested that a runway at Dublin Airport of in excess of 3,000m would serve the markets that are anticipated, based on expected aircraft fleets. This will enable connections for both business exports and international tourists and enhance the potential to develop Dublin Airport as a strong secondary European hub. Indeed, Dublin Airport has secured the land needed for such a runway. While planning permission has already been secured by the DAA for the project, this may need to be revisited to take account of any future Government decisions on a second runway following the outcome of the infrastructure/capacity review that DAA will be required to carry out in 2015 (see following section).

It is important that regular reviews, say every five years, are conducted to ensure that all of the main airports are well placed to accommodate passenger growth, changing passenger and freight needs and carrier needs. These reviews should take into account enterprise and tourism policy objectives and targets. Given the ever increasing importance of direct access to long haul destinations for enterprise development, the periodic review of capacity requirements at the main airports should carefully consider the implications of global developments in aircraft size and landing requirements. They should seek to maximise efficiencies of existing runway infrastructure and to determine the appropriate timing of new runway developments in order to facilitate increased connectivity to international markets. The reviews should also consider other infrastructure developments required to accommodate the new generation of long distance wide-body aircraft in terms of aircraft size and landing requirements, to accommodate changing passenger, freight and airline needs.

POLICY PROPOSALS

4.2.1 Dublin, Cork and Shannon Airports will be mandated to carry out reviews of capacity constraints and infrastructure needs at five yearly intervals, commencing in 2015.

4.3 Creating growth at the State airports

BACKGROUND

The fortunes of airports and the wider economies they operate within are inherently linked. Traffic growth is key to the aviation industry, and given the well-established strong positive relationship with GDP growth, the economic objectives of airports and society are closely aligned.

Beyond the objective of seeking aggregate growth rates, airports are incentivised to seek out high-value traffic, which opens up new destinations and increased connectivity to a region or country. In particular, new long-haul services are particularly valued by airport authorities and the society they serve as they open up new tourism and trade opportunities while increasing aeronautical revenues and airport retail opportunities.

The increasing importance of high-growth and high potential markets, such as Brazil, Russia, India and China, Middle East and Far East has been recognised by the Government and articulated in “A strategy and action plan for Irish Trade, Tourism and Investment to 2015”. A critical part of realising the opportunities that exist in these markets lies in ensuring good air connectivity to these markets, through both established and newly emerging air links.

Unlike other aviation stakeholders, airports generally cannot reduce or change capacity during difficult times. As businesses that incur significant sunk costs in terms of infrastructure investment, airports by necessity must focus on the longer term. Their optimal strategy therefore is to make long-term commitments to the regions and countries they serve and to work towards outcomes that strengthen the economic potential of these areas.

Coming under ever-increasing competitive pressures to grow, 96% of European airports now actively market themselves to airlines via a range of activities such as bilateral meetings, route development conferences, incentive schemes, advertising and more.

ISSUES

Dublin

While access to global hubs is of key importance to inward investment, it should be noted that Dublin Airport’s development as an interconnecting hub is itself also of great importance to the Irish aviation sector and the broader economy. An opportunity now exists to develop Dublin as a vibrant secondary hub, competing effectively with the UK and other airports, for traffic flows between Europe and the US.

Dublin Airport has seen a major increase in the numbers of transfer passengers in recent years with significant benefits to the broader economy. A hub combines local passengers with transfer passengers enabling airlines to operate services to more destinations and more frequently than could be supported by local demand alone.

This allows airport operators to utilise airport assets more efficiently and to drive down per passenger airport charges to the benefit of airport users and passengers. In this context, the support and promotion of Dublin as a hub airport is an important means to maximising air access for the Irish

economy. This will require support from relevant Government Departments and the State agencies involved in tourism marketing and trade developments.

Dublin Airport has a number of features which makes it attractive to air carriers in terms of connectivity options including its geographic location on the North Atlantic Trans-Continental route, US Preclearance (also at Shannon), single terminal transfers, its capital location with a significant catchment area. These features offer passengers who need to make a connection a unique opportunity to avail of a transfer product that reduces the overall elapsed journey time compared with other connecting opportunities. Currently, the market for one-stop connectivity between Europe and the US is c.24m passengers. Ireland is gaining less than 5% of this business, despite these advantages.

Cork and Shannon Airports

The size and location of Dublin Airport distinguishes it from the other State airports. However, Cork and Shannon have other advantages and must develop their business potential accordingly. Tourism development has a key role to play in this context and both airports also play a key gateway role for businesses in their regions, especially multinationals.

Shannon is also important for connecting traffic with encouraging increases in transit and transfer traffic facilitated by the convenience of Shannon's single-terminal transfer capacity.

Cork and Shannon Airports are ideally located as Gateways to some of the premier tourism destinations. Given the natural attractions of these areas and the tourism development already in place, inward directed tourism can be the key economic driver.

Using the resources of Tourism Ireland and the marketing skills of DAA and SAA (soon to become part of Shannon Group), the State will encourage the development of both airports as key destinations for inward tourism to be complemented by the development of high value niche tourism products. The section on Regional Airports recognises the contribution those airports can make to their localities and regions, particularly Ireland West Airport, Knock for similar reasons.

Visas

Ease of access extends to border controls as well as transport routes. Such controls can be a constraint on the growth of aviation business and on tourism. Ireland and the UK are not part of the Schengen Area which shares a common visa policy.

A short-stay visa waiver programme launched in 2011, allows visitors or business people from 18 countries (including China, India and Russia) who have lawfully entered the UK on a valid visa, to travel on to Ireland without the requirement to obtain an Irish visa. There were an estimated 109,000 visitors from these countries in 2013, an increase of 66% when compared with 2010, the last full year before the visa waiver programme was introduced.

Building on the success of the Irish Visa Waiver Programme, plans are currently being developed, in co-operation with the United Kingdom, for reciprocal Common Travel Area visa arrangements to commence before the end of 2014. This will allow visitors to the UK and Ireland to travel around the two States, on a single UK visa or Ireland visa. The scope to optimise the visa process for tourists and business travellers continues to be examined, including in the Tourism Policy Review. It is important to note that there are opportunities to grow traffic generally on the basis of easier access for nationals who currently require visas to visit.

POLICY PROPOSALS

- 4.3.1 Dublin Airport will be promoted as a secondary hub airport.
- 4.3.2 The roles of Shannon and Cork airports as key tourism and business gateways for their regions will be supported.
- 4.3.3 The work of all relevant State agencies, particularly in tourism marketing and trade development, will be coordinated to identify new route opportunities for Ireland.
- 4.3.4 Ireland will further develop the visa system to ease tourism and business travel to Ireland.

4.4 Regional airports

BACKGROUND

Following a Government Decision in June 2011, which arose from a Value for Money Review published earlier in that year, the Exchequer currently provides financial support to four regional airports (Donegal, Ireland West Airport Knock (IWAK), Kerry and Waterford). That financial support is administered by the Department through three separate schemes –

- A Regional Airports Capital Expenditure Grant (CAPEX) Scheme
- A Core Airport Management Operational Expenditure Subvention (OPEX) Scheme
- A Public Service Obligation (PSO) air services Scheme

All funding of regional airports by the Exchequer must comply with the 2005 EU Guidelines on State Aid to airports and airlines. The importance of working towards financial viability in the medium term has been emphasised.

Funding support under the CAPEX Scheme is only paid to the regional airports for essential safety and security work and OPEX subvention is paid to compensate the regional airports for costs incurred in providing core airport services, insofar as these costs cannot be fully met by prudent commercial management and from any surpluses generated by non-core activities such as car parking and catering. Currently, there are two routes operating from regional airports under the Public Service Obligation (PSO) air services Scheme – Kerry/Dublin and Donegal/Dublin. The current CAPEX and OPEX Schemes are due to finish at the end of December 2014 and the PSO air services Scheme in November.

