

Our Ref: T-11-11-11

Your Ref:

March, 2001

Mr William Prasifka  
Commissioner for Aviation Regulation  
36 Upper Mount Street  
Dublin 2

Dear Mr Prasifka

Re: Determination of Airport Charges

I refer to your call for submissions on the matter of the determination of Airport charges. This Department welcomes the process being adopted by the Commission and would like to make some general observations at this stage.

This Department considers that State airports should have appropriate infrastructure to meet the current and prospective needs of the airline industry, that they should be cost competitive, and that they should contribute to facilitating and encouraging a wide range of reliable, regular and competitive commercial air services for Irish tourism, trade and business.

The primary objective for Tourism in this context is to maximise the number of inbound passengers to the State and to encourage and facilitate their regional and seasonal dispersal. To achieve this, a regulatory regime that would maximise the use of existing facilities in the State and that incentivises carriers to this end should be pursued.

Air carriers play a critical role in driving tourism growth and airport charges are a very important factor in their routing and capacity decisions. There is no doubt that Aer Rianta's discount pricing policy in the past has played a central role in encouraging increased capacity, hub development and expanded routes

into Ireland. Over 70% of our annual 6 million visitors travel by air. More than half of these are discretionary holiday visitors who demand competitively priced airline seats and are keenly aware of the growing number of alternative destinations serviced by low cost carriers.

Furthermore, it is the view of this Department that the outcome of the regulatory (charge capping) regime ultimately imposed should be that funding generated through airport charges is used for the development and enhancement of airports/airport services in the State and to generate a reasonable return on the use of public funds, taking account also of the wider economic benefits. Airport charges should be set so as to preclude any cross-subsidisation by these charges of the costs of developing or sustaining other non-airport activities or activities not based in this State.

The Department looks forward to making a more detailed submission at the statutory consultation phase.

Yours sincerely

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Margaret Hayes

*Secretary General*

*Tel: (01) 6313809 (Lo-Call / VPN Ext. 3809), Fax: (01)6313853*

*E-mail: Margaret\_Hayes@tourism-sport.irlgov.ie*