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Servisair

**Submissions on Consultation Paper CP2/2001 of the Commission for
Aviation Regulation on the Maximum Levels of Airport Charges**

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INTRODUCTION

Servisair welcomes the opportunity to provide its comments on the levels of airport charges to be levied by the airport authority (i.e., Aer Rianta hereinafter referred to as the “Airport Operator”). Throughout this document, Servisair will limit its comments to charges which relate to it directly as a ground handler. Although Servisair provides a variety of services for airlines at Dublin, Cork and Shannon airports (collectively referred to herein as the “Airports”), any charges provided by the Airport Operator to airlines handled by Servisair (e.g., charges in relation to landing, parking, embarking, disembarking, airbridge services etc.) are invoiced directly by the Airport Operator to the airline and therefore are not a matter for comment by Servisair. However, Servisair would point out that a high level of airport charges could act as a disincentive to airlines wishing to operate to or from the Airports and could result in those airlines operating out of other airports e.g. in Northern Ireland, the UK etc. Therefore, a high level of maximum charges regardless of whether they relate to ground handling services, could have a knock-on effect on Servisair’s business.

This paper is set out in three parts. Part I provides a brief overview of Servisair and the services it provides. Part II discusses Section 33 of the Aviation Regulation Act, 2000 and Part III sets out the response of Servisair to the questions raised by the Commission for Aviation Regulation (the “CAR”) in Consultation Paper CP2/2001.

1. SERVISAIR

1.1 Company Overview

Servisair commenced business in 1954 as a subsidiary of the British and Commonwealth Shipping Company. In December 1967, it was incorporated as Servisair Limited. Servisair began providing cargo handling services in Dublin Airport in 1989 and subsequently in Shannon Airport in 1991 and Cork Airport in 1993. In January, 1995, Servisair was granted the second passenger handling concession in Dublin Airport.

Today, Servisair is a wholly-owned subsidiary of leading French Business services group, Penauille Polyservices SA, which acquired the share capital of Servisair in May 1999.

Servisair is the largest independent ground handling company in Europe. On a worldwide basis, it employs over 12,000 people, services over 375 airlines at 105 airports in 14 different countries. Together with its joint ventures, Servisair handled more than 50 million passengers in 1999. Servisair Cargo handled almost 478,000 tonnes of cargo.

Servisair provides a wide variety of ground handling services. Although most of Servisair's customers are airlines, it also provides services to integrated cargo operators and freight agents. Airlines often hire Servisair to represent them in matters such as arranging traffic rights and slot co-ordination, since it is more economical for carriers to buy service at locations where they have only a few flights than to maintain their own staffs at these stations. Servisair also represents tour and travel agencies with personnel stationed at airports to care for their customers. Ground handling services provided by Servisair include:

- Cargo Services
- Ramp Services
- Transit Shed Operations
- Operations and Load Control
- De-icing
- Executive Lounges
- Supervision and Representation

- Security Services
- Aircraft Cleaning
- Passenger Coaching
- GSE Maintenance
- Line Maintenance & Engineering
- Tour Representation
- Bonded Stores/Duty Free

1.2 Preliminary Comments

Servisair wishes to draw the Commission's attention to a number of operational issues which it believes require resolution at Dublin Airport:

- a) **Proposed Kg levy on cargo:** Servisair submits that the levy could encourage cargo traffic to move to non Irish airports and thus affect Servisair directly;
- b) **Non-development of cargo infrastructure:** During the past 10 years there has been no development of cargo infrastructure at Dublin Airport. This is coupled with the continuing problems of public access to the rear of the bonded warehouses and the lack of fixed electrical power ("F.E.P.") at cargo stands;
- c) **Car Parking:** Servisair submits that there has been considerable inequality in the provision of car parking spaces to airline/ground handling staff at Dublin Airport;
- d) **Passenger Terminal:** Servisair has a number of issues relating to the passenger terminal at Dublin Airport, set out briefly below:
 - 1) Shortage of, and inequalities in, the allocation of airbridges;
 - 2) Lack of ancillary services on a 24 hour x 7 day basis (e.g. restaurants/duty free are often closed when charter flights are operating);
 - 3) Regular closure of security screening personnel for early morning charter flights leading to irate passengers and delayed flights with resultant extra costs for the ground handling agent;
 - 4) Shortage of seating in Pier B (Lower) to cater for transatlantic departures;
 - 5) Unavailability of immigration facilities at Pier C to cater for non EU flights resulting in passengers having to be coached short distances from C to B thus

causing unnecessary costs to the airlines and the ground handling agent.