ISSUES

The March 2013 Issues Paper for consultation recalled that regional airports in Ireland were developed in the 1980s to provide for improved connectivity both nationally and internationally. It was recognised that regional airports could deliver significant social and economic benefits to the regions that they serviced, particularly at a time when rail and road connections were poor.

However, the motorways and improvements to the rail network in the intervening period have reduced the importance of regional airports for connectivity within Ireland. Today, regional airports are viewed as being important because of a level of international connectivity that they bring to a region for tourism and business. Donegal, Waterford and Kerry airports are important to the area in which they are located. IWAK plays a more regional role in terms of access than other airports given its location in the North West and has an important contribution to make in tourism development.

It is accepted that regional airports should be given the opportunity beyond 2014 to grow to a viable, self-sustaining position, particularly considering the contribution that they make to their regional and local economies. As a result, Exchequer support (OPEX and CAPEX) for the four regional airports will continue beyond 2014. This decision will facilitate the airports in developing and implementing new business plans leading to self-sufficiency within a ten year period. Central to these will be the need for regional and local business investment.

The EU's initiative to update and revise the 2005 Guidelines on State Aid for airports and airlines sets out the parameters for both CAPEX and OPEX supports for regional airports post 2014 and will also have to be taken into account in delivering new support schemes in Ireland. Based on the EU Guidelines of March 2014, such support given by the State (Exchequer and local authority) will be limited under any future Regional Airports Programme.

State CAPEX supports will only be available for safety and security related infrastructure projects and will normally be limited to a maximum 75% of the total eligible costs in accordance with the revised Guidelines on State Aid. Clear business plans will be required from the airports covering the period of the proposed investment. The airports will have to fund at least 25% of the total costs, and any other capital development projects, from their own resources and/or through local investment.

There are many demands on the funding available to the Department and maintaining an attractive Regional Airports Programme will be challenging post 2014, particularly with competing financial requirements for public transport provision and road maintenance.

Careful consideration will be given to how an Exchequer allocation of €12m for 2015 and beyond is best distributed among the three Schemes (CAPEX, OPEX and PSO). The allocation of any funding made available from 2015 will have to be critically examined with a particular focus on maintaining and working towards improving essential international connectivity services.

It will be essential that the regional airports work together to develop greater operational efficiencies and to promote the overall role of regional airports as access points for both tourism (e.g. the Wild Atlantic Way) and business.

Finally, the Action Programme for Effective Local Government - Putting People First, published in October 2012 focuses on the widening of the role of Local Government particularly in the context of supporting local and community development. The Minister for Transport, Tourism and Sport believes that greater involvement by Local Government in the oversight of supports for regional airports would be consistent with the general direction of the Programme.

POLICY PROPOSALS

- 4.4.1 Ireland recognises the important role that regional airports play in their areas and in regional development.
- 4.4.2 A framework for approval by the EU Commission for State support for regional airports will be developed, for implementation at the end of the current programme (i.e. from 2015).
- 4.4.3 Over an extended period, Exchequer support for regional airports will be phased out in accordance with the revised EU Guidelines.
- 4.4.4 Future State supports in the case of Capital expenditure (CAPEX) will be limited to safety and security related expenditure. Clear business plans will be required from the airports, with at least 25% of total costs and other capital development projects being funded from own resources and/or local investment.
- 4.4.5 PSO competitions for Donegal/Dublin and Kerry/Dublin air services will be organised for 2015. However, final decisions on whether or not to maintain PSOs will be taken when the cost of doing so becomes clear from the tender process.

- 4.4.6 The Minister for Transport, Tourism & Sport will engage with his colleague, the Minister for Environment, Community and Local Government in examining the future role of local authorities in the oversight of supports for regional airports.

4.5 Passenger facilitation

BACKGROUND

Facilitation refers to the efficient management of the flow of passengers, baggage, cargo and mail through airport facilities, while ensuring that services are delivered in a healthy, safe and secure environment and meeting and exceeding when possible the needs and expectations of customers.

Facilitation requires a high level of interaction and coordination with partners and stakeholders responsible for the different steps of the end-to-end passenger process, from flight booking to arrival at the final destination.

Arising from a requirement under International Convention, the Department of Transport, Tourism and Sport established a National Facilitation (FAL) Committee in 2012, bringing together the main stakeholders operating at Irish airports, to discuss and resolve operational issues with a view to improving airport operational efficiencies and thereby improving the passenger experience. This committee meets twice a year.

Quality facilitation requires a high degree of cooperation among airline operators, service providers, airport authorities and inspection agencies. Accordingly, the main aims of the National FAL Committee are:

- to provide a forum for air transport facilitation issues to be raised and to explore ways of addressing or resolving them;
- to promote the sharing of information and best practices in relation to air transport facilitation issues; and
- to provide a useful platform for informing stakeholders of relevant developments at EU, ECAC and ICAO level in relation to facilitation issues and to provide a forum where responses to changes in facilitation recommended practices can be discussed and debated.

Issues which can be addressed within the scope of this Committee include immigration and passport matters including issues like the introduction of new technology for passport and immigration control. Significant progress has been made in this area in recent times and it will remain a focus of continued work in the period ahead. The Committee has proven to be a valuable forum for addressing issues like these since its establishment and its role in this regard will continue to be developed.

The Committee also provides support to Ireland's participation in the facilitation activities of international institutions, such as ICAO and ECAC, thereby ensuring the adoption of best practice.

POLICY PROPOSALS

- 4.5.1 The Department will develop and publish a National Air Transport Facilitation Programme by 2015, and review it every three years.
- 4.5.2 The Department will maximise the benefits of the National FAL Committee to better coordinate facilitation activities between Government Departments and all other relevant stakeholders.

5. REGULATION AND GOVERNANCE

5.1 Review of Economic Regulation

BACKGROUND

Dublin Airport is the only Irish airport currently subject to economic regulation of its airport charges, due to its dominant position in the Irish aviation market. While the airport accounts for around 80% of international air traffic to/from the island of Ireland in 2013, it is in competition with other Irish and European airports to attract new routes and services. In addition, two airlines account for over 80% of traffic volumes, thereby exerting considerable buyer power. These factors provide significant checks and balances to its market position. Economic regulation of airport charges at Dublin Airport is based on statute and is implemented by the Commission for Aviation Regulation (CAR). The regulation operates under the single till principle, which ensures that the airport is not incentivised to compromise the aeronautical requirements of airlines and airports. It is considered that the airport itself is best placed to determine the optimal balance between aeronautical and non-aeronautical revenues.

It should be noted that the regulation of airport charges in Ireland goes far beyond the provisions of the EU Airport Charges Directive, which is limited to improving consultation with airport users prior to the setting of charges.

Economic regulation of aviation terminal services charges levied by the IAA at Dublin, Cork and Shannon airports is also carried out statutorily by CAR since 2001. This regime is also considerably ahead of current EU provisions. Under the Single European Sky, economic regulation of en-route over-flights was introduced in 2012 and the full extension of this EU regulatory regime to include aviation terminal services charges is planned from 2017, although the precise pathway to this extension has still to be determined.

ISSUES

The subject of economic regulation featured in many of the submissions received and focussed primarily on the regulation of airport charges. Issues raised ranged from whether there was need for such regulation to how it should be funded and who should bear the cost. The Department considers that as the current regulatory regime dates from 2001, it is now timely to carry out a comprehensive review of it.

