

1<sup>st</sup> November 2004

Mr William Prasifka  
Commissioner for Aviation Regulation  
Commission for Aviation Regulation  
3<sup>rd</sup> Floor  
Alexandra House  
Earlsfort Terrace  
Dublin 2

Dear Bill,

We refer to Commission Paper CP7/2004 on the making of a new determination under the Aviation Act of 2001, as amended by the State Airports Act of 2004.

This process is entirely redundant considering that yet a further determination will be necessary once the break-up of the Irish airports occurs next year. It is also a pointless exercise considering that the CAR has repeatedly ignored its statutory obligations under the original 2001 Act, i.e., to “*facilitate the development and operation of cost-effective airports which meet the requirements of users*”. The CAR has utterly failed to replicate the benefits of competition at the Aer Rianta monopoly airports, at a time when airports around Europe, that are subject to competition, are lowering their costs and building facilities only where necessary and that meet the requirements of users. Furthermore, the CAR’s own excessive costs have imposed an additional burden on airline users and ultimately Irish consumers and visitors to Ireland.

The issue is therefore not the changes to the 2001 Act but the CAR’s inability to regulate a rampant airport monopoly. The CAR’s record to date is as follows:

- Despite having found that Aer Rianta is 50% more inefficient than the best of its peers, the CAR has only reduced the regulatory cap for Dublin by 9 cents (or less than 2%) over the past three years. The CAR has therefore failed to force Aer Rianta to increase its efficiency and lower its costs.
- The CAR has failed to prevent Aer Rianta from increasing costs in other areas. Most recently the CAR rubber stamped a 100% price increase in the cost of check-in desks at Dublin Airport, following a Supreme Court ruling that this increase was unlawful. The CAR also ignored comments from Ryanair that Aer Rianta’s proposed charges illegally force Ryanair to pay for the CUTE system, a system that it does not use.

- Aer Rianta continue to ignore the requirements of users and have built facilities in Cork and Shannon that are ridiculously over priced, the costs of which will now apparently have to be borne by Dublin airport users. The CAR failed to prevent Aer Rianta from proceeding with these facilities, despite the fact that users clearly indicated that they did not require these facilities and were not prepared to pay for them.
- The new Dublin Airport Authority is currently proceeding with plans to build an entirely unnecessary and over-specified second runway at Dublin Airport, which will again force users to pay for facilities that they do not require. The CAR has been entirely silent on these plans.
- As noted on several occasions in the past, the CAR has also failed to ensure that its own costs are “*kept to a minimum and are not excessive*”, as required in Section 23(7) of the 2001 Act, with costs almost doubling from €1.95 in 2002 to €3.6 million in 2004. The CAR continues to commission meaningless consultants’ reports, which then have to be paid for by the users and consumers through higher airport costs.

In short, the CAR has failed in its mandate to regulate the Aer Rianta monopoly and changes to the 2001 Act will have no impact on this situation. Only the introduction of competition at Dublin Airport in the form of competing terminals will bring much needed efficiency and lower costs, which will translate into lower fares for consumers and higher passenger volumes at the Irish airports.

Yours sincerely,

Jim Callaghan  
***Head of Regulatory Affairs and Company Secretary***

CC: Martin Cullen, T.D., Minister for Transport