- 6) Unavailability of proper Out of Gauge (baggage) facilities (i.e., facilities to deal with outsize baggage such as bicycles, skiing equipment etc.);
- 7) Poor design of new baggage hall which requires the ground handling agent to increase manpower requirements to facilitate in/out bound baggage deliveries. In addition, the inbound belts have health and safety risks which have not been eliminated. Furthermore, a single miscellaneous baggage chute is insufficient especially when the sortation system fails;
- 8) In prior years, the old baggage hall was so inadequate it led to “remote check in “ adjacent to the Spar shop resulting in huge cost inefficiencies on Servisair as the baggage had to be transported by road (via the Forte Crest/gatepost 4) to the aircraft. In addition, poor supervision of the baggage sortation area led to discrimination in the manner in which access to the baggage belts was allocated resulting in Servisair having to double up on manpower requirements; and
- 9) In prior years, the inadequate and inefficient management of flight information screens has led to additional supervision and management having to be supplied by Servisair.

2. GENERAL OBSERVATIONS ON THE AVIATION REGULATION ACT, 2000

2.1 Section 33 of the Aviation Regulation Act, 2000 (the “2000 Act”)

Section 33 of the Act sets out the regulatory objectives in respect of airport charges. Servisair would like to make reference to the first sentence of Section 33 in which it is stated that “the Commission shall aim to facilitate the development and operation of cost-effective airports which meet the requirements of *users*”. It is worth emphasising that it is only the requirement of users and not those of airports operator(s) which should be taken into account. Users would include passengers, airlines and ground handlers.

Section 33 further requires the Commission to have due regard to various factors. It should be noted that it is not necessary for the Commission to give each of these factors equal weight nor indeed that it must take each of these factors into account. Servisair wishes to briefly comment on its interpretation of each of these factors. In doing so, Servisair wishes to emphasise that the wording of these factors in the Consultation Paper differs from the wording contained in the Act and that the Commission should make its determination with regard to the wording in the Act.

2.2 Factors to be taken into account in making a Determination on Airport Charges

(a) a necessary level of investment in airport facilities at an airport to which the determination relates, in line with safety requirements and commercial operations in order to meet current and prospective needs of the airline industry

Servisair submits that, when considering the prospective needs of the airline industry, these should be restricted to reasonable prospective needs. Further, consideration of investment in airport facilities should be restricted to investment required for safety requirements and commercial operations at the airport and should not be extended to cover investment in other possible issues not listed in Section 33(a).

(b) a reasonable rate of return on capital employed in that investment

Servisair suggests that, in order to arrive at a figure which represents a reasonable rate of return, regard should be had to the rate of return achieved at other comparable airports. It should be noted, however, that London Heathrow, to which Dublin Airport is often compared by the Airport Operator, does not represent an adequate comparison due to its bigger size, capacity, turnover of aircraft and passengers etc. Instead, reference should be made to airports of a size and usage similar to that of Dublin Airport. Servisair submits that the following airports are comparative to the Airports:

- Dublin Airport (13.8 million passengers): Istanbul Airport (13.2 million);
- Cork Airport (1.7 million passengers): Seville (1.79 million), Jersey (1.7 million), Bucharest (1.7 million);
- Shannon Airport (2.48 million passengers): Turin (2.48 million), Ismir (2.4 million), Aberdeen (2.2 million).

(c) *the efficient and effective use of all resources by the airport authority*

Servisair submits that prospective, as well as current, resources should be taken into account for the determination. For example, several years ago, Servisair suggested to the Airport Operator the possibility of Servisair hiring and refitting a warehouse in Swords which it would use for check in and security screening of its passengers. This would enable Servisair to transport these passengers direct from Swords to the aircraft, thereby allowing it to bypass the congested Dublin Airport facilities. This suggestion was, without further consideration, rejected by the Airport Operator despite the fact that it would have reduced the congestion at check in and security desks at Dublin Airport, reduced charges for passengers and therefore made the handling of passengers at Dublin Airport more efficient and effective. There are several airports world-wide that facilitate baggage check-in and issuance of tickets, seat numbers and boarding cards prior to arrival at the airport. For example, check-in for Gatwick Airport has been available at London's Victoria station for several years. There is also a check-in counter at Paddington Station which serves Heathrow Airport via a high-speed train. Several airport-area hotels in London also have remote check-in facilities. There are also similar remote check-in facilities in several major cities in the U.S.