Such a review shall take account of the general principles for economic regulation contained in the Government Policy Statement of July 2013 on Sectoral Economic Regulation. These concern the principles of effectiveness, predictability, accountability and transparency. The review should also encompass the issues identified for both airport and terminal service charges and any necessary legislative changes. The review will also have regard to the proposals set out in this policy statement in relation to the future capacity requirements of the State airports.

The development of the EU regulatory regime under the Single European Sky framework also has implications for the continued relevance and scope of the current national regulatory regime for Aviation Terminal Services Charges. Ensuring an efficient and effective transition from the national to the EU regulatory regime is a key issue to be addressed.

POLICY PROPOSALS

5.1.1 An independent review of aviation economic regulation and the associated appeal system will be commissioned. This will involve full consultation with impacted parties.

5.2 Aviation Regulatory Bodies

BACKGROUND

In continuing to seek the optimum means of delivering public services, the Government has committed to restructuring the functions of the Irish Aviation Authority and the Commission for Aviation Regulation.

The IAA is a profitable commercial State-owned company with three main functions: the provision of air traffic management and related services in Irish controlled airspace and on the North Atlantic; the safety regulation of the civil aviation industry in Ireland and the oversight of civil aviation security in Ireland. These functions give it a critical role in a key area of economic activity in Ireland. It has a strong reputation among its peers. The Safety Regulation Division (SRD) of the IAA has been designated as the National Supervisory Authority for Ireland under the EU SES legislation, responsible, inter alia, for the certification and supervision of all Air Navigation Service Providers in Ireland.

The Commission for Aviation Regulation (CAR) is a non-commercial, public body which regulates certain aspects of the aviation and travel trade sectors in Ireland. The principal function of CAR is price regulation, that is, setting the maximum level of airport charges at Dublin Airport and Aviation Terminal Services Charges at Dublin, Cork and Shannon Airports. CAR is also responsible, under EU legislation, for discharging Ireland's responsibilities for schedule coordination/slot allocation at Dublin Airport. The Commission also licenses airlines and approves groundhandling services providers under regulations implementing EU legislation. It has a significant consumer protection role under EU legislation covering Air Passenger Rights and the provision of assistance to Passengers with Reduced Mobility (PRM).

The objective of restructuring is to put in place appropriate organisations to provide for effective safety and economic regulation of the sector and also the provision of air navigation services. These should reflect best practice internationally and developments in EU Single European Sky legislation.

Ireland's geographical location gives it a strategic prominence in the North Atlantic in terms of air traffic management. The IAA exercises this role on behalf of the State and is highly regarded domestically and internationally as an efficient air navigation service provider (ANSP) being responsible, inter alia, for the control of a large tract of sovereign and assigned airspace and also terminal airport movements at the three State-owned airports. It also plays an important regulatory role in safety regulation of the civil aviation industry in Ireland, including for air navigation services. It is structured along the lines of the US Federal Aviation Administration (FAA). The alternative model in Europe includes institutional separation between service provision and regulation.

The provision of air navigation services and the maintenance of a modern aviation infrastructure on a sustainable on-going basis is a major challenge for Ireland and other EU member states under the legislative provisions of the Single European Sky (SES) project. The ultimate objective of the SES is to increase the safety, economic, financial and environmental performance of the provision of all air navigation services in Europe. This includes setting performance targets and the development of Functional Airspace Blocks (FABs), to enhance cooperation between service providers and regulators and reduce the aggregate costs of the European air traffic management system.

ISSUES

Proposals in relation to economic regulation are set out above. The outcome of the recommended review will have a significant bearing on how the restructuring of the functions of the IAA and CAR should proceed.

Developments at an EU level will also have an important potential impact on restructuring. The European Commission has tabled legislative proposals, SESII+ (COM 2013 410 final, 11 June 2013), that national supervisory authorities (NSAs) be legally distinct and independent of air navigation service providers and where this is not the case already it should be achieved by 2020. The Commission's proposals are inspired by their view that there is a need to strengthen national aviation regulatory authorities, both as regards their independence from the service providers they are required to oversee and their expertise and resources. On this basis, Ireland would make the necessary legislative changes to support any SES requirement to separate out the functions of the National Supervisory Authority (which, in Ireland, are currently performed by the Safety Regulation Division of the IAA) from the air navigation service provider functions.

In relation to a restructuring of the functions of CAR, the upcoming transition to the EU regulatory environment for aviation terminal service charges will necessitate legislative change to its existing mandate.

In the consultation process, comments generally supported the principle of independent regulation and a recognition of the scope for efficiencies. At one extreme, the abolition of CAR and privatisation of the IAA was suggested. However, there was also recognition of the quality of the work done by the IAA and of Ireland's excellent safety record, and a concern at the risks involved in institutional change. Commentators urged that care should be taken to minimise any risk to aviation safety in any transition process. The need for adequate resourcing was emphasised. Concerning the longer-term plan for the IAA as a service provider, this is inherently linked to the evolution of the Single European Sky initiative. The plan to integrate airspace management across Europe has implications for all existing 28 EU service providers and will inevitably involve a mixture of mergers and closures over the next 10-15 years. Because of its geographical location, Ireland will continue to have strong interests in North Atlantic air traffic management. Ireland's geographic position and interest in the North Atlantic airspace is recognised by the delegation of the Atlantic international airspace jointly to Ireland and the UK by ICAO. The evolution of new technologies for air traffic management on the North Atlantic has implications for current arrangements there.

As a service provider, the IAA has built up a reservoir of experience and expertise that places it amongst the most efficient of its peers. Retention of this position in the longer-term and thus underpinning Ireland's long-term strategic interests in the North Atlantic will be challenging and will require sustained modernization investment.

Functional Airspace Blocks (FABs) are a key part of the SES objective to reduce the current fragmentation of air navigation service provision across Europe. The UK-Ireland FAB was the first in Europe, it is Europe's North Atlantic gateway and is strategically important to integrating airspace across Europe. No other FAB or European ANSP has a similar role on this scale. The necessity for increased business integration of service providers across Europe will become stronger and this will require the IAA and NATS to intensify still further their current close level of cooperation.

POLICY PROPOSALS

5.2.1 [The provision of safety and economic regulatory oversight will be restructured taking account of the review of the appropriate model for economic regulation \(see Proposal 5.1.1\) and developments under the Single European Sky legislation.](#)

- 5.2.2 Within the EU, Ireland will continue to support the development of the Single European Sky, including the progressive integration of airspace management in accordance with performance and efficiency principles and appropriate organisation of regulatory oversight.
- 5.2.3 Ireland will continue to encourage investment in modern, technologically advanced, cost-efficient aviation infrastructure, including those that underpin Ireland's interest in the north Atlantic and the future traffic growth at our airports.

5.3 Corporate Governance

BACKGROUND

The three main international airports are State-owned commercial companies and the Irish Aviation Authority is also a State-owned commercial company. In addition the State retains a 25% shareholding in Aer Lingus, which is now publicly listed. The state owned companies are valuable assets with important economic and social functions. It is incumbent on those entrusted with the management of these assets that they fulfil the expectations of the shareholder, the public interest and the economy at large. To do so, these companies require direction and clarity as to what those expectations are.

The Government's Public Sector Reform Plan, published in November 2011, contains a number of commitments in relation to improving the performance of State bodies. The Department is committed to ensuring that regular meetings at both Ministerial and official levels occur with the boards and executives of these companies to ensure that the expectations of the State as shareholder are embedded within all levels of corporate and commercial development.

ISSUES

To fulfil their important role these State-owned aviation companies require an active board with the appropriate balance of skills. In particular, each board should contain members with appropriate accounting, legal, commercial and aviation experience.

