daa welcomes the opportunity to input to the Department’s consideration of its Statement of Strategy for the period 2017-19. daa has already made known its views on Aviation and Tourism policy through its engagement in consultations undertaken by the department in recent years. Since our last opportunity to input to the Department’s Statement of Strategy a number of key events have occurred for daa. These are outlined below:

- **Strong Return to Growth:** Following several years of declining passenger numbers, 2015 saw daa’s passenger numbers rise by 14% to 27.1 million.

- **Dublin Airport:** Achieved a record 25 million passengers in 2015 with numbers rising 15% from 2014. This growth momentum is being sustained in 2016 with year-on-year growth in excess of 13% (ytd June).
  
  This strong growth, while extremely welcome, has accelerated demand for facilities to the point where the capital projects allowed for in the 2014 Regulatory Determination which anticipated pax of 24.8m pax by 2019 will provide insufficient capacity for continued unconstrained growth.

- **Cork Airport:** While overall passenger numbers dropped by 3% to 2.1 million, the final quarter of 2015 saw a return to growth for Cork Airport. This trend has continued with back to back growth recorded for Cork in each month in 2016.

- **North Runway:** In April 2016 daa announced its intentions to move forward with the development of the North Runway at Dublin Airport. Public consultation is currently underway. daa are seeking to have two of the planning conditions attached to the development of the runway removed as their enforcement would seriously constrain future growth prospects. The development of the North Runway at Dublin Airport is a key enabler for the Irish economy and a vital piece of infrastructure to ensure continued global connectivity for our island.

- **National Aviation Policy (NAP) & EU Aviation Strategy:** The NAP was published in August 2015 and we look forward to the policy being implemented in full. The implementation of the EU Aviation Strategy is also extremely positive for the aviation industry and welcomed by daa as it espouses an expansionist policy.

While there have been numerous positive developments for the daa Group over the last couple of years, we are still conscious of the global economic environment. There is continued economic uncertainty as a result of events like Brexit and the ongoing threat from terrorism. While daa is confident of achieving sustained levels of growth and meeting the various challenges that this growth brings, it is vitally important that there is no complacency exhibited by any stakeholder. Our input to the preparation of the DTTaS Statement of Strategy is focused on the steps to be taken in key areas to deliver the desired outcomes. We also propose some key performance indicators that would assist the Department and stakeholders in assessing whether the actions are delivering the required outputs.
Aviation

Many of daa’s strategic aspirations for growth in its Irish airports have been validated and will be supported by the NAP, in particular:

- A more liberal approach to the award of fifth freedoms in bi-lateral agreements and support for EU efforts to negotiate Open Skies agreements with third countries, which will assist the development of Dublin Airport as a gateway and enable further connectivity to and from the island.
- The co-ordination of enterprise and tourism marketing efforts in support of new route development at Cork and Dublin.
- A commitment to maintaining a competitive airline environment.
- The continued delivery and development of US preclearance facilities at Dublin.
- The promotion of Dublin Airport as a secondary hub.
- Consultation with industry and availability of data.

The following areas will also require attention from the Department over the course of the next strategy period in order to ensure delivery against the stated objectives for the sector:

- Reform of the regulatory environment to incentivise required capital investment and provide financial stability for the future and delivering increased value to the shareholder.
- Support daa strategy to diversify away from the regulated business and single economy.
- Support for the delivery of strategic airport infrastructure and pursuit of commercial development at the airports.
- Implementation of a structure that supports the development of routes and traffic at Cork Airport.
- Provide level of governance and oversight that aligns with company strategy and provides for decision making and corporate approvals to meet the timeframes of fast changing and dynamic business, particularly in regards to international business.
- Finance-ability/Government Support - Continued strong and supportive relationship with Government sustainable financial viability a shareholder objective as evidenced by modest dividend policy.
- Recognition that airport retail remains a strong contributor to overall daa operating revenues. Duty free and travel retail is widely recognised as a unique retail channel that competes on an international level directly with other airports and in-flight sales and retail facilities at Dublin and Cork airport act as important “shop windows” for Irish artisan suppliers. In this context it is requested that Travel Retail receive an exemption from the Public Health (alcohol) Bill 2015.
- National Civil Aviation Development Forum (NCDAF) – ensure that an effective structure is in place.
- Security- Allow airport greater freedom in how it complies with security rules
- Brexit Implications – Post Brexit EU negotiations need to have specific focus on the important relationship between Ireland and the UK. 2015 saw a record 8.9million people travel between Dublin and Britain. It is vital that post Brexit negotiations do not hamper this key market for tourism and economic growth. The necessary steps needs to be implemented to ensure the continuation of the Common Travel Area (CTA) and Liberalised European Air Transport.

