

## Submission on draft National Planning Framework

by Shannon Group plc

09 November 2017

Shannon Group plc strongly supports the National Planning Framework initiative and, in common with many other stakeholder groups, welcomed the opportunity to provide input to the initial consultation process.

Shannon Group was particularly encouraged by the rhetoric surrounding the initial phase of the NPF consultation process, which acknowledged the unbalanced nature of Irish regional development in recent decades. We note, for example, the comments in the DHPCLG press release of 2 February 2017:

*If we don't plan to do anything differently and continue as we have been over the past twenty years, we are almost certain to get more of the same over the next twenty - with congested roads and city centres, ever expanding suburbs and a sense of a country characterised by an over-heating East Coast and under-utilised potential regionally meaning:*

- *Dublin will continue to dominate and potentially overheat drawing in more and more of overall national development, while at the same time sprawling into the surrounding Leinster counties;*
- *Regional cities such as Cork, Limerick, Galway and Waterford will grow but not at the scale needed to making any ground in relation to Dublin*

We also note remarks by Minister Coveney to the Irish Times on 27 December 2016 to the effect that Ireland's population is expected to grow by one million people by 2040 and that three quarters of that growth should take place outside Dublin. The Minister also commented that Limerick was "a city waiting for dramatic population growth."

We therefore expected to see such aspirations reflected in the draft National Planning Framework.

We are therefore very disappointed to find that the draft NPF is essentially a "business as usual" document which – far from seeking to rebalance the national economy – entrenches the status quo by ensuring that no region will grow faster than Dublin, and thus that the whole country's growth will be constrained by the limits of Dublin's worsening congestion.

We recognise that much work has gone into preparing the draft National Planning Framework and we acknowledge this. Our overarching comment on the draft NPF, however, is that its aspirations are grossly inadequate and, contrary to the positive indications prior to the initial consultation, it seeks to hobble the long-term development of the regions – and of Ireland overall – by a continuing misguided focus on channelling growth into Dublin irrespective of its infrastructure deficits.

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As we stated in our original submission in March 2017:

*We do not advocate “balanced regional development”, nor a “one for everyone in the audience” approach, two shorthand criticisms often adduced by defenders of the status quo. We do not make the case for a focus on development outside Dublin because “we want some too” but because the evidence already shows that Dublin’s current growth trajectory is responsible not only for overheating and congestion but also for a range of negative externalities across the rest of the country. We are passionate about the potential for the broader western/southern region to significantly enhance Ireland’s overall economic development and quality of life, and in this submission we set out the reasons for this passion along with some specific suggestions for a way forward.*

Shannon Airport serves a catchment area which is centred on the Midwest, but which extends northwards to Galway and beyond and southwards to Cork and Kerry, and the completion of the M17/M18 Gort-Tuam motorway will bring Galway City within 45 minutes of Shannon. Shannon is the principal long-haul airport for this broader region and thus a vital economic driver for FDI, indigenous industry, and inbound tourism.

Our starting point is that the success of this broader regional economy is essential for the national economy to develop to its full potential. The Shannon Group, in turn, is one of the key drivers of this regional economy, and especially of the Midwest economy. Its development and growth is essential for the wider region to realise its potential.

## 1 Population targets

Our overriding observation is that the population growth targets in the draft NPF represent a resiling from the previously expressed ambition to rebalance Ireland’s future economic development by focusing 75% of population growth outside the Dublin region. The draft targets would see the Eastern/Midlands region’s share of the population remaining essentially unchanged by 2040. This does not in any sense represent a corrective to regional imbalance, but rather a perpetuation of the status quo which will not even maximise national growth and well-being, since it will ensure that the entire country remains hobbled by Dublin’s infrastructural deficits.

**We therefore strongly urge that these regional targets are entirely rethought to return to the originally expressed aspirations of regional development and to chart a more inclusive – and more effective – course for Ireland’s growth and development to 2040.**

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*Recommendation:*

*Revise population targets to return to original ambition of 75% of population growth taking place outside Dublin*

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### *Town definition*

We note the provision of the draft NPF to set an arbitrary threshold of 10,000 as the minimum for a “large town”. We strongly believe that this one-size-fits-all threshold is counterproductive and fails to reflect the differing character of towns across the country.