The Code of Practice for the Governance of State Bodies states that boards should regularly review their operation and seek to identify ways to improve effectiveness. Where gaps are identified, chairpersons should advise the Minister in due time ahead of any vacancies arising.

In line with the Government's commitment to ensure greater transparency in the State board appointment process, the Department has advertised publicly for expressions of interest from suitably qualified members of the public to serve on the boards of bodies under the Department's remit.

It is important that all board members be aware that they are Ministerial appointees who, in addition to their legal and fiduciary responsibilities, must ensure that due regard is given to Government policy in decision-making. With this in mind, each board member on their appointment will receive a letter of mandate from the Minister outlining matters additional to their fiduciary duties that they should be aware of during their term.

In relation to chairpersons, all new and re-appointed chairpersons shall be required to appear before the relevant Oireachtas Committee before their appointment is made. The only exception to this shall be short temporary re-appointments. The system of board appointments will continue to be informed by developments at Government level and the current system may be refined further in the future.

The Report of the Review Group on State Assets and Liabilities stated that, in respect of cash dividends from the commercial State bodies generally, financial returns were “low and reliability is patchy” (Review Group, 2011).

The State-owned aviation companies are a diverse group, with companies of differing capabilities and financial performance. It should also be acknowledged that these companies return a non-financial dividend to the State in the form of the wider socio-economic benefits that they provide through trade and tourism facilitation, regional development, aviation safety etc.

It is Government policy that profitable commercial State companies should pay a financial dividend to the State. The guideline figure is 30% of after-tax profits. The Government expects the State aviation companies to have a clearly stated dividend policy to take account of their current financial circumstances and plans for the future. Depending on circumstances, the dividend paid may be more or less than the 30% guideline. Dividend policy should take account of issues such as current and projected profitability, capital investment plans and pension funding.

POLICY PROPOSALS

5.3.1 The State’s shareholdings in commercial aviation companies will be actively managed with a view to maximising financial and other returns, improving services and supporting economic development.

5.3.2 The commercial State-owned aviation companies shall follow best practice corporate governance standards.

5.4 Employment Rights

BACKGROUND

Since the EU internal market in aviation was established in the early 1990s, the structure of the air transport market has continued to evolve and this has seen steady growth in the market share of low-cost carriers, intensified competition, continued industry consolidation and some airline bankruptcies. The structure of the airline business itself has also changed such that the traditional model of an airline buying or leasing an aircraft and operating all or nearly all the services itself is no longer the norm.

Those working in the aviation sector, particularly in the airline industry, tend to be highly mobile compared to the general workforce. For instance, in the EU it is not unusual for an airline employee to be working in many countries from a base in one country, while living in another country altogether.

ISSUES

The evolution of the EU internal aviation market and developments in the structure of the airline industry have resulted in the creation of increasingly atypical employment arrangements in the industry. For example, it is not unusual for airlines to hire crew from agencies and no longer directly employ staff themselves. In other cases, airlines can sell/offer services that are delivered by other operators that are contracted-in (aircraft and employees), not by the airline selling the tickets. In turn, those contractors could be using agency pilots.

There is a wide range of Irish and EU law governing employment rights generally, which also apply to employees in the aviation sector in Ireland. In addition, the EU internal aviation market has had a social dimension from the outset in recognition of the inherently mobile nature of the industry. Sector-specific legislation has also been adopted and progressively harmonised at EU level creating a

framework for the transnational aspects of employment which has become an increasing feature of the sector, e.g. working hours for flying personnel, pilots licensing rules, air traffic controller licensing rules etc.

The European Commission, in liaison with member states, regularly monitors the impact of the internal market on employment and working conditions. Ireland recognises the importance of this work and fully supports it as an important element of the EU internal aviation market.

POLICY PROPOSALS

- 5.4.1 Ireland supports the development of a social dimension of the EU internal aviation market, and in other relevant international fora with a view to ensuring that labour rights are not eroded.
- 5.4.2 Ireland will support the EU's work in examining the implications arising from the growth in more complex commercial arrangements for employment in the aviation sector and, in particular, the human factors implications of such arrangements.

6. AIRCRAFT LEASING, FINANCING AND MRO

BACKGROUND

Ireland has a very strong tradition and reputation in the aerospace sphere. Our geographical location has given Ireland many advantages in aviation, none more so than in Maintenance, Repair and Overhaul (MRO). The development of the sector in the Shannon area, in particular, was aided by the former requirement for transatlantic aircraft to stop over at Shannon and the business which this provided. This facilitated the development of a significant skills base in MRO activity that endures to this day. The MRO industry plays an important supporting role in the wider aviation sector in Ireland supporting airline and airport activity, aircraft leasing and finance activity and manufacturing.

Ireland is considered the birthplace of aircraft leasing and today it is one of the main industries in which Ireland can truly claim to be a global leader. Aircraft leasing and finance employs approximately 1,000 people directly in Ireland and 2,000 indirectly, in highly paid professional positions. The total annual tax contribution to Irish Exchequer from aircraft leasing is over €300 million per annum. In addition, total expenditure by aircraft lessors on Irish professional services and infrastructure is estimated at in excess of €135 million per annum.

The State has taken a number of steps in recent years to bolster Ireland's preeminent position in aircraft leasing. Ireland was one of the first countries to sign and ratify the Cape Town Convention and its associated Aircraft Protocol.

The International Interests in Mobile Equipment (Cape Town Convention) Act, 2005 also provided for State participation in a joint venture that was established to bid to operate the computerised registry of financial interests in aircraft (the International Registry) that was established under the Convention. The Minister for Transport, Tourism and Sport holds a 20% shareholding in Aviareto, the SPV that was established for this purpose. Aviareto was selected to set up and run the International Registry by the International Civil Aviation Organisation. It was initially appointed for a five year term and was re-appointed in 2011 for a further five year term.

The growth of aircraft leasing was also greatly facilitated by targeted tax rates and rulings as well as the development of a comprehensive network of tax treaties.

The industry was further facilitated by the IAA's decision to support the registration on the Irish aircraft register of aircraft based off-shore pursuant to Article 83bis of the Chicago Convention.

ISSUES

As mentioned previously, global air transport is growing at a phenomenal rate, outstripping economic growth globally by three to four fold. The International Air Transport Association's (IATA) Airline Industry Forecast 2013-2017 shows that airlines expect to see a 31% increase in passenger numbers between 2012 and 2017. By 2017 total passenger numbers are expected to rise to 3.91 billion—an increase of 930 million passengers over 2012. A very significant amount of the forecast growth will be in Asia-Pacific and in the Middle East and there is a view that, as a result of this, global aviation is gradually shifting eastwards. This will pose a threat to established industries in the sector in the west including those in Ireland and, in particular, MRO and aircraft leasing. The Government recognises this threat and is committed to continuing to support the industries to sustain and develop their position.

There are significant opportunities for continued growth and employment in aircraft leasing and appropriate policies will be pursued to facilitate this.

Taxation

It is generally accepted that Ireland has an excellent tax treaty network which facilitates aircraft leasing activities from Ireland. In order to maintain Ireland's status as the preeminent global centre for aircraft leasing, this policy will need to be continued and developed. In particular, it is important that Ireland continues to negotiate tax treaties that support the leasing sector and achieve zero withholding tax rates on lease rentals from abroad. The Government will continue to grow its tax treaty network, with a particular focus on emerging markets with whom Ireland does not currently have tax treaties with (e.g. Brazil).

Attracting key personnel in the industry to Ireland presents a challenge as other jurisdictions, particularly in Asia, are actively pursuing this internationally mobile business. Personal taxation initiatives were introduced in the Budgets for 2012 and 2013, however, the challenge is to increase take up of the Special Assignee Relief Programme (SARP), to support Irish enterprises competing for projects, which require special assignees for a leadership role or to address a skills gap.

