

IAA RESPONSE SUBMISSION

Consultation on Commission for Aviation Regulation (CAR) Draft Strategic Plan 2017 - 2019

24 March 2017

1 General Comments

- 1.1 The Irish Aviation Authority¹ ('the IAA') welcomes the opportunity to respond to the Commission for Aviation Regulation ('the CAR') consultation on a draft strategic plan 2017 – 2019. We recognise the importance of developing a clear and coherent strategy to plan activities and drive consistent decision making.
- 1.2 It is acknowledged in the consultation paper that better regulation depends on effective consultation and improved engagement with stakeholders. It is important that the CAR enshrines this as a key principal in the delivery of its responsibilities, in order to ensure effective decision making that balances the needs of all stakeholders.
- 1.3 The draft strategic plan sets out a significant volume of work over the next two years for a small organisation. We are concerned at the CAR's ability to deliver all of this work and to ensure that the necessary quality is applied to each individual task. We encourage the CAR to "stress-test" this Strategic Plan against its available resources to ensure that it is not over-committing.
- 1.4 In this context, we suggest that the CAR would outline timelines or milestones for each of its proposed actions. Not only will this provide important information to stakeholders around the scale of the actions listed, but it will also assist stakeholders in planning their activities and future interactions with the CAR.
- 1.5 The next sections set out our specific comments on the draft Strategic Plan.

2 DTTaS Review

- 2.1 The uncertainty with regard to the outcome of the Government's² Review of Airport Charges Regulation has been acknowledged by the CAR. For clarity, the IAA has participated in the Government's review and has stated its position that the CAR is too small and does not have the sufficient aviation sector expertise to be effective in its current role. The IAA has recommended the abolition of the CAR.

¹ The IAA is responsible for the provision of air traffic management services in Irish controlled airspace, safety regulation of civil aviation in Ireland and oversight of civil aviation security in Ireland. The IAA will also be appointed in 2017 as the competent authority for noise regulation at Irish airports. Full details available on www.iaa.ie

² Department of Transport, Tourism and Sport - DTTaS

Notwithstanding this however, in the absence of the review being concluded, we agree with the CAR that it is appropriate to set out a strategy for the coming years based on the current “status-quo” continuing.

3 Strategic Goals

- 3.1 We note the five strategic goals proposed by the CAR. We recommend that the first strategic goal, *Efficient, high-quality airport services*, is changed to ***Safe and efficient, high quality airport services***. Delivering safety across the aviation system should be a key priority for all stakeholders, participants and decision makers in the system. While the CAR does not have an explicit role in the delivery of safe operations at Dublin airport, the financial decisions which the CAR makes can have a significant impact on the daa’s ability to promote and deliver continuing improvements in safety at Dublin Airport.

4 Dublin airport and the North Runway

- 4.1 The CAR has had a litigious history with previous regulatory determinations for Dublin airport being strongly opposed. Significant effort must be taken to avoid a repeat of this for the CAR’s next determination on Dublin airport. The CAR should commence the process of planning and information gathering for this determination now, in order that it has sufficient time to develop a fair and balanced determination.
- 4.2 While the objective to set efficient charges at Dublin airport for the next regulatory period is reasonable, the IAA is of the view that the regulatory model for setting these charges needs significant overhaul in order to achieve this objective.
- 4.3 We welcome the CAR’s intention to “*emulate as closely as possible a competitive outcome*” and we look forward to further information in 2018 and 2019 on how this will be achieved. It is our view that economic regulation at Dublin airport needs to transition to a more market based model, which reflects the needs of users at Dublin airport. We support the principles developed by the National Civil Aviation Development Forum (NCADF) in relation to market driven airport charging and flexible economic regulation.
- 4.4 We welcome the CAR’s acknowledgement that the existing regulatory model needs to be more flexible and accommodate significant changes to assumptions (e.g. traffic growth in recent years). The regulatory framework should be designed such that there is no compromise on safety, with all necessary safety investments being prioritised and delivered when they are needed.
- 4.5 In addition, investments in the existing infrastructure that can improve service to customers or increase capacity must also be allowed. Dublin airport is currently operating close to full capacity. Recognising this, the CAR should be flexible to allow changes to the existing regulation, which allow for investments or modifications to increase aerodrome capacity, improve efficiency or reduce aerodrome delays. This may require investment beyond that envisaged in 2014.

- 4.6 The North Runway is the most significant capital project which the daa will undertake in the coming years. The need for this additional runway is becoming more significant as traffic continues to grow and Dublin airport reaches capacity. We note the ongoing process that the CAR is leading in relation to the triggers for capex recovery for the North Runway. It is our view that all required clarity should be provided to the daa as soon as possible to ensure that it can make the necessary decisions in relation to the North Runway in a timely manner.

5 Slot Coordination

- 5.1 The CAR has an important role in determining the slot parameters at Dublin airport, made more significant now that demand for slots exceeds supply at peak times. In 2016, the daa with the IAA in support developed a proposal which would have provided for additional slots at key peak times during summer season 2017. This was rejected by the Dublin slot committee and following review, was also rejected by the CAR. Accordingly we now welcome the CAR's objective (3) to *promote competition and facilitate new entry into relevant markets*. Approval of the proposal developed by daa and IAA for additional slots (for the next summer season) would be a first and important step in achieving this objective.
- 5.2 We note the CAR's action to appoint an independent slot coordinator. The IAA proposes that the terms of reference for this entity are made available to stakeholders to comment on. This role should act in an advisory role to the CAR and should not be a decision maker in itself. Indeed consultation should be enshrined as a key aspect of this role as we were concerned about the consultation and decision making process for the Dublin airport slot parameters for 2017.

6 Airline Licensing

- 6.1 We acknowledge the objective in relation to safe and financially robust airlines. We welcome the objective to operate an efficient licensing regime for airlines; with expected growth in the coming years it is important the opportunities for airlines to develop business into and out of Ireland are handled by the regulatory regime in an efficient manner. We also note the intention to improve the coordination of licensing processes with the IAA and we look forward to discussion on this in the near future.

7 Regulatory Best Practice

- 7.1 Section 8 of the CAR's strategic plan focuses on mechanisms to improve the regulatory effectiveness of the CAR and to meet international best practice. In our view, international best practice needs to be balanced with local intelligence; for example, Dublin airport is facing particular challenges which may not be an issue at other airports of similar size (e.g. rapid growth in traffic, legacy deficiencies in infrastructure, Brexit). While the CAR should of course be conscious of best practice

internationally, this should not be blind to local considerations and the ability to develop solutions which are tailored for Ireland's needs.

- 7.2 One of the IAA's key concerns with the effectiveness of the CAR in the past has been a lack of aviation sector expertise within the CAR. This has led to an over-reliance on external consultants, some of whom do not understand legacy or constraining issues at Dublin airport and whose recommendations have been overly academic. It should be a key focus for the CAR to increase its aviation sector expertise in the coming years in order to improve confidence in its decision making.
- 7.3 As stated already we welcome the intention to improve and enhance consultation and engagement with stakeholders. A "no-surprises" approach is important and we look forward to the proposed communications plan for stakeholders. Effective consultation involves not just accepting comments and submissions; it also involves transparency in decision making, clearly identifying the criteria against which a decision is made and outlining the rationale for one approach over another.