(d) *the level of income of an airport authority from airport charges at the airport and*

other revenue earned by the authority

It is submitted that there must be no cross-subsidisation between cargo and passenger services and that passenger and cargo services must be treated in an equal manner. Servisair notes that this has not to date been the case as evidenced by the recent additional levy on cargo of 1p per kilogram of cargo. This levy was introduced despite the fact that the services for cargo had not been improved in the previous years nor were there plans to improve these in the immediate future. Indeed, the road network around Dublin Airport is entirely inadequate to deal with the level of traffic passing through. The levy of 1p is irrespective of the economies of scale involved in moving the cargo. The only explanation for the additional levy is thus that it was introduced to cross-subsidise improved services for passengers by the extra income obtained from the levy which is estimated to generate IR£1.3 million to IR£1.5 million per annum.

(e) operating and other costs incurred by an airport authority at the airport

Servisair submits that “other costs” should be limited to operating or related costs but should not include costs such as marketing and PR which are incurred by the airport authority. Otherwise, airport users would indirectly pay for advertising campaigns initiated by the Airport Operator.

(f) the level and quality of services offered at an airport by its airport authority and the reasonable interests of the users of these services

In this regard, Servisair believes that it would be in the best interests of effective operations at the Airports if the Airport Operator was required to draw up a Charter of Services, defining the level of service to be provided to airport users and detailing waiting times for issues such as, for example, the recovery of a broken baggage belt. To date, the Airport Operator has not concerned itself with detailing the level of service airport users can expect from it but has, on the other hand, required airport users to sign up to a code of conduct which detail the obligations imposed on airport users.

The Airport Operator has also failed to recognise the differing needs of the various airlines

and passengers using the Airports, such as business class passenger facilities, so-called “no frills” airlines or a combination of the two. It is submitted that there should be the facility to cater for different levels of passenger requirements, for example, “no frills” airlines versus blue-chip, first class/business class airlines. Airport users should then be charged in accordance with the level of service they require.

Further consideration should be given to the possibility of different price structures for on and off peak times. For example, Servisair operates some early morning flights for a particular airline which has a scheduled departure time of 5am. However, due to the fact that airport facilities, such as duty free, shopping etc, do not open until 5am, these flights are often delayed as passengers want to make use of these facilities. In addition, air bridges are occasionally not available at those times which requires Servisair to provide bus transport for the passengers to the aircraft. However, as each standard bus can only carry 50 passengers, it would require five trips to carry passengers to the aircraft. This further delays the departure time of the aircraft. Despite this reduced level of service for early morning flights, the airport charges remain the same. It is submitted that airlines and passengers should only be required to pay for the services which are actually available to them at the time.

(g) *the cost competitiveness and operational efficiency of airport services at an airport with respect to international practice*

Servisair notes that Dublin Airport shows many signs of operational inefficiency for which airport users have to pay through increased airport charges. There are several services at Dublin Airport that could be out-sourced or sub-contracted thereby reducing operational inefficiencies and increasing cost savings for the airport operator.

3. SERVISAIR'S SUBMISSIONS ON CP2/2001

Question 1: Are there other types of framework that should be considered by the Commission in the regulation of airport charges?

Servisair submits that the Airport Operator should apply the “user pays” principle as a framework for airport charges at the Airports. The principle provides that each airport user should only pay for the airport services which it actually requires and uses, thus taking into account the fact that each of the airport users has very different requirements in relation to the services they require for their operation. Part 2, paragraph (f) of this paper sets out the outline of a potential framework that would allow for greater flexibility in the charging structure for airport users requiring different services.

One important aspect of the user pays principle is that there should be no cross-subsidisation between different airport services, some of which may be used by a particular airport user and some which may not be so used. Charging an airport user for services which it does not require nor use means that that airport user is cross-subsidising services used by other airport users. This drives up the costs for airlines and ground handlers and ultimately increases the price passengers have to pay for their travel.