The Department of Finance has recently announced a review of the SARP regime and the impact on the aircraft leasing industry will be taken account of in this review.

Aviation Finance

In spite of Ireland's strengths in the aviation and financial services sectors, financing of aircraft leasing is not well developed and there is an opportunity for Ireland to leverage its strengths in aircraft leasing to establish itself as a global hub for aircraft financing.

One of the actions committed to in the Action Plan for Jobs 2013 was to facilitate aircraft financing in Ireland, in particular, enhanced equipment trust certificates (EETCs) and enabling asset backed securities (ABS) debt financing. In the Finance Act 2013, stamp duty exemption was introduced for EETCs. To facilitate the issuance of EETCs, it is considered necessary to implement the insolvency regime known as 'Alternative A' under the Cape Town Convention, in Irish law. The 'Alternative A' regime will enable financiers to get access to their aircraft assets in the event of default or insolvency more speedily than they would under national insolvency law as it stands.

Ireland as an Aviation Transitioning Centre

The State should develop Ireland as an aircraft transitioning centre, to underpin the success of the aircraft leasing and MRO sectors and to support their future growth.

Currently, transitioning occurs on a highly fragmented basis across numerous sites and jurisdictions. Creating a system of excellence around the various service professionals capable of addressing all of the tasks in Ireland could capture this activity and help underpin Ireland's existing success in aircraft leasing and MRO.

One of the key differentiators between the Irish aviation system and other competitor countries is the high level of collaboration and supportive competition that exists within the aviation ecosystem – for example, lending of equipment and knowledge transfer. In addition, there is recognition across the sector of the inter dependence between the different service providers to complete certain specialist tasks (e.g. maintenance and transitioning of aircraft). Such collaborations should be encouraged and facilitated to allow the Irish aviation sector to proactively offer a total package of service solutions across the aviation sector. Each year, about 2,000 commercial aircraft are moved globally by leasing companies from one airline to another. Typically, a lease can extend for seven years, after which the airplane is returned to the lessor and moved on to another carrier. Every time such a move takes place, extensive work is required to satisfy the requirements of the new carrier, the regulator and the original equipment manufacturer. Before passing the aircraft on to another carrier, it must also be flight tested. The average cost of transitioning an aircraft is €1.5 million. Steps need be taken to

support the MRO industry and facilitate the availability of MRO services at short notice for the leasing industry.

Aviation Business Development- Shannon Task Force

Many issues related to aircraft leasing and aviation finance were examined by the Shannon Aviation Business Development Task Force whose report of November 2012 is available on the Department's website. The Task Force pointed to the opportunities to develop and expand the range of aviation services available in and around the airport campus in Shannon, drawing on its geographical location (uncongested airspace), good airfield facilities, ample adjacent land, an existing foothold in aircraft leasing and maintenance operations with a skilled English speaking workforce and US preclearance facilities.

The potential for Shannon to develop an International Aviation Services Centre (IASC) was accepted by Government and steps are already well advanced to facilitate such development. Shannon Airport itself was separated from the DAA in December 2012. A new commercial State company, Shannon Group plc, will be established, comprising Shannon Airport Authority and parts of Shannon Development, to grow the airport business and to seek to maximise the synergy between those two companies as a catalyst for the development of strategic sectoral opportunities, particularly in the aviation sector. The Shannon Bill which will provide for the establishment of Shannon Group on a statutory basis was published in April 2014 with a view to early enactment by the Oireachtas.

Article 83bis Arrangements

The practice of placing aircraft on the Irish Register for lease to foreign airlines for use abroad is based on the provisions of Article 83bis of the Chicago Convention. This article permits certain state of registry functions (e.g. flight operations) to be partially transferred to another state and provides for the international legal recognition of such a transfer. The capability of EU member states to use Article 83bis was preserved in the EU Regulation establishing the European Aviation Safety Agency (EASA) and in its successor (Regulations 1592/2002 and 216/2008 respectively).

The EU is currently reviewing Article 83bis applicability to member states and Ireland will advocate for the continued applicability of Article 83bis.

POLICY PROPOSALS

- 6.1 Ireland will continue to provide appropriate tax measures to maintain Ireland's attractiveness for the industry.
- 6.2 Ireland will adopt the Cape Town 'Alternative A' insolvency arrangements in our national law.
- 6.3 Ireland will advocate for the continued applicability of Article 83bis arrangements.
- 6.4 Ireland will encourage the development of the International Aviation Services Centre (IASC) at Shannon.

7. GENERAL AVIATION, EDUCATION AND TRAINING

BACKGROUND

The International Civil Aviation Organisation (ICAO) defines 'general aviation' as "all civil aviation operations other than scheduled air services and non-scheduled air transport operations for remuneration or hire". For ICAO statistical purposes, general aviation activities are classified into "instructional flying, business flying, pleasure flying, aerial work and other flying."

In Ireland, GA activities include aero-medical, flight training and aerial work such as agricultural aviation, aerial photography and surveying. It also includes corporate, private recreational, sports aviation and parachuting. GA supports businesses such as airfields, hangar provision and maintenance providers. A broad spectrum of aircraft types is involved. These include large corporate jets, corporate and private helicopters, light aeroplanes, microlights, sailplanes (gliders), gyroplane and balloons. The scope of GA activities ranges from intercontinental business travel to local flying out of private fields.

GA covers a very wide range of activities, has many participants and its economic value is equally varied. Recreational flying is, in general, likely to have considerable social or utility value. Corporate GA may have very high economic value, both direct and indirect. In addition, GA has wider economic benefits through the impact it has on other sectors of the economy, including GA's role in the training of airline pilots and its role in air transport. This role also raises issues in relation to pilot training and education generally.

7.1 Corporate Aviation

ISSUES

In general corporate aviation is not recognised as a separate sector in Europe although it is within the US. The rules and regulation associated with this sector are those of general aviation, even though many of the aircraft involved are large and complex. As a result, corporate aviation lies between but is distinct from both commercial air transport operations and general aviation. Regulatory initiatives at EU level to establish a separate corporate aviation sector should be supported.

Under new EASA Regulations relating to the operation of private aircraft, an opportunity exists for establishing an 'Executive Jet Register' in Ireland, which will generate various downstream activities at State and regional aerodromes and should be capitalised upon.

US preclearance of corporate GA flights has been available at Shannon since 2009. Because of its geographical location, Shannon is well positioned to serve corporate GA flights between Europe and North America. Shannon has also been actively engaged in developing a cluster of business aviation companies, with a focus on developing a 'Centre of Excellence for Business Aviation'. This can represent a significant business opportunity to grow the corporate GA base by using Shannon as the location for new foreign direct investments (FDI) which will be enhanced by the existing cluster of corporate aviation companies.

POLICY PROPOSALS

- 7.1.1 Ireland will support any regulatory initiatives at EU level to establish a separate corporate aviation sector.
- 7.1.2 The IAA will establish an Executive Jet Register.
- 7.1.3 Ireland will promote the benefits to be gained by using US preclearance facilities at its airports among the international aviation community.
- 7.1.4 Shannon will be designated as a 'Centre of Excellence' for Business Aviation.

