



20 July 2018

Ms Cathy Mannion
Commissioner
Commission for Aviation Regulation
3rd Floor, Alexandra House
Earlsfort Terrace
Dublin 2
D02 W773

Commission for Aviation Regulation

23 JUL 2018

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Re: 2019 Determination of the Maximum Level of Airport Charges at Dublin Airport

Dear Cathy

I am directed by the Minister for Transport, Tourism and Sport to refer to Section 33(2) of the Aviation Regulation Act 2001 (as amended) which states that, in making a determination, CAR shall have due regard to, inter alia, "policy statements, published by or on behalf of the Government or a Minister for the Government and notified to the Commission by the Minister, in relation to the economic and social development of the State"

As the Commission for Aviation Regulation has commenced the process of engaging with stakeholders in preparation for the next Determination which will come into effect on 01 January 2020 and which will be valid for a period of greater than four years, it is now appropriate to formally notify the Commission of current Government policy pertinent to the regulation of airport charges in Ireland.

The National Aviation Policy published in August 2015, which continues to support Government objectives with regard to the economic and social development of the State, provides a comprehensive statement of aviation policy. It outlines, inter alia, actions to enhance connectivity, including the development of new routes and services, ensuring a high level of competition among airlines operating in the Irish market, supporting the development of Ireland's airports, including the development of Dublin Airport as a secondary hub airport. These targets are to be facilitated by investment in new infrastructure to meet the needs of projected traffic growth.

A commitment contained in the National Aviation Policy to review and restate Government policy on airport charges in Ireland lead to the publication last year of a revised Policy Statement on Airport Charges Regulation (copy attached). The Policy Statement sets out the overriding strategic objective of the economic regulation of airport charges in Ireland, which is to ensure airport customers (current and future), are presented with choice, value



and quality services which also meet the highest international safety and security standards.

In summary, the statement outlines that:

- Dublin Airport will continue to be subject to price regulation in recognition of its significant market power;
- the primary purpose of the regulation shall be to protect and advance the best interests of current and future customers who use Dublin Airport;
- the Regulator shall no longer be mandated to have specific regard to the financial sustainability/viability of the regulated entity in making a Determination - this is intrinsic in the primary objective of protecting the interest of current and future users;
- there will be a single stage appeals process which will involve taking appeals directly to the High Court or Commercial Court; and.
- the statutory basis for Ministerial Directions in relation to the price determination process will be removed and replaced with a requirement on the Regulator to have regard to current Government aviation and airport policy.

The Minister for Transport, Tourism and Sport intends to bring forward amendments to the Aviation Regulation Act 2001 (as amended) to give legal effect to the Policy and the necessary work on this is now underway in this Department.

It is noted that you state in paragraph 3.4 of the Issues Paper that you published on 30 April, 2018 that if the necessary legislation is enacted prior to the 2019 Determination, the determination will be made under the new legislative framework. It is intended that this will be the case.

Yours sincerely

Fintan Towey
Assistant Secretary