Following the user pays principle, Servisair, as a ground handler, should not have to pay for services such as the fire brigade, upkeep of runways, immigration, security, parking of aircraft, air traffic control etc. as these charges specifically relate to services provided to *airlines*. Charges relating to check-in desks, cargo warehouses etc. involve services provided to a ground handler and therefore Servisair has no issue with such charges under the user pays principle.

Question 2: What regulatory framework do you advocate for the economic regulation of airport charges?

The user pays principle - see answer to question 1 above.

Question 3: What structure of pricing would be most effective in achieving allocative

efficiency at Ireland's regulated airports?

As mentioned in the answer to question 1, airport users should only pay for those charges which they use, i.e. the “user pays” principle should be applied at the Airports. In combination with the user pays principle, Servisair believes that consideration should be given to different prices being charged during on and off peak times, i.e. peak load pricing, to take account of fewer services being available at the Airports at certain off peak times. This would mean that airport users would only pay for the services which are actually available to them at the particular time.

For example, as outlined in Part 2(f) above, Servisair operates certain early morning flights for one of its customers with a scheduled departure time of 5am. At that time, certain airport facilities, such as duty free shopping and airport security are not always available to airport users. Airport users should not therefore be required to pay for these services which are not available to them. Servisair submits that a charging structure such as the one outlined above would lead to greater efficiency in the allocation and use of airport resources and ultimately to lower costs for passengers.

Question 4: In the context of any knowledge or experience that you may have in terms of the successes or failures of economic regulation of airports abroad, are there lessons to be applied in Ireland drawing on such international experience?

No comment at this time.

Question 5: What set of services provided by an airport operator should be considered to be financed from the five airport charges specified in the Act?

It is submitted that all airport services provided by the airport operator at the airport at which the charges have been levied and collected (and not at any other airports) and which are necessary for the operation of that airport (i.e. excluding marketing or unrelated investment activities) should be considered to be financed from the airport charges specified in the Act. However, the Commission should ensure that services are not cross-subsidised to the disadvantage of users of only some or a certain category of the airport services; this seems to

have occurred in relation to the recent levy introduced for cargo (see Part 2(d) above).

Question 6: How should the costs of other airport services be paid for?

Servisair notes that all airport services will be accounted for under the “user pays” principle outlined in the answer to question 1 above.

Question 7: What are the advantages and disadvantages of regulating a number of airports on an aggregate basis?

The regulation of airports on an aggregate basis is contrary to the “user pays” principle outlined in the answer to question 1 above.

Question 8: Should Dublin, Cork and Shannon airports be regulated separately or on an aggregate basis?

Servisair submits that the Airports should be regulated separately, similar to a toll bridge charge where the collected toll is only used to pay for that particular toll bridge and not a motorway 250 miles away. See also the answer to questions 6 and 7 above.

Question 9: Should the maximum charges set by the Commission apply to individual charges, to a basket of charges or to the total of charges?

Servisair believes that the maximum charges set by the Commission should apply to individual charges. It is submitted that this would be in line with the “user pays” principle outlined in the answer to question 1 above.

Question 10: If more than one limit, on which categories of charges?

Servisair believes that maximum charges should apply to individual charges.

Question 11: How should the determination on maximum airport charges be expressed having regard to the options contained in Section 32(6) of the Act.

No comment at this time.

Question 12: Are there any alternative ways by which the contribution of each of the factors specified in Section 33 to the achievement of the statutory objective may be assessed?

See Section 2 above for an analysis of each of the factors specified in Section 33.

Question 13: How should an airport operator relate Capex decisions to current and prospective user needs? How should the Commission assess the degree to which the operator is doing so successfully?

Servisair notes that it is important that current and prospective user needs should be measured over a reasonable period of time.

Question 14: How should Capex be funded? Should one of the five regulated charges be earmarked for investment spending or, instead, should the revenue from charges be pooled (perhaps along with other incomes as allowed for under the Act) to fund both Opex (operating expenditure) and Capex?

Servisair favours the pooling of resources so that the revenue obtained from airport charges is used as a whole to fund Opex and Capex.

Question 15: When should investments be included in the assets on which a reasonable return is applied in the calculation of airport charges - before construction of the new facility commences, once the investment is in progress, or only once it is in use.

It is submitted that investments should be included in the assets on which a reasonable rate of return is applied once they are in use. This will lead to greater efficiency in the planning and implementation process of the investment.

Question 16: What assets should be included in the regulatory base?

Servisair believes that all assets of the relevant airport should be included in the regulatory base.