7.2 Flight Training and Education

ISSUES

The rapid growth of commercial airline activity worldwide, and the consequent demand for airline pilots, has created opportunities for flight training schools in Ireland. Irish flight training schools engaged in professional pilot training have trained hundreds of pilots for domestic and foreign airlines, since the early 1990s. This training has traditionally been completed on a modular basis, with training tailored to meet the needs of an individual. More recently, airlines have looked more to graduates from flight schools that provide a full time approved "Integrated Course" of Flight Training such as is required for a "European Pilot Licence". Currently there are a number of approved Aviation Training Organisations (ATO's) in Ireland which provide these courses. The cost of the courses is influenced by many factors such as the cost of hiring qualified training instructors, equipment and premises, facilitation by regulatory and airport services, access to student visas and for foreign students, the addition of English language lessons which is a basic requirement within the aviation field.

There have been difficulties experienced in Ireland as in some other EU member states with the demise of some flight training schools and this has led to calls from some for a bonding scheme or some other form of insurance to be introduced for flight training schools. However, it is considered that such a move would increase costs in the sector and dissuade such organisations from remaining or establishing themselves in Ireland as such schemes are not imposed elsewhere.

There are a number of third level aviation related training courses available in Ireland. These include degree courses in Aeronautical Engineering, Aviation Technology and Aircraft Systems. These courses are provided by University of Limerick (UL), Institute of Technology Carlow (ITC) and Dublin Institute of Technology (DIT). The courses are graded at level 7 and level 8 on the National framework of Qualifications (NFQ) and entry to the courses is available through the CAO process. UL also offers a corporate MBA in Aviation Management which is placed at level 9 on the NFQ. This MBA contains a number of modules aimed specifically at the aviation leasing sector. There are also a number of integrated flight training courses that are integrated with business or management degrees. These and other similar courses should be supported and developed to satisfy the requirements of the aviation sector.

Skillnets Ireland was established in 1999 and is funded from the National Training Fund (NTF) through the Department of Education and Skills. Skillnets actively supports and works with businesses in Ireland including the aviation leasing sector to address their current and future skills needs. Subject to on-going demand and to the evidence provided by the Expert Group on Future Skills Needs (EGFSN), amongst other sources, these initiatives should continue to be funded and further developed to support the future demands of aviation in Ireland.

POLICY PROPOSALS

- 7.2.1 Ireland will support the continued development of flight training.
- 7.2.2 Ireland will, through the National Aviation Forum, identify course and post-qualification certification requirements, in the development of technical and business degrees, to meet the needs of the Irish aviation industry.

7.3 Maintenance Licensing

ISSUES

Aviation maintenance requires a growing number of licensed aircraft maintenance engineers to meet the demands from the Irish aviation industry including replacement of licence holders who migrate to join large international airlines and Maintenance Repair Organisations (MROs). To qualify for an aircraft maintenance licence, applicants require a blend of knowledge, skills and experience. Ireland currently has four approved maintenance training organisations that provide basic training to qualify for an aircraft maintenance licence.

FÁS / Solas has statutory responsibility for the national apprenticeship of 'Aircraft Mechanic'. The trade of aircraft mechanic has remained consistently strong even during the recession and is one of the best performing of the 26 approved trade apprenticeship. In August 2013, FÁS in conjunction with the IAA and other aviation industry partners launched the revised curriculum for the aircraft mechanic apprenticeship. The apprenticeship now includes all the training necessary for the apprentice to attain European aircraft maintenance licence.

FÁS / Solas also supports a number of traineeships in aircraft mechanic. These traineeships are of shorter duration than the apprenticeship but they also provide the trainee with the opportunity to attain a task limited maintenance licence. Given the importance of having a good supply of qualified personnel, it is important that the availability of aviation engineering courses is maintained and encouraged. It is also important that these courses are aligned with industry needs. In addition, skilled engineers from other backgrounds should have the opportunity to take up employment in the aerospace sector. This would require retraining and investment by the state agencies, and would be a useful tool in meeting the needs of the MRO sector.

POLICY PROPOSALS

- 7.3.1 Ireland will develop opportunities for work placement programmes for aviation industry students and encourage opportunities for professionals from other backgrounds to take up employment in the aerospace sector.
- 7.3.2 Ireland will support the continued development of aircraft maintenance training. The IAA will continue to work closely with airlines, MROs and FÁS / Solas to develop and improve the aircraft mechanic apprenticeship and traineeships, to meet the changing requirements of the aviation maintenance sector.
- 7.3.3 Ireland, through the IAA, will continue to work with other European member states and EASA with a view to developing appropriate maintenance licence requirements for light aeroplanes, balloons and sailplanes.

7.4 Pilot Licensing

ISSUES

Under the new European regulatory regime and the European Aviation Safety Agency (EASA), the majority of the functions within the GA sector will come under the scope of common European and EASA Regulations, with only a few remaining the sole responsibility of national aviation authorities (the IAA in Ireland's case). The IAA will, however, continue to have responsibility for oversight of EASA regulated activities within the State.

The introduction of Europe-wide and national pilot licensing requirements in April 2013 appears to have created a two-tier system. Pilots operating general aviation aircraft that are licensed and overseen by EASA through national aviation authorities require EASA licenses. However, pilots operating other general aviation aircraft require a national license. Furthermore, under the new rules, many other general aviation activities, such as banner towing and aerobatics, will require current individual ratings.

POLICY PROPOSALS

7.4.1 The Department will mandate the IAA to eliminate anomalies in the requirements for pilot licences, particularly through extending the mutual recognition of licences in EU states.

7.5 Recreational and Sport Flying

ISSUES

There is a significant amount of recreational and sport flying activity in Ireland. Ensuring that these activities are carried out safely, for the benefit of those directly involved with GA and for the general public is a key concern of the State. An important development in this sector in recent years has been the creation of a single representative organisation, the General Aviation Safety Council of Ireland (GASCI), focused on improving the standards of safety within GA operations. This initiative should be continued and supported.

Some elements of GA have had certain functions devolved to representative organisations or are exempted from the regulatory requirements. The Department supports the IAA's policy of devolving certain functions to approved voluntary aviation organisations where appropriate. Under the new EU regulatory regime under the EASA system, the majority of the functions within the GA sector will fall under the scope of common European Regulations, with only a few remaining the sole responsibility of the IAA. The IAA will continue to have a responsibility for oversight of EASA regulated activities within the State.

POLICY PROPOSALS

7.5.1 The IAA will be mandated to issue guidance regarding the devolution of certain functions to approved voluntary aviation organisations.

8. STATISTICS

BACKGROUND

The importance of collecting statistical information on the aviation sector into a central repository, including statistics on passenger numbers and air traffic movement at our airports, and having such information readily available to industry stakeholders, emerged during the consultation process.

ISSUES

In the UK, a large amount of data on the aviation industry has been collected for many years by the Civil Aviation Authority (CAA). It publishes much of this information, such as punctuality data, airline charges and ATOL licence holders, to help consumers make an informed decision on air travel. Information is also recorded on other areas such as; the profile of passengers, the level of air traffic at airports and the most popular destinations served by UK airports. In its role as a safety regulator, the CAA records significant levels of safety data from the UK industry - ranging from aircraft accident and incident data to air proximity reports and long-term worldwide safety trends. Such statistical information is published on the gov.uk website.

The Irish Aviation Authority (IAA), in addition to having responsibility for the management of Irish controlled airspace, the safety regulation of Irish civil aviation and the oversight of civil aviation security in Ireland, also publishes statistical information on its website. Information on en-route and airport commercial movements, flight statistics and key business statistics including turnover, profit and air traffic activity are readily available. The Authority does not, however, keep passenger statistics.

Currently, in Ireland, responsibility for the collection of passenger statistics falls to the Central Statistics Office (CSO). The CSO's website contains statistics on international movement of passengers, passenger movements by Irish airports, direction, foreign airport and month.

