

Submission by the Irish Exporters Association (IEA) on proposals by the Aviation Commission to implement a levy on the aviation industry to recover its cost of operation

Ref. Commission Paper CP4/2002

1. Introduction

The IEA wish to ensure throughout the review process of the Aviation Commission (AC) costs which must now be recovered by levy that it must be clearly borne in mind the reason for creating the AC was primarily to control the monopolistic practices of Aer Rianta Teoranta (ART).

If ART's monopoly at Ireland's three main airports was dissolved, then the AC and the costs associated with the AC could be dispensed with.

The IEA also would point to a further overarching concern in the review process: ART is a state corporation, hence the state underwrites any loss and can benefit from any profit.

Against this background it appears wholly inequitable to the IEA that ART should be allowed to spend substantial sums of money using the highly costly court system to challenge each and every determination by the AC that it may decide impinges on its monopolistic charging mechanisms to the aviation industry and the public at large. This runs up the costs of the AC and forces a higher cost on to the aviation industry and in effect counters the AC's work to reduce ART's excessive charges.

With these introductory remarks the IEA would comment as follows on the AC's consultation papers.

2. Levy Allocation System

The IEA fully supports the AC's suggested allocation system of collecting the levy from each sector of the aviation industry on the basis of the proportion of the AC's costs incurred in respect of monitoring and working on that sector.

This will ensure in the IEA's opinion the greatest transparency in monitoring the worth and costs of the work done by the AC for each sector.

As the AC was set up to monitor the ART monopoly charging mechanism rather than supervise the processing of passengers, freight and aircraft operators, it would be inappropriate to introduce a levy by passenger or by aircraft movement.

3. Proportional Allocation of Levy to recovery from Airport Users

3.1. Regulation of Airport Charge

The IEA recommends that the full AC levy on this sector should be borne by ART, with the stipulation that ART cannot pass this on by way of passenger or other airport user levy. To do otherwise would be to defeat the purpose for which the AC was set up and

encourage ART to challenge all the AC's recommendations and force airport users to lose confidence in the independent regulation process. ART must accept the AC's levy on ART as a cost in lieu of open market competition costs.

6.2 Aviation terminal Service Charges

The IEA recommends the placing of the AC levy in this sector, directly on to the IAA. Further, the IEA recommends that the IAA be given the right to recover:

- 100% of the AC levy where the IAA has not challenged the AC determination of the IAA regulated charges. This should be recovered on a usage basis, thus ensuring heavy users pay the greater percentage of the total levy.
- 0% of the AC levy where the IAA processes legal challenges to the AC regulation charges.

This will help to ensure the effectiveness of the AC in dealing with other State owned bodies, keep down the AC's overall costs, reduce waste of taxpayers' money and ensure lowest cost to airport users (again using the same logic as at 3.1 above).

6.3 Ground Handling

The IEA supports the AC's proposal to recover directly the full levy from the approved ground handlers at each airport.

6.4. Air Carrier and Travel Trade Licensing

The IEA supports the AC's proposal for recovering the levy from these two sectors.