Question 17: On what basis should those airport assets that are used to provide airport services and other services at Irish airports be valued?

Servisair submits that all airport assets should be valued on a cost basis rather than a current market value basis.

Question 18: How should the rate of return of the airport operator be defined and measured?

No comment at this time.

Question 19: How should the cost of capital of the airport operator be calculated?

No comment at this time.

Question 20: Has the capital asset pricing model a role to play in estimating the cost of capital, given that the equity of the company is not publicly traded? What firms or industries in Ireland or elsewhere have similar risk profiles to the airport operator and could therefore be used as benchmarks to determine the value of beta in the CAPM?

No comment at this time.

Question 21: What rate of return should the airport company be allowed to earn relative to its cost of capital?

It is submitted that, whilst the return for a private investor should be X, the rate of return that the Airport Operator should be allowed to earn should be X minus Y due to the fact that the Airport Operator is a public body which should act in the interests of the general public, rather than that of its shareholders.

Question 22: How should the efficiency and effectiveness of resource use by the airport authority be assessed?

Servisair submits that there should be a quarterly publication of efficiency criteria and an indication of how these criteria have been met in the preceding quarter, similar to the telecommunications sector, in which, amongst other things, weather based and operational delays should be considered.

Question 23: At the overall level, relative to comparable airports or businesses, is there evidence of their ineffective use of resources by the Irish airport operator?

Yes, the fact that Dublin Airport is not fully slot controlled leads to large "peaks and valleys" during the Summer months, thereby resulting in inefficiencies in manpower and equipment utilisation and downtime. This combined with the imbalance between runway and terminal capacities causes major problems for the ground handling agents.

Question 24: In the event that Irish airport charges change, does efficiency and effectiveness and the use of all of the airport authority resources require that change to be phased in over the period of the control or implemented in full at the beginning of that period?

No comment at this time.

Question 25: How should the contribution of the airports to the regions in which they are located be assessed?

No comment at this time.

Question 26: What is the contribution of the airports to the regions in which they are located?

No comment at this time.

Question 27: Should airport users obtain any financial benefit from other income that the airport company derives from airport activities? In other words, should airport regulation be based on a single or a dual till principle?

Servisair believes that airport regulation should be based on the dual till principle as it is of the opinion that airport users should only be required to pay for the services which they actually use and not the services which are generally available. The dual till principle ensures that cross-subsidisation does not occur to fund investment in less profitable areas.

Question 28: If a single till principle is to be used, what other revenue should be included in it and how should the airport charges relate to them?

All revenue income from a particular airport (and not from other airports) should be taken into account for this purpose.

Question 29: How should the cost effectiveness of Irish airports be assessed?

It is suggested that the cost effectiveness of Irish airports be assessed by comparison to airports outside the State. However, as mentioned above, care must be taken in determining which airports are sufficiently similar in size, usage and location to the Irish airports to allow a meaningful comparison. Servisair submits that the following airports are comparative to the Airports in Ireland:

Table 1
Airports comparable to Dublin Airport

Airport	No. of passengers
Dublin	13.8 million (2000)

Istanbul	13.2 million (1999)
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Table 2

Airports comparable to Cork Airport

Airport	No. of passengers
Cork	1.7 million
Seville	1.79 million
Jersey	1.7 million
Bucharest	1.7 million

Table 3

Airports comparable to Cork Airport

Airport	No. of passengers
Shannon	2.4 million
Turin	2.48 million
Ismir	2.4 million
Aberdeen	2.2 million

Question 30: What costs of operating an airport are joint costs? How should such joint costs be allocated among users?

As noted above, Servisair believes that airport users should only pay for the services which they actually use and not for those which are available for use. Joint costs should therefore be allocated according to the level of service which airport users require.

Question 31: Should some of the costs of operating an airport be recovered directly from passengers?

No comment at this time.

Question 32: How should the Commission seek to prevent a price maximum being evaded by a lessening of service quality? What incentives could an airport operator be given to provide appropriate service quality?

Servisair believes that benchmarking should be used as a tool with which to measure the level of service quality. The quality of the service should then be offset against the following year's price change.

Question 33: How should the international costs invested in Irish airports be assessed?

Irish airports should be compared to comparable international airport to assess their international cost competitiveness. As noted above, it is important to use airports of similar size, usage and location for these comparisons