



**An Roinn Iompair
Turasóireachta agus Spóirt**

**Department of Transport,
Tourism and Sport**

Post Enactment Report

State Airports (Shannon Group) Act 2014 (No. 27 of 2014)

(Dáil Eireann – Standing Order 141A)

(Seanad Eireann – Standing Order 137A)

April 2016

Post Enactment Report

State Airports (Shannon Group) Act 2014 (No. 27 of 2014)

Background

The State Airports (Shannon Group) Act 2014 was signed into law by the President on 27 July 2014.

The main purpose of the Act was to establish a new commercial State company, Shannon Group plc, incorporating both the Shannon Airport Authority and a restructured Shannon Development, with the aim of promoting a greater commonality of purpose to these latter companies for the development of aviation and related services in and around Shannon Airport.

The Act also made provision for the implementation of the insolvency arrangements set out in 'Alternative A' of the Protocol to the Cape Town Convention and it made provision to facilitate changes to the Irish Airlines (General Employees) Superannuation Scheme as well as other miscellaneous statutory amendments.

Current Status

Shannon Group plc was incorporated under the Companies Act on 29 August 2014. The board comprises ten members and other than the Chief Executive (who is *ex officio* a member), the Minister appointed the directors in August 2014, including two employee representatives. Ms Rose Hynes was appointed Chairperson of the board.

In accordance with section 28 of the Act, the State shareholdings in Shannon Airport Authority and Shannon Development were transferred to Shannon Group on 5 September 2014¹ and with those transfers, the name of Shannon Development was changed to Shannon Commercial Enterprises Ltd (the company trades as Shannon Commercial Properties).

Cork Airport Authority was dissolved in October 2015². (Section 31 of the Act also provides power for the Minister to re-establish Cork Airport Authority in the future and sub-section (4) protects the name that airport authority for this purpose.)

Great effort was made by all concerned over a number of years to try to resolve the serious funding difficulties of the Irish Airlines (General Employees) Superannuation Scheme (IASS). The resolution of those difficulties was primarily a matter for the trustee, the companies participating in the scheme, the scheme's members and the Pensions Authority. A funding plan by the trustee of the IASS was approved by the Pensions Authority in December 2014. The provisions concerning this issue in the Act (section 34) facilitated implementation by the trustee of the funding solution.

¹State Airports (Shannon Group) Act 2014 (Shannon Airport Transfer Day) Order 2014 (S.I. No. 395 of 2014) and State Airports (Shannon Group) Act 2014 (Shannon Commercial Enterprises Transfer Day) Order 2014 (S.I. No. 396 of 2014).

² State Airports (Shannon Group) Act 2014 (Cork Airport Authority Dissolution Day) Order 2015 (S.I. No. 424 of 2015)

The amendment provided in section 53 of the Act (amending section 5 of the *International Interests in Mobile Equipment (Cape Town Convention) Act 2005*) enables the Government, by order, to give effect to 'Alternative A' in Article XI of the Aircraft Protocol to the Cape Town Convention. The Alternative A regime enables financiers to get access to their aircraft assets, in countries which have adopted this regime, in the event of default or insolvency more speedily than they would under the 'normal' insolvency laws of those countries. The National Aviation Policy published in August 2015 commits to fully adopting the Cape Town 'Alternative A' insolvency arrangements which will enhance Ireland's attractiveness as a jurisdiction for aviation finance. It is the intention that the necessary order in this regard will be made by mid-year.

Many of the other provisions in the Act were either consequential on, or related to, the establishment of Shannon Group and the structural reorganisation of Shannon Airport Authority and Shannon Development, or were legislative amendments of a technical nature.

Conclusion

The main purpose of the Act was the establishment Shannon Group and the new company has brought a renewed commercial focus to the various business units under its control. In particular, passenger numbers at Shannon airport have returned to growth, increasing by 5% to 1.71 million in 2015. (Since the airport became independent at the end of 2012, passenger numbers have increased by over 22%.) Shannon Commercial Properties launched an initial €21 million investment programme in 2015 to regenerate the stock of property in the Shannon Free Zone and address historic underinvestment in this area. Work on developing an International Aviation Services Centre, a concept initiated by Shannon Group, is on-going. This initiative aims to promote and further develop the existing cluster of almost 50 aviation related businesses on the Shannon campus. Shannon Heritage, which is a subsidiary of Shannon Commercial Enterprises Ltd, had a very successful operating year in 2015 welcoming almost 700,000 visitors to its attractions in Clare, Limerick, Galway and Dublin. It also won the contract to manage the new GPO *Witness History* visitor centre which opened to the public in March 2016.

Shannon Group acknowledges that it is still early days and that much remains to be done. The company intends to build on the momentum of a solid start to secure continuing growth across all business units.

Department of Transport, Tourism and Sport.