Passenger surveys, however, are conducted by the Dublin Airport Authority (DAA) and as the results are the property of the Authority, are generally not made available outside of the Authority. There is little doubt that the results of such periodic and detailed passenger surveys showing passenger behaviour, duration of stay, journey start, destination, journey purpose and so on would be beneficial to all industry stakeholders.

Accordingly, there is a need to collect all such relevant industry data into a single location where it can be accessed by the relevant stakeholders.

The Department of Transport, Tourism and Sport concurs with those views and believes that access to such information is important in informing, developing and monitoring aviation policy. The aim of having such information readily available and accessible will improve the relevance, efficiency and effectiveness of policy reforms.

The Department will engage with the various stakeholders to identify what statistical information needs to be collected, who will have responsibility for ensuring the accuracy of such information and keeping it up to date and most importantly, where that information will be located. In designing the collection and repository processes, current practices in the UK and across the EU will be examined.

In terms of a central repository, it is generally accepted at this juncture that an existing State agency, with the requisite experience to undertake the task, will perform this function. The Department

believes that whichever agency is given this task, that agency will also have responsibility for carrying out and reporting on regular passenger surveys.

POLICY PROPOSALS

8.1 Ireland will make available, in one location, key aviation statistics.

9. CONSULTATION WITH INDUSTRY

BACKGROUND

The Department of Transport Tourism and Sport recognises the important contribution that industry can make in the development and implementation of policy, both at a national and international level. That recognition was a key driver behind the level of consultation undertaken in the development of this policy.

ISSUES

While the Department has consulted and continues to consult the industry on developments in the sector on a regular basis, it recognises that there is room for improvement in the current consultation arrangements which are in place with the industry.

In the consultation process, support was expressed for a 'National Aviation Forum' to be established to unify the efforts of all of the relevant State agencies and to secure the benefit of the expertise and insight of industry participants.

It is envisaged that the National Aviation Forum would at its core include the Department of Transport, Tourism and Sport, the main airports and airlines, the finance and leasing sector and the IAA.

It would also seek participation as appropriate from across Government Departments, third-level institutions, the Air Corps, Enterprise Ireland, IDA, maintenance repair and overhaul (MRO) industry, and the General Aviation community

The National Aviation Forum should co-ordinate the promotion of the growth of the aviation industry in Ireland, with job creation as the underlying key driver. The National Aviation Forum should support Ireland consideration of, and input to, international fora including the European Union, Eurocontrol and ICAO.

POLICY PROPOSALS

9.1 Ireland will establish a National Aviation Forum lead by the Department of Transport Tourism and Sport.

Table of Policy Proposals

Reference number	Proposal
1.1	Ireland will participate actively in international fora to influence developments in the aviation sector.
1.2	Ireland, as part of the ABIS Group, will seek nomination for election to the ICAO Council for the period 2016-2019
1.3	The Department of Transport Tourism and Sport will consult with the National Aviation Forum on the development of the international legislative agenda.
2.1.1	Safety will remain the first priority in the aviation sector.
2.1.2	Ireland will play an active role in the development of aviation safety regulations at an EU level and in ICAO.
2.1.3	Ireland will continue to facilitate and promote occurrence reporting in accordance with EU law and ICAO requirements and to meet the highest standards of independent accident investigation.
2.1.4	The IAA will establish and monitor appropriate key aviation safety indicators based on the EASA system.
2.1.5	The IAA and AAIU will monitor aviation safety trends through ECCAIRS analysis.
2.1.6	Ireland will continue to maintain an independent safety investigation authority for the investigation of aviation occurrences.
2.1.7	Ireland will develop and implement an appropriate regulatory environment for Remotely Piloted Aviation Systems.
2.2.1	Ireland will ensure that sustainable aviation security solutions are delivered nationally. In designing future security procedures to be incorporated into our NCASP, a central consideration will be the perspectives of cost, efficiency and acceptability by passengers and air transport operators.
2.2.2	Ireland will introduce a more targeted and comprehensive approach to compliance monitoring developing requirements for a "Security Management System" (SeMS), similar to the successful approach already implemented in the field of safety.
2.2.3	Ireland will allow greater flexibility to industry through the introduction of the concept of an outcome-focussed risk-based approach to security regulation.
2.2.4	Ireland will expand our regulatory suite of measures to take account of new and emerging threat issues. In the period 2014-2016, our research efforts will focus on issues such as cyber, landside and ATM security.
2.2.5	Ireland will place a risk-based approach to security at the heart of our thinking and of our future research. As a first step in this direction we will undertake a feasibility study, in conjunction with other key stakeholders, on the concept of a "Trusted Traveller" Programme in 2015.
2.3.1	Ireland favours the development of global international standards for market based measures on aircraft emissions and will work with European partners to achieve that.
2.3.2	Ireland will develop its aviation emissions reporting capability.
2.3.3	Ireland will, in 2015, update its National Action Plan for Emissions Reductions in line with the ICAOs 2013 Resolution on Climate Change.
2.3.4	Ireland will encourage research and development in Ireland of clean engine technologies and sustainable fuels.
2.3.5	Ireland will support and implement a "Balanced Approach" to noise management at Irish airports.
3.1.1	Ireland's objective in bilateral negotiations will be to reach agreement on the basis of fifth freedom rights, on a reciprocal basis, taking account of EU criteria on fair competition.
3.1.2	The Department will increase and extend Ireland's bilateral agreements with other states.
3.1.3	Ireland will continue to actively support EU efforts to negotiate full Open Skies agreements with third countries.

3.2.1	Ireland will continue to pursue its policy based on competition between at least two airlines with significant home bases in the Irish market, as the best means of ensuring a competitive aviation sector and ensuring a wider range of services such as long haul and also cargo services.
3.2.2	Ireland will facilitate a market which is open to new entrants in order to maximise connectivity and competition.
3.2.3	The State will retain its shareholding in Aer Lingus in the short term and will seek to maximise its value. The State remains open to the sale of its shareholding when conditions are right and if the right price and terms could be agreed.
3.3.1	The Department will liaise with the US authorities in relation to the introduction of arrangements which would improve the existing regime for exports to the US including US cargo preclearance (customs, security, Food and Drugs Administration (FDA)).
3.3.2	The State airports will be mandated to develop and publish strategies on air freight.
3.3.3	Shannon Airport will be asked to prepare a business case for designation as an aero-industry hub, particularly as a European gateway to the US, in association with the International Aviation Services Centre.
3.3.4	The Department will remove limits on all cargo capacity in Ireland's bilateral air transport agreements, wherever practicable, to support our air freight export industries.
3.3.5	The Department will engage with the relevant stakeholders under the auspices of the National Facilitation Committee to ensure that air freight handling and custom facilities at Irish airports minimise delays and facilitate the efficient and timely delivery of outward and inward freight movements.
3.3.6	The development of a more comprehensive air freight policy will form part of the Department's overall freight policy, the development of which will be undertaken in 2015.
3.4.1	The Department will maintain close formal links with the US authorities to ensure the continued delivery and development of US preclearance facilities at Dublin and Shannon Airports.
3.4.2	The Department will encourage Dublin and Shannon Airports and Irish carriers to maximise the benefits to Ireland of the preclearance offering and will promote the development of those airports as preclearance centres.
3.4.3	The Department's objective will be that all US bound flights from Dublin and Shannon are precleared.
3.4.4	The Department will work with the airports and US authorities to increase the number of GA aircraft utilising preclearance.
4.1.1	The three State airports will remain in public ownership.
4.1.2	The Department will review the mandates of the State airports in 2019 (and subsequently at defined intervals) to ensure that they are continuing to deliver the desired economic outcomes for the State.
4.2.1	Dublin, Cork and Shannon Airports will be mandated to carry out reviews of capacity constraints and infrastructure needs at five yearly intervals, commencing in 2015.
4.3.1	Dublin Airport will be promoted as a secondary hub airport.
4.3.2	The roles of Shannon and Cork airports as key tourism and business gateways for their regions will be supported.
4.3.3	The work of all relevant State agencies, particularly in tourism marketing and trade development, will be coordinated to identify new route opportunities for Ireland.
4.3.4	Ireland will further develop the visa system to ease tourism and business travel to Ireland.
4.4.1	Ireland recognises the important role that regional airports play in their areas and in regional development.
4.4.2	A framework for approval by the EU Commission for State support for regional airports will be developed, for implementation at the end of the current programme (i.e. from 2015).
4.4.3	Over an extended period, Exchequer support for regional airports will be phased out in accordance with the revised EU Guidelines.
4.4.4	Future State supports in the case of Capital expenditure (CAPEX) will be limited to safety and security related expenditure. Clear business plans will be required from the

	airports, with at least 25% of total costs and other capital development projects being funded from own resources and/or local investment
4.4.5	PSO competitions for Donegal/Dublin and Kerry/Dublin air services will be organised for 2015. However, final decisions on whether or not to maintain PSOs will be taken when the cost of doing so becomes clear from the tender process.
4.4.6	The Minister for Transport, Tourism & Sport will engage with his colleague, the Minister for Environment, Community and Local Government in examining the future role of local authorities in the oversight of supports for regional airports.
4.5.1	The Department will develop and publish a National Air Transport Facilitation Programme by 2015, and review it every three years.
4.5.2	The Department will maximise the benefits of the National FAL Committee to better coordinate facilitation activities between Government Departments and all other relevant stakeholders.
5.1.1	An independent review of aviation economic regulation and the associated appeal system will be commissioned. This will involve full consultation with impacted parties.
5.2.1	The provision of safety and economic regulatory oversight will be restructured taking account of the review of the appropriate model for economic regulation (see Proposal 5.1) and developments under the Single European Sky legislation.
5.2.2	Within the EU, Ireland will continue to support the development of the Single European Sky, including the progressive integration of airspace management in accordance with performance and efficiency principles and appropriate organisation of regulatory oversight.
5.2.3	Ireland will continue to encourage investment in modern, technologically advanced, cost-efficient aviation infrastructure, including those that underpin Ireland's interest in the north Atlantic and the future traffic growth at our airports.
5.3.1	The State's shareholdings in commercial aviation companies will be actively managed with a view to maximising financial and other returns, improving services and supporting economic development.
5.3.2	The commercial state-owned aviation companies shall follow best practice corporate governance standards.
5.4.1	Ireland supports the development of a social dimension of the EU internal aviation market, and in other relevant international fora with a view to ensuring that labour rights are not eroded.
5.4.2	Ireland will support the EU's work in examining the implications arising from the growth in more complex commercial arrangements for employment in the aviation sector and, in particular, the human factors implications of such arrangements.
6.1	Ireland will continue to provide appropriate tax measures to maintain Ireland's attractiveness for the industry.
6.2	Ireland will adopt the Cape Town 'Alternative A' insolvency arrangements in our national law.
6.3	Ireland will advocate for the continued applicability of Article 83bis arrangements.
6.4	Ireland will encourage the development of the International Aviation Services Centre (IASC) at Shannon.
7.1.1	Ireland will support any regulatory initiative at EU level to establish a separate corporate aviation sector.
7.1.2	The IAA will establish an Executive Jet Register.
7.1.3	Ireland will promote the benefits to be gained by using US preclearance facilities at its airports among the international aviation community.
7.1.4	Shannon will be designated as a 'Centre of Excellence' for Business Aviation
7.2.1	Ireland will support the continued development of flight training.
7.2.2	Ireland will, through the National Aviation Forum, identify course and post qualification certification requirements, in the development of technical and business degrees, to meet the needs of the Irish aviation industry.
7.3.1	Ireland will develop opportunities for work placement programmes for aviation industry students and encourage opportunities for professionals from other backgrounds to take up employment in the aerospace sector.
7.3.2	Ireland will support the continued development of aircraft maintenance training. The IAA will continue to work closely with airlines, MROs and FÁS / Solas to develop and

	improve the aircraft mechanic apprenticeship and traineeships, to meet the changing requirements of the aviation maintenance sector.
7.3.3	Ireland, through the IAA, will continue to work with other European member states and EASA with a view to developing appropriate maintenance licence requirements for light aeroplanes, balloons and sailplanes.
7.4.1	The Department will mandate the IAA to eliminate anomalies in the requirements for pilot licences, particularly through extending the mutual recognition of licences in EU states.
7.5.1	The IAA will be mandated to issue guidance regarding the devolution of certain functions to approved voluntary aviation organisations.
8.1	Ireland will make available, in one location, key aviation statistics.
9.1	Ireland will establish a National Aviation Forum lead by the Department of Transport Tourism and Sport.

APPENDIX 2 - INDEX TO AERODROMES AND HELIPORTS

Aerodrome/Heliport name Location indicator	Type of traffic permitted to use the aerodrome/heliport		
	International- National (INTL - NTL)	IFR-VFR	S = Scheduled NS = Nonscheduled P = Private MIL = Military
1	2	3	4
CORK International EICK	INTL - NTL	IFR - VFR	S - NS - P
DUBLIN International EIDW	INTL - NTL	IFR - VFR	S - NS - P
SHANNON International EINN	INTL - NTL	IFR - VFR	S - NS - P
DONEGAL EIDL	INTL - NTL	IFR - VFR	S - NS - P
GALWAY EICM	INTL - NTL	IFR - VFR	S - NS - P
IRELAND WEST EIKN	INTL - NTL	IFR - VFR	S - NS - P
KERRY EIKY	INTL - NTL	IFR - VFR	S - NS - P
SLIGO EISG	INTL - NTL	IFR - VFR	S - NS - P
WATERFORD EIWF	INTL - NTL	IFR - VFR	S - NS - P
WESTON EIWT	INTL - NTL	IFR - VFR	P
ABBEYSHRULE EIAB	NTL	VFR	P
ATHBOY EIMH	NTL	VFR	P
BELMULLET EIBT	NTL	VFR	P
BIRR EIBR	NTL	VFR	P
BANTRY EIBN	NTL	VFR	P
CLONBULLOGUE EICL	NTL	VFR	P
CONNEMARA EICA	NTL	VFR	P
COONAGH EICN	NTL	VFR	P
INISHEER EIIR	NTL	VFR	P
INISHMAAN EIMN	NTL	VFR	P
INISHMORE EIIM	NTL	VFR	P
RATHCOOLE EIRT	NTL	VFR	P

KILKENNY EIKK	NTL	VFR	P
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Aerodrome/Heliport name Location indicator	Type of traffic permitted to use the aerodrome/heliport			Reference to AD Section and Remarks
	International- National (INTL - NTL)	IFR-VFR	S = Scheduled NS = Nonscheduled P = Private MIL = Military	
1	2	3	4	5
KILRUSH EIKH	NTL	VFR	P	EIKH AD 2
NEWCASTLE EINC	NTL	VFR	P	EINC AD 2
MOUNTSHANNON EIMS	NTL	VFR	P	EIMS AD 2
TREVET EITT	NTL	VFR	P	EITT AD 2
TRIM EITM	NTL	VFR	P	EITM AD 2
ABBEYFEALE EIRE	NTL	VFR	P	No Information Published
CASEMENT EIME	-	-	MIL	No Information Published
FINNER EIFR	-	-	MIL	No Information Published
NAVAN EIHH	NTL	VFR	P	No Information Published

AERODROMES AND HELIPORTS - INDEX CHART