For example, Shannon is unique as a New Town, developed from the 1960s onwards in conjunction with Shannon Airport and Shannon Free Zone. The 2016 census shows its population as 9,729, but an estimated 7,000 people work in the adjacent Shannon Free Zone, so Shannon’s economic activity and infrastructure is already considerably in excess of what might be expected for an “average” town of the same population.

Indeed, with reference to the “Hierarchy of Settlements and Related Infrastructure” diagram on page 77 of the Draft NPF, Shannon already possesses two out of eight infrastructure elements (Networks and Productive) at “city” level and four more (Skills, Social, Environment and Commercial) at “towns over 10,000 population” level.

We would therefore strongly urge that some reasonable leeway is applied to this definition. Shannon is home to the largest multi-sector business park in the West of Ireland, while its International Aviation Services Centre, a growing industry cluster already responsible for 2400 jobs, is a successful and tangible example of the kind of “smart specialisation” around which sustainable future towns and regions can develop.

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#### *Recommendation:*

*Allow flexibility in 10,000-population “large town” threshold to account for specific exceptional cases*

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While Shannon Airport serves a catchment area stretching from north of Galway to Cork and Kerry, Limerick, 15 minutes away by road, is the closest major metropolitan area, and Shannon’s resources – whether commercial property or housing – are linked to and complementary to Limerick’s.

Similarly, Shannon companies rely heavily on Limerick’s resources, whether public transport links, third-level institutions or professional services firms, and a substantial proportion of Shannon companies’ staff commute from Limerick.

In the context of the National Planning Framework, we therefore submit that Shannon should formally be considered part of the Limerick metropolitan region. This is implied by the reference to Shannon Airport in the Draft NPF’s listing of future growth enablers for Limerick, but this should be made unambiguous.

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#### *Recommendation:*

*Clarify that Shannon should be included within the Limerick metropolitan area for urban planning purposes under the NPF*

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## 2 Connectivity

### Air connectivity

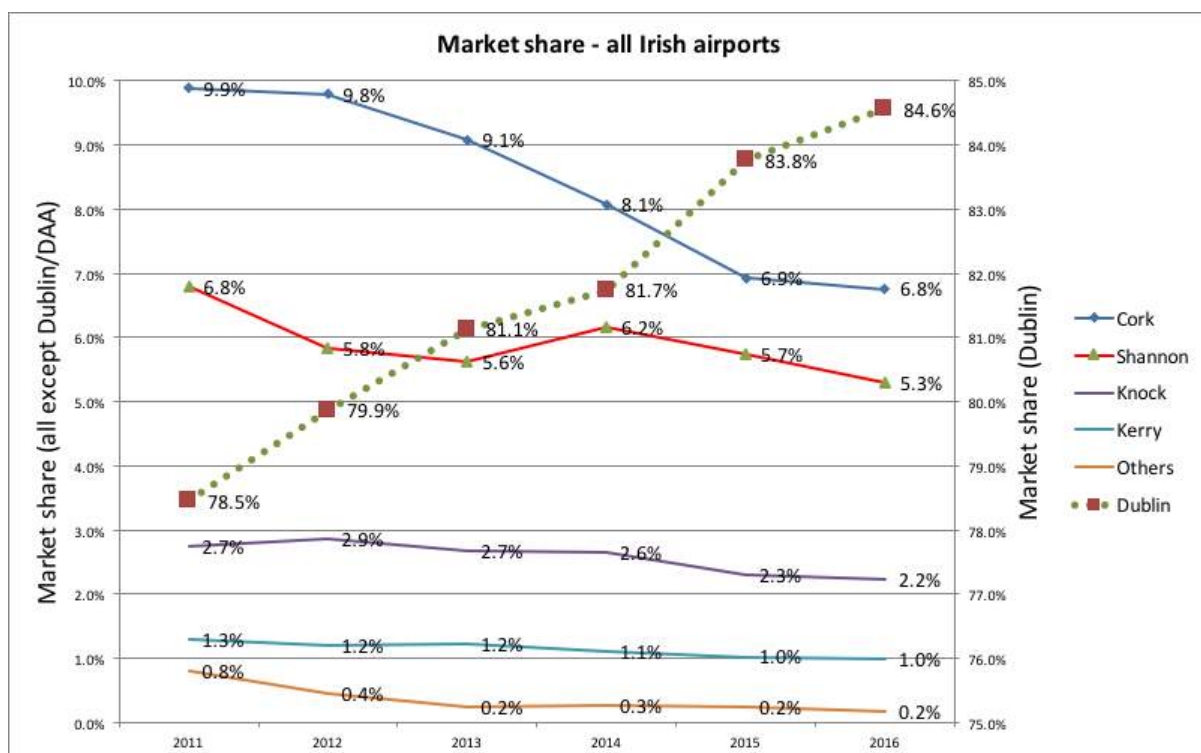
We suggest that air connectivity can effectively further the aims of the NPF by accelerating regional economic development and thus unlocking the case for additional infrastructure.

