

# **Irish Association of International Express Carriers (IAIEC)**

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The Commission for Aviation Regulation

36 Upper Mount Street

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RE: Comments on Submissions Received in response to Consultation Paper CP2/2001

The Irish Association of International Express Carriers (IAIEC) would like to make the following comments on the submissions received by the Commission in response to its Consultation Paper CP2/2001 on ‘the Maximum Levels of Airport Charges to be levied by an Airport Authority under the Aviation Regulation Act 2001’:

- Overall the IAIEC was disappointed but not surprised by the fact that the movement of goods rarely featured in the submissions received;
- However we trust that the Commission will not conclude from this that the issues in relation to airport charges and such movement are unimportant or do not require the separate detailed and individual attention of the Commission;
- The Association totally rejects the assertion by Aer Rianta in one of the very few references (12.6) to goods in their long but disappointingly internally focussed and defensive response that cargo operators are “extensive users” of the airport infrastructure;[\[1\]](#)
- Aer Rianta’s declaration in the same section that cargo operators are “free riders’ at the expense of the airline community” is an inaccurate, unsubstantiated and unnecessarily provocative and divisive position;
- The members of the IAIEC who are responsible for a substantial amount of the goods which move through Aer Rianta’s airports are in their own right members of the airline community either directly or indirectly and pay for the airport services and airport infrastructure they use either directly or indirectly;
- The details of the complete basket of these payments can and no doubt will emerge as the Commission extends its work into the separate but very much related areas of Aviation Charges and Aer Rianta’s application for the imposition of a new freight access fee which is the subject of a separate appeal.
- The IAIEC rejects Aer Rianta’s argument (in 9.5) that it is inappropriate should the Commission so determine for its capital investment programme to be separately recovered and in particular that portion which is specific, and demonstrably so, to the “transportation by air of cargo, to and from an airport” (and not simply “cargo” as stated in their submission);

- As Aer Rianta have made no effort to demonstrate why or justify how their modified version of the Ramsey Model would be relevant objective transparent and non discriminatory if applied to goods the IAIEC submits that Commission should reject this approach.
- The IAIEC agree with Aer Rianta (in 12.7) that costs should be directly attributed, the key question however is how they are allocated;
- The Commission should therefore develop an objective sound and common sense rationale for such cost allocation ;
- The IAIEC note that in 12.10 of Aer Rianta's submission the table of airport charges makes no reference to cargo or the movement of goods;
- Likewise in the subsequent paragraphs the arguments in support of this table are from a passenger movement perspective and thus it is hard to see how the Commission can make a fully consulted determination on any airport charge for the movement of goods as Aer Rianta's has not made the case for such a charge;
- The IAIEC supports the many sound and sensible suggestions made by other submissions to enhance the involvement of airport users and Aer Rianta's operational accountability;
- In particular the development of more formal and comprehensive structures for consultation with airport users (which in the case of goods should include those who own and produce the items being moved) and the establishment of service agreements for which Aer Rianta should be accountable and required to pay an appropriate financial penalty if not implemented;
- In addition the IAIEC supports those many comments which on the basis of Aer Rianta's track record to date (unfortunately conformed by the tone and tenor of their submission) articulated a lack of confidence in the organisation being given very much scope by the Commission and requesting instead a critical comprehensive closely supervised and demanding determination.
- The Commission must be especially vigilant in regard to projected Capex expenditure, cost allocations, and the application of the user pays principle, either on a universal or an airport by airport basis;

- The Commission is especially requested to note that the arguments in regard to peak/off peak pricing do not apply to goods in the same way as to people, because the issue ultimately involves the process by which goods and physical information is produced and the time scales which must be adhered to if this Island is to remain competitive in the global markets
- It is difficult for the IAIEC to comment on the single till/dual till argument as the case for the application of one or the other and their respective impacts has not been made at least in this phase of the consultation process;
- As a result the Association would paraphrase the Competition Authority's observations in the form of a question to the Commission: Does the single till or dual till result in a better productive and dynamic efficiency in regard to the movement of goods at Aer Rianta's airports and what is its basis for believing so?
- In considering this question it is submitted that the Commission take note of the comments made (see Servisair 1.2) pointing out the complete absence of investment by Aer Rianta over the last decade to facilitate the movement of goods (and not just in Dublin).
- Now that such investment must occur (and in Dublin this is taking place primarily to facilitate the expansion of the *passenger* facilities) it is critical that the Commission ensure that Aer Rianta does so in a manner which is cost effective and meets the real (and not 'gold plated') needs of both existing and potential movers (and producers) of goods in a manner which is relevant objective transparent and non discriminatory;
- When determining the user pays principle the Commission should introduce a further distinction not referred to by those who commented between those services which are essential to the basic task of landing and unloading an aircraft at an airport and those which could be performed elsewhere;
- For the movement of goods this distinction is easily drawn and the Commission is invited to request further input from the Association in regard to the precise details either in this consultation process or those others it proposes to initiate ;
- Finally the IAIEC notes that even Serviceair in their submission for some reason did not refer to the need to clarify the relationship between the regulation of airport charges under the Aviation Regulation Act 2001 and the Aviation and Transport (Amendment) Act 1998 and SI 505 of 1998 in regard to access

to the groundhandling market, including fees.

Therefore having considered again the Commission's original Consultation Paper and reviewed the submissions received in response to it, the IAIEC finds it difficult to conclude otherwise than to propose:

Ø That the evidence has not been presented or the arguments made to support and justify a conclusive determination in regard to airport charges and the movements of goods;

Ø As a result the Commission should carefully consider if its remit allows it to conclude that the maximum levels of airport charges that may be levied on the transportation by air of cargo to or from an airport are those that currently apply;

Ø That this could be the case for a period of time within the five year maximum allowed perhaps contemporaneous to the opening of new cost-effective facilities dedicated to facilitating the requirements of those users who primarily move goods and not people by air.

It is hoped that the Commission finds these further comments constructive and useful and we now look forward to considering the draft determination.

Yours Sincerely

Michael D'Arcy

Policy Advisor to the IAIEC

[1] Indeed it appeared in many places that this document had not been thoroughly revised in response to the Commission's published document nor to take account of their own recently announced decisions in regard to moving the facilitation of air cargo and express consignments from their current location;