daa submits that the following actions and metrics be incorporated to advance the policy proposals for Aviation in the Statement of Strategy:
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| Promote air services to strongest export markets and emerging cities and ensure competitive air services | • The European Commission’s 'Aviation Strategy for Europe', has resulted in mandates to negotiate new EU-level agreements with several countries and regions to improve market access and there are others in the pipeline. The state should continue to support these initiatives.  
• Ireland’s objective in bilateral negotiations and in considering EU mandates should be to reach agreement on the basis of fifth freedom rights unless it can be credibly shown that it would have a net negative effect overall on Irish interests.  
• A proactive stance should be adopted, viewing air services agreements as a means of facilitating and encouraging opportunities for aviation business development activity.  
• The implications of Brexit need to be considered for the European Aviation Industry.  
• The necessary steps must be taken to ensure the retention of the Common Travel Area (CTA) and the continuation of Liberalised European Air Transport. | • Progressive increase in the number of direct services from Ireland to the top five economies and major cities in the world  
• 2 million transfer passengers at Dublin Airport by 2017  
• Applications for approval of fifth freedoms will be evaluated on the basis of objective criteria and follow established expeditious timeline for approval.  
• Commit to identifying the priority targets for air services agreements by end Q1 2017 and pursuing them according to a defined programme thereafter.  
• Post Brexit EU agreements with the UK do not hamper aviation growth with the CTA and Liberalised European Air Transport remaining as they are currently operated. |
| Airfield Operational Restrictions | • As outlined in the National Aviation Policy for Ireland it is recognised that Dublin Airport should be developed into a secondary hub and that the construction the North Runway will be required in order to achieve this.  
• Two of the planning conditions attached under the 2007 planning permission for the North Runway are overly restrictive and would diminish Dublin Airport’s ability to extract the full benefits of a second runway, both operationally and in its ability to further enhance the country’s economic development. These conditions also negatively impact the operation of the existing runway.  
• Full implementation of the “Balanced Approach” to noise management (EU Regulation (EC) No. 598 of 2014) to ensure a modern, cohesive, flexible and measured approach to the management of noise at Irish airports that is fit for purpose and delivers the best outcome for all stakeholders. | • Support for the delivery of an appropriate operating model for the airfield at Dublin Airport  
• Establishment of the Competent Authority in accordance with the “Balanced Approach” standard of regulation 598. |
| Ensure there are no regulatory/structural impediments to facilitating growth. | - The recommendations of the Review of An Bord Pleanála be implemented immediately ensuring a more efficient planning process for airport developments.  
- Apron and stand capacity to be facilitated in a way which enables future growth both through physical infrastructure and economic/commercial demands.  
- Negotiate a favourable deal with US Authorities to ensure the appropriate levels of resources are assigned and available to US preclearance facilities at Dublin Airport.  
- Recruitment of appropriate numbers of INIS personnel in order to ensure that the appropriate levels if immigration resources are allocated to airport entry points.  
- Airport infrastructure delivery keeps pace with demand; particularly as regards runway slots and transfer facilities.  
- Implementation of a threshold for strategic infrastructure (Which will remove most developments from this process)  
- All issues resolved with capacity available for all US bound traffic to utilise preclearance facilities at Dublin Airport.  
- Queue times at immigration do not exceed 10 minutes for 95% of passengers from EU points and 20 minutes from non-EU points. |
| --- | --- |
| Allow the industry greater freedom in how precisely it complies with security rules | - In order to meet evolving risk assessments and allow new technologies and practices to be introduced:  
  - Initiate an outcome-focused, risk-based approach to the regulation of security in Ireland as outlined in National Aviation Policy for Ireland.  
  - Promote the EU policy of avoiding the prescribing of technical and procedural details of how security requirements are to be implemented. This is intended to provide opportunities for more flexibility in adopting security measures and procedures.  
- Enhanced coordination and communication through an evolving Security Management System (SeMS)  
- Additional layers of airport security through the development of Behavioural Detection capability at daa  
- Additional security measures implemented on an unpredictable basis to detect, deter and disrupt plans to interfere with civil aviation |
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| Implement a structure that enables Cork Airport to capitalise on recent growth and ensure long term stability. | • Designate Cork Airport as Convention & Conference Gateway for business Tourism (allied to the development of new Cork Convention Centre)  
• Marketing Support for Cork Airport as Gateway to Wild Atlantic Way and Ireland’s Ancient East.  
• Expedite enabling structures around “Visit Cork” to foster an integrated approach to inbound tourism marketing in Ireland South.  
• Mandate the State Development agencies to prioritise Cork Airport as a location for new business initiatives  
• Review of capital & operating subsidies for all airports including PSOs to derive best economic return for limited government funds.  
• Continue to support Norwegian Airline’s application for a foreign Carrier Permit from the US DOT to enable the airline to commence transatlantic services out of Cork to the East Coast of the US. | • Cork Airport to deliver YOY growth of 8% for 2016/2017.  
• Supports and provisions in place to enhance Cork Airport’s ability to act as an engine of economic growth and development in the region.  
• Co-ordinated Tourism approach for marketing Cork resulting in increased tourism traffic to the region through the hub of Cork Airport.  
• Regular Transatlantic flights out of Cork to Boston and New York in 2017, driving inbound tourism and enhancing the South of Ireland’s connectivity. |
| Implement a consistent approach to infrastructure development. | • Section 49 Development Contribution Schemes shall be applied consistently and equally, in particularly amongst semi-state organisations seeking to deliver infrastructure.  
• (Presently DAP self-fines infrastructure, but also pays S49s for metro.) | • DAP omitted from S49 schemes where they are related to infrastructure delivery for commercial semi-state organisations. |
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| Regulatory Reform         | • Conclude the current review of economic regulation of Dublin Airport in a manner that is consistent with and ensures capacity to deliver on NAP priorities and deliver increased value to the shareholder.  
• Review regulatory appeal process to enhance efficiency and effectiveness.  
• Incorporate a flexible, responsive and timely process to allow for supplementary capital allowance in the inter-Determination period.  
• Regulatory regime is responsive to commercial realities.  
• Mechanism introduced to regulatory arrangements to encourage investment in new technologies to explore and develop sustainably at individual airport level. | • Revised regulatory framework delivering a regulatory regime that:  
  o Is supportive of investment in airport infrastructure to meet passenger requirements and impending policy developments in other priority areas (e.g. energy, waste etc)  
  o Is appropriate to the level of power capable of being exercised by regulated entities  
  o Caters for long term interests of passengers  
  o Engenders the confidence of the financial markets  
  o Enables a flexible, responsive and timely process to allow for supplementary capital allowance in the inter-Determination period.  
  o Regulatory regime more responsive to commercial realities.  
• Regulatory regime that enables Ireland to capitalise on clean technologies in a timeframe that enables first mover advantage.  
• Introduction of Global Based Measures for Emissions that don’t disadvantage European Aviation.                                                                                                                                                                                                                         |
| Travel Retail Exemption   | • The assistance of the Department of Transport in requesting an exemption for sales airside at the airport with their colleagues in the Department of Health. | • Travel Retail is exempt from MUP for all alcohol sold in the airport  
• Travel retail is exempt from on pack labelling and can adopt on shelf labelling as an alternative.                                                                                                                                                                                                                                              |
| from Public Health (alcohol) Bill 2015 |                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                       |
Tourism
daα is supportive of the Government’s objective to grow revenue from overseas visitors to €5bn by 2025. Particularly constructive provisions in the tourism policy finalised in 2015 which we would like to see prioritised are:

- The recognition of the need for greater co-operation across the industry and tourism agencies in the pursuit of key markets and opportunities, with particular focus of ensuring that market exploitation more closely follows airline supplier business development trends (which in turn will require nimbleness and flexibility to quickly adapt to changing markets).
- The continued focus on value for money.
- Require planning and regulatory authorities to prioritise applications for investment to visitor accommodation.
- Adoption of visa policies and application procedures that don’t simply follow competitors but which make Ireland best in class on a global basis.
- The proposals for enhancing the visitor experience in Ireland, in particular the prioritisation of investment in visitor reception facilities at ports and airports in order to remove bottlenecks and to create a welcoming environment for visitors.
- Specific execution of a programme to ensure that Ireland can offer a China-friendly visitor experience by end of 2016.
- The need to address data deficiencies.

Daa submits that the following actions and metrics be incorporated to advance the policy proposals for Tourism in the Statement of Strategy:

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| Failte Ireland/ Tourism Ireland Co-Operation | - Ensure closer co-operation at a tactical level on a continuous basis (rather than the three yearly work programmes currently proposed).  
- Develop joint plan on improving the promotion abroad and product in Ireland to attract visitors from new markets which require a different product than the one currently on offer in Ireland, e.g. Asian market.  
- Assist in development of stopover packages to encourage connectivity through Dublin and help to open routes to Dublin that may be marginal without transfer support. | - Processes to ensure co-operation are established and communicated to the industry.  
- Annual surveys undertaken thereafter to assess whether marketing plans are meeting the needs of the industry i.e. focus on the correct markets with the appropriate message.  
- Increased visitor numbers from both mature and developing overseas markets. As part of this set a target for visitors from select new markets e.g. China, Japan, and Korea.  
- Growth in transfer pax as proportion of total traffic at Dublin Airport. |
| Increased Budgets for Tourism Ireland / Development of emerging tourism markets | • To ensure the continued growth of Irish Tourism, increased levels of funding should be made available to Tourism Ireland.  
• In particular, additional funding should be provided to facilitate the initial phase of development of emerging tourism markets in order to ensure their successful development. | • Increased budget for Tourism Ireland. |
|---|---|---|
| Value for Money | • Reduce the excise rate for alcohol  
• Reduce commercial rates  
• Implement process for monitoring price trends and preventing price gouging for special events  
• Commit to not reinstating the Aviation Travel Tax | • Increased proportion of visitors in Fáilte Ireland’s annual Visitor Attitudes Survey that perceive Ireland as good/very good value for money. |
| Facilities for Visitors | • Require planning and regulatory authorities to prioritise applications for investment in visitor facilities.  
• Establish a framework to facilitate funding from public/private partnerships in tourism infrastructure. | • Improved scores for:  
(i) quality of tourism infrastructure and  
(ii) air transport infrastructure in the World Economic Forum’s Travel and Tourism Competitiveness Survey  
• Increase in the volume of Hotel bed capacity available |
| Improved Visa distribution system | • To facilitate the drive to secure access to fast developing markets, especially in the East, a streamlined Visa Distribution process is required.  
• Use of technologies and processes that a speedy and cost effective solution that makes Ireland best in class on a global basis. | • Liaise with the Department of Justice and Equality to develop a streamlined Visa Distribution process that delivers a speedy and cost effective solution to securing visas or visitor permits to Ireland. |
Land Transport

Airports act as key intermodal points between the domestic and international markets, whether business or leisure. There must be a seamless connection between aviation and land transport modes to facilitate an efficient and seamless operation.

It is in Ireland’s interests that the growth of Dublin Airport is assured by having excellent surface access links in place as any inability of Dublin Airport to accommodate additional growth would be a serious inhibitor to the further development of tourism and trade. In this regard, it is our view that Metro North is the correct rail solution for the airport, Swords and north Dublin. We request that any scope to fast track the delivery of this vital infrastructure be availed of. Its current delivery time of 2026 is too late. Expedited delivery is required to keep pace with the level of growth being experienced by Dublin Airport.

With respect to road infrastructure in the vicinity of our airports, whilst there has been a step change in the quality of road infrastructure in the vicinity of Dublin Airport in recent years, this will be undermined if capacity issues associated with the northern sections of the M50 are not addressed. Cork Airport’s ability to facilitate a broader hinterland is also inextricably linked with enhancements to the road network. Demand management measures are not a long-term solution, and the absence of a long-term solution will constrain airport developments in the statutory planning system. Future capacity provision and/or rail provision must therefore be given an enhanced level of focus.

daa submits that the following actions and metrics be incorporated for Land Transport in the Department’s Statement of Strategy for 2017 – 2019.
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<td>Prioritise surface access infrastructure in the vicinity of national airports</td>
<td>• Rank and prioritise delivery of infrastructure required to ensure unimpeded access to national airports. • DTTaS priorities to be reflected in planning policy at all levels.</td>
<td>• Growth and development of national airports not blocked by surface access requirements at planning application stage.</td>
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<td>Commitment to the new Metro North Scheme</td>
<td>• Define the project and its key deliverables. • Progress the rail order.</td>
<td>• Rail order secured.</td>
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<td>Increase the capacity of the national and supporting road network where they relate to Airports</td>
<td>• Stronger focus on development of strategic Transport links to &amp; from Cork Airport.</td>
<td>Cork: • Implementation of the “Infrastructure and Capital Investment 2016 – 2021” Plan specifically in relation to works on the N8/N25 Dunkettle Interchange and upgrading the N28 Cork to Ringaskiddy Road. • Additional improvements are sought to the N22 (Cork to Kerry) and M20 (Cork to Limerick); Road widening on N27 (Cork City Centre to Cork Airport). • Traffic and transportation issues are not impediments to the grant of any planning permission.</td>
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<td>Ensure DTTaS priorities reflected in new National Planning Framework</td>
<td>• Arrangements made to facilitate a direct interface with the Dept. of Environment to shape and influence the development of the NPF in accordance with DTTaS priorities for the sector.</td>
<td>• NPF supports DTTaS objectives, notably sustainable airport expansion.</td>
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