However, the “status quo” of intensifying Dublin dominance, which is observed across many socioeconomic metrics and industry sectors, is particularly acute in the case of air transport.

Direct air connectivity is a critical requirement for foreign direct investment. Recent years have seen welcome growth in passenger traffic to Ireland, but virtually all of this growth has been at Dublin Airport.

Figure 1 below depicts the share of air passengers to and from the State by airport over the last five years. Because of the dominance of Dublin Airport, it is necessary to use two Y axes (each representing a ten-percentage-point range) to illustrate the evolution in market share: over five years, Dublin Airport’s share of passengers to and from the State has risen from 78.5% to 84.6%, and in a continuation of the “business as usual” case, there is no reason to imagine that this growth will not continue. Indeed, when the third runway in Dublin comes on stream and needs to be paid for, growth may even increase.

Figure 1: Irish airport passenger market share, 2012-2016



Source: CSO

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Shannon is the closest long-haul airport for 40% of the State's population, including the catchments of Galway, Ennis, Limerick and Cork, as well as the principal gateway for the Wild Atlantic Way.

It is therefore essential over the coming years that future Irish air traffic growth is not restricted to Dublin, but that the regions gain an equitable share of future Irish air traffic growth. Enhanced connectivity, in particular to the major European and North American hubs, is critical to attracting the inward investment that will enable the Midwest economy to grow and to be a driver of economic growth outside Dublin.

Shannon Airport is a vital piece of state-owned infrastructure that can act as a catalyst for regional economic development across the whole West and South of Ireland, in line with Government policy, by providing direct access to key inbound leisure and business markets.

There is therefore a requirement for the 2015 National Aviation Policy (NAP) to be reviewed and aligned with the National Planning Framework, in order that the provision of air connectivity in Ireland supports the development of second-tier cities. The NAP all but ignores the potential for direct air connectivity to fuel regional economic development and focuses its airport analysis almost entirely on the development of Dublin.

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*Recommendation:*

*Review National Aviation Policy and ensure that it is aligned with the National Planning Framework*

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A hard Brexit will have a major adverse impact on Irish connectivity to the rest of the EU. Direct regional access to the EU is overwhelmingly by air, and therefore the importance of air as a transport mode will increase for Ireland after Brexit, especially in a context where the NPF seeks to nurture and accelerate regional economic development. The major Irish airports outside Dublin, particularly State Airports, therefore assume a greater importance as enablers of the rapid delivery of the NPF's goals.

Given the importance of regional air connectivity for economic development, and the isolating effect of Brexit, the State Airports should be integrated as effectively as possible into EU transport strategy. Concretely, the EU's principal transport strategy framework is the so-called TEN-T network. We recommend that the set of Irish airports included in the TEN-T Core network is immediately expanded to include Shannon Airport, to reflect the importance of air connectivity for the region's continuing development and integration with the rest of the EU, and to open the way for future EU-level support for regional development.

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*Recommendation:*

*Especially in light of Brexit-induced increased peripherality, include all State Airports in EU TEN-T Core network to ensure their integration into EU transport strategy*

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The overarching challenge for regional development policy lies in its implementation: how can growth be actively encouraged in these regions, and how can this geographical shift be stimulated in order to root the new policy more firmly?

The key driver of regional population growth will be economic growth and employment. We believe that air connectivity has a major role to play in fostering this economic growth.

A 2015 analysis of the economic impact of European Airports<sup>1</sup> notes:

***The better a city, a country or a region is connected by air to other destinations and parts of the world, the more growth can be created and vice versa: the richer, more developed or more generally, the more attractive the country, city or region, the better connected they are. In 2015, ACI-Europe found that taking into account catalytic, induced, indirect and direct economic impacts of airports, a 10% increase in air connectivity is associated with an increase in GDP per capita of 0.5%. Additional analysis found that this relationship is two-way: as an economy grows, it supports a larger air transport sector, but it is also the case that **growth in air transport supports economic growth.*****

In our view, targeted support for specific regional air services represents a fast and cost-effective way to jump-start regional economic development. Support has to be targeted: there is no economic benefit in facilitating outbound leisure routes, for example. The key connectivity enabler for inward investment (and for the development of indigenous export industry) is easy air access to key markets and to corporate head offices; hence the Shannon Airport catchment's concentration of US multinational firms, who can travel directly between Shannon and the United States.

We believe therefore that the provision of support for specific routes (for example, supporting key year-round business-friendly connections to European and North American hubs) would be a relatively quick and cost-effective mechanism to materially enhance the region's attractiveness for inward investment, and hence to accelerate employment creation. This support could take the form of PSO contracts or similar structures, which constitute allowable State Aid under European law, and could be contingent on the airports in question co-financing the support. Concretely, we propose that the NPF should evaluate the potential for PSO-type financial support to deliver direct business-oriented year-round connections to one or more identified hub airports.

This proposal is not Shannon-specific; within the arc currently identified by the draft NPF consultation document, this approach can equally apply to Cork, and potentially to Waterford. We are seeking to identify how the airports (especially state assets) can most effectively contribute to the regional-development goals of the NPF.

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*Recommendation:*

*Evaluate financial support mechanisms for specific air routes as a fast and cost-effective way to jump-start regional economic development*

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<sup>1</sup> InterVISTAS consulting, "Economic Impact of European Airports", prepared for ACI-Europe, January 2015

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### *Surface connectivity*

The provision of an efficient Cork-Limerick motorway link is essential for the Cork-Limerick-Galway axis to be able to develop as an effective complement to Dublin for the net benefit of the country. Along with a multiplicity of other regional stakeholders, we continue to urge that this project be approved and fast-tracked.

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*Recommendation:*

*Expedite development of a Cork-Limerick motorway link.*

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We would also urge that the National Planning Framework encompass the completion of the last stage of the N19 National Primary Route to Shannon Airport. The road is dual-carriageway for all but the last 2 km of its length and the single-carriageway stretch represents both a traffic hazard and a potential single-point-of-failure vulnerability in the event of an incident on the airfield.

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*Recommendation:*

*Incorporate provision for the completion of the last 2 km of N19 dual carriageway in the National Planning Framework*

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## 3 Conclusion

Shannon Group strongly supports the premise of the National Planning Framework and makes this submission in a constructive spirit.

From our perspective, the biggest barrier to growth in the regions has been a narrow focus (whether explicit or implicit) on the growth of Dublin rather than a more inclusive approach to effective regional development. We expect Dublin to continue to grow and thrive in line with its role as our nation's capital, but this should not be at the expense of the rest of the country.

As noted above, the draft NPF unfortunately falls once more into this trap.

The growth of regions such as the Midwest should be seen as being of benefit to the whole country, including those people who live and work in Dublin. By driving the development of second-tier cities such as the Limerick City Region, we can relieve the pressure on Dublin's infrastructure, make use of available capacity for growth, and help to solve Dublin's problems, not compete with Dublin.

We sincerely hope that our comments – and those of other stakeholders – will underline the potential for a more enlightened policy framework to guide a more inclusive and sustainable development path for the whole country.



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## Factual correction

*The draft NPF on pages 56 and 99 refers to the agency “Shannon Development”.*

*Shannon Development **ceased to exist** as an agency in January 2013 with the creation of Shannon Group plc, and **these references should be updated to refer to Shannon Group.***

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