

26 April 2002

Anne Moloney
Deputy Head of Economic Affairs
Commission for Aviation Regulation
36 Upper Mount Street
Dublin 2

Dear Anne

Consultation Paper ;-
Implementation of the Levy Pursuant to Section 23 of the Aviation Regulation Act, 2001

bmi welcome the opportunity to comment on the recovery of the costs of the Commission for Aviation Regulation, by levy.

bmi support the general principle proposed by the Commission that the levy be collected from each sector of the industry based on the proportion of the Commission's costs related to that sector.

Responses to specific proposals and queries raised by the commission, are set out below.

1 Allocation of expenditure to activities

1.1 Administrative costs

Where costs relate to a specific cost centre, they should be allocated directly to that cost centre. General costs should be allocated proportionately on a time or usage basis, depending on the driver for the cost concerned.

1.2 Professional Fees

We suggest that costs should be allocated to the undertakings which are party to the proceedings.

For example, fees incurred in connection with proceedings relevant to the airport authority should be charged to the airport authority.

1.3 Depreciation

No details are provided regarding the nature of the depreciation, but we suggest this should be charged in line with the driver of the capital cost. For example, if depreciation relates to buildings, this should be allocated in line with the usage of the accommodation.

2 Undertakings liable to pay and level of liability

2.1 Regulation of airport charges and terminal services charges

We agree that the service providers and the users should each bear a portion of the Commission's costs, and the service provider should not be allowed to pass on to its users the charge made specifically against the service provider.

The portion of costs allocated to users should be charged by the service provider to all users of the airport or terminal services accordingly, based on tonnage.

To clarify, the term 'users' should include scheduled, charter, cargo, general aviation and private flights.

2.2 Slot Allocation and Co-ordination

In line with the above, we believe that the airport operator should bear a portion of the costs and the balance should be charged to all users of the airport, based on tonnage. To clarify, the term 'users' should include scheduled, charter, cargo, general aviation and private flights. We do not agree with setting a threshold below which charges are not levied. All users benefit from this service and should contribute accordingly.

In addition, the budget for the cost of slot allocation should be open and subject to review by the Executive of the Co-ordination Committee .

Yours sincerely

Jane Irving
Financial Controller - Direct Operating Costs
tel 00 44 1332 854747
email jane.irving@flybmi.com