

Cork Airport Growth Scheme Consultation

Cork Airport's vision is to compete and grow, as the economic engine of the South of Ireland, to connect people, business and grow tourism. As such, Cork Airport is committed to encourage airlines to operate new routes to/from Cork Airport and to promote the continued development of Cork Airport's route network. As part of Cork Airport's long-term commitment to grow and develop our route network we are pleased to introduce a consultation process on a new Cork Airport growth support scheme, open to all airlines, the details of which are laid out below. As the second largest airport in the Republic of Ireland, we can offer the catchment area and the yields to deliver long term sustainable growth in a mutually profitable manner for both Cork Airport and the airlines.

The consultation process will be set for a period of one month, commencing on May [1st], 2018. Accordingly, all comments and submissions must be issued to Cork Airport on or before [1st] June 2018 and should be addressed to Daragh Hanratty, Head of Aviation Marketing. Following receipt of all comments and submissions, Cork Airport shall then proceed to publish the final version of the Scheme.

1. Operation of the Scheme

The Scheme is proposed to operate as follows;

- a) The Scheme would apply once a minimum of 250,000 PAX (i.e., 125,000 departing PAX and 125,000 arriving PAX) growth is achieved by the relevant airline within 12 months of the start of the Scheme in respect of that airline.
- b) Applicable airport charges would be reduced over a 5-year period as indicated in Table 1 below with greater discounts available when 500,000 Pax (i.e., 250,000 departing PAX and 250,000 arriving PAX) growth is achieved by the relevant airline.
- c) Growth referenced in paragraphs 1 a) and 1 b) above is calculated as the increase in traffic achieved by the operator at Cork Airport over the traffic, which the operator attained in the preceding 12-month period prior to commencement of the scheme (base traffic)
- d) Discounts would apply to: (i) passenger service charge; (ii) airport security charge; (iii) runway movement charge (both take-off and landing); and (iv) parking charge. For clarity, it does not include PRM, CUTE, HBS or property charges e.g. check-in. In addition, if new charges are necessarily introduced by the airport e.g., through regulation or regulatory related requirements, then they are excluded from this scheme.
- e) In addition, it is proposed that eligible airlines will receive marketing support in the amounts outlined in Table 1 below, subject to achieving the required level of traffic growth. This is calculated based on proposed support of € 0.50c per PAX for year 1 and € 0.40c per PAX for year

2 with the level of marketing support capped at each threshold amount (250,000 Pax or 500,000 Pax, as the case may be).

Table 1

Total PAX	Cost Per Departing PAX ⁽¹⁾				
	Year 1	Year 2	Year 3	Year 4	Year 5
Traffic Growth > 125,000 Departing Pax (250,000 Pax)					
ALL GROWTH	FREE	FREE	€ 2.25	€ 6.00	€ 8.00
Marketing Support	€ 125,000	€ 100,000	-	-	-
Traffic Growth > 250,000 Departing Pax (500,000 Pax)					
ALL GROWTH	FREE	FREE	FREE	€ 1.00	€ 3.00
Marketing Support	€ 250,000	€ 200,000	-	-	-

Note: The airport charges stated above would only apply to the incremental growth numbers by reference to the base passenger numbers as described in paragraph 1 c) above., once the threshold of an additional qualifying 250,000 (i.e., 125,000 departing PAX and 125,000 arriving PAX) passengers is met and maintained over the 5-year period.

2. Additional Terms & Conditions (to include)¹:

- a) No minimum level of initial base traffic shall be required to avail of the Scheme.
- b) Scheme applies to routes which are approved by Cork Airport and unserved at the time of Scheme applying to that route and there is no agreement to serve the route.
- c) Scheme also applies to additional capacity/load factor increase on existing routes served by the operator.
- d) Scheme excludes CUTE, PRM, HBS and property charges, which are charged separately.
- e) Scheme is not dependent on overall growth of all operators at Cork in any one period.

¹ Note: these terms and conditions will be incorporated into a Cork Airport Growth Support Scheme rules document to be published on the Route Support Schemes & Incentives page at www.corkairport.com following conclusion of the consultation process and final decision by Cork Airport.

- f) Operators will be invoiced at standard airport charge levels and rebate on airport charges will be given to the operator at the end of the calendar month following the expiry of 12 months post commencement, and every 12 months thereafter, subject to operator achieving the passenger threshold in each 12-month period. The choice of payment method shall be at the discretion of Cork Airport.
- g) Scheme rebates will be made to the operator/company that Cork Airport invoices for the operation.
- h) Duration from 2019 to 2023 (5 years). Year 1 of the Scheme will start from the day that the additional capacity/new routes first operate.
- i) Supersedes all existing schemes (including existing marketing support schemes) for operators (an operator cannot avail of two schemes at the same time).
- j) Operators that cease operations completely at Cork Airport during a calendar year period will not be eligible to the rebate relating to that calendar year and may therefore lose rebate in respect of that part of the calendar year in which the operators did operate and Cork Airport.
- k) The Scheme will apply or continue to apply only as long as:
- The qualifying criteria for the Scheme are met;
 - An operator is fully compliant with the published Cork Airport Terms and Conditions (available on the airport charges page located at www.corkairport.com);
 - The payment of invoices for all airport charges and any other fees or costs incurred by Cork Airport in respect of any services provided by Cork Airport to the operator, including adhering to credit terms in respect of all Cork Airport invoices, unless Cork Airport, in its absolute discretion, shall otherwise determine;
 - any amounts determined as due to Cork Airport as part of the outcome of any legal process are paid;
 - the Scheme and all payments are compatible with law including, without limitation, European Union State aid law as such law (and its interpretation) could change from time to time; and
 - all other contractual agreements in existence between an operator and Cork Airport are adhered to in full and all applicable licence agreements and other commercial arrangements are completed, signed off and are being adhered to in full.

Where an operator is found to be in breach of the above requirements, Cork Airport reserves the right to proportionately reduce the level of rebate otherwise due under the Scheme and/or reclaim all of the rebate and all other supports in whole or in part retrospectively, currently and prospectively.

As mentioned above, Cork Airport welcomes comments on this proposed Scheme. If Cork Airport proceeds with the Scheme then the terms and conditions of the Scheme will be decided by Cork Airport at its discretion.