



THE
Shannon
AIRPORT GROUP



The Shannon Airport Group
Submission to
Commission for Aviation Regulation



Response to Commission for Aviation Regulation Consultation on Draft Decision on an Interim Review of the 2019 Determination in relation to 2023 to 2026 (CP 3/2022)

The Shannon Airport Group is a commercial State company which owns and operates Shannon Airport as well as a substantial commercial property business. The Group's mandate as set down in legislation is to *"promote and facilitate air transport and aviation services in and around Shannon Airport and to optimise the return on its land and property and its shareholding in any subsidiary company"*. Shannon Airport is the largest airport on the West Coast of Ireland providing connectivity to the UK, Europe and the USA. In 2019, 1.7 million passengers used Shannon Airport, with our Irish passengers coming from every county across the island of Ireland. The airport has the longest runway in Ireland, capable of accommodating all aircraft types, and has un-congested operations both on the ground or in the air. Shannon Airport is not subject to economic regulation by the Commission for Aviation Regulation other than in the area of PRM charges. However, we have a strong interest in the outcome of the Commission's determination for Dublin Airport as it impacts on the overall aviation landscape in Ireland. The Group welcomes the opportunity to provide input to the draft decision for Dublin Airport.

Section 5 of the Commission's draft decision sets out the statutory requirements and Government Policy which the Commission has taken account of. While it is welcome that the Commission has given additional focus to the promotion of sustainability and climate change related policy, the Commission's view is that it will continue to include capacity enhancing projects allowing Dublin airport to serve a foreseeable increase in passenger traffic, *"notwithstanding the potential for this to facilitate increased emissions (before the anticipated broader decarbonisation of the sector)"*.

The Government's Climate Action Plan notes that, *"climate change will have a devastating impact on nature, bringing about irreversible changes..... these changes will cause extensive direct and indirect harm to Ireland and its people"*. The concept of allowing capacity enhancing projects to proceed regardless of the potential impact this will have on climate is incompatible with the Climate Action Plan which is committed to taking decisive action to achieve a 51% reduction in overall greenhouse gas emissions by 2030 and setting the path to reach net-zero emissions by no later than 2050. While the climate effects of capacity expansion affect current and prospective users of Dublin Airport, they also affect the wider population. It is imperative that the Commission re-evaluates its position and considers the environmental impact of capacity expansion at Dublin Airport as being central to protecting current and prospective users of the Airport. Government through the Climate Action Plan has committed to ensuring that climate action remains a major policy priority, in recognition of the grave threat climate change poses which can only be achieved by proactively making decisions that impact climate change.



Within the Climate Action Plan Government has committed to ensuring that all major investment decisions are subject to a climate mitigation and adaptation evaluation. Government has made a commitment to achieving net Zero Carbon by 2050 and has placed climate action at the heart of all Government plans and policies. The Whole of Government Circular Economy Strategy (2021) sets out a vision for Ireland's transition to circularity. The strategy recognises that *"the transition away from fossil fuels and energy efficiency measures can only address 55% of our emissions, as the remaining 45% comes from making things"*. Central to the overall premise of the circular economy is extracting more value from resources already in place, rather than creating new ones. This concept is reflected in the strategy which notes that *"within the Construction and Demolition sector, greater resource efficiency and resource re-use could avoid the need for millions of tonnes of virgin raw materials per annum, as well as reducing the carbon intensity of our built environment"*. Government's focus on developing a circular economy raises questions as to the sustainability of investing in new infrastructure rather than maximising the use of existing infrastructure.

There is significant spare capacity within the State-owned airport network. This provides an opportunity to utilise these assets which would not only alleviate the congestion in Dublin but also benefit the entire country. Optimising the state infrastructure and sweating these assets would represent a more efficient use of the State's resources. However, more importantly such an approach would make the development and use of new assets less necessary thereby depleting few resources. The environmental and sustainable benefits from such an approach would benefit users of Dublin Airport and the wider population.

In addition to the environmental benefits of optimising the State's airport network, such an approach would also be consistent with the Government's overarching strategy for the State, Project Ireland 2040. This strategy is focused on making Ireland a better country for all and to build a more resilient and sustainable future. Project Ireland 2040 provides that the State's infrastructure investment is guided by and follows the National Development Plan, enabling all parts of Ireland to achieve their full potential. It seeks to move away from the current, developer-led, business as usual pattern of development, to one informed by the needs and requirements of society as a whole. One of the key ambitions of the strategy is rather than have excessive population growth focused on Dublin instead to facilitate 75% growth outside of the capital and deliver balanced development for the country. The National Planning Framework which forms part of Ireland 2040, advocates *"Adopting the principles of the circular economy to enable more sustainable planning"* and has an objective to *"Support the circular and bio economy including in particular through greater efficiency in land management.....and by reducing the rate of land use change from urban sprawl and new development"*. The framework also highlights the importance of the State's airports for *"our competitiveness and future prospects"* indicating a key role for airports in facilitating economic growth for the country.

Optimising the State's airport network would be consistent with Project Ireland 2040 not only in supporting the circular economy but also by facilitating the balanced development for the country. Research by the ESRI¹ found that airports are important drivers of economic growth, in particular FDI. Other jurisdictions, notably Denmark recognises the greater economic

¹ McCoy, Daire and Lyons, Sean and Morgenroth, Edgar and Palcic, Donal and Allen, Leonie (2016): *The impact of local infrastructure on new business establishments*.



benefits for the country of better utilising regional airports and facilitating connectivity to these rather than fuelling all connectivity into the Capital². Whilst all the airports will have a role to play in driving the economic growth of the country, optimising the State's entire airport infrastructure would have greater economic benefits for the Country as a whole, given that it would also enable airports in the regions act as greater catalysts for economic development. This finding clearly indicates that sweating the State's airport assets is not only optimal from a climate perspective but also from an economic development perspective.

Finally, capacity expansion at Dublin Airport must also be considered in terms of economic sustainability and how this will impact current and prospective users of the airport. It is well documented that Dublin Airport has increased its market share of passengers significantly over the past ten years and accounted for 86% of passengers nationally in 2019. Ireland is unique in terms of the concentration of air traffic into one dominant airport. Across Europe no other national airport accounts for such a high proportion of traffic with the exception of Schiphol and this has recently had the number of aircraft movements at the airport capped by Government, in order to mitigate its negative impacts. The continuous expansion of capacity at Dublin Airport has facilitated this growing concentration of air traffic and has been associated with congestion issues for users of the airport and concerns for the wellbeing of locals living in its vicinity. It is clear that the constant expansion of capacity to address bottlenecks at the airport has in many cases resulted in the development of additional bottlenecks and an ongoing cycle of development. The growing concentration of air traffic into the Capital, fuelled by continuous expansion of the airport, also raises concerns for the sustainability of other airports in the Country and their users. This is particularly significant for prospective users of Dublin Airport, where these are currently users of other airports in the State, who due to the ongoing concentration of air traffic into Dublin may become displaced in the future. Optimising all the State's airport infrastructure would be a win – win for the entire country as it would alleviate the pressure in Dublin but also enable the Regions to prosper.

We would ask the Commission to reassess their analysis of the capacity expansion aspect of Dublin Airport's investment plans and to consider the alternatives available. In a circular economy, new business models and strategies are applied that optimise capacity utilisation and extend the useful life of products and assets. From the perspective of the State, the efficient use of resources has a significant impact on the welfare of citizens. Assessing alternatives to capacity expansion at Dublin Airport so that the overall welfare of society is raised as a result of any proposed action, is central to protecting *the interests of both current and prospective airport users*.

² Danish Aviation Policy, citing research by Copenhagen Economics, acknowledges that the value of new international routes from regional airports is so high that there will be a net loss for Denmark if development at Copenhagen Airport is at the expense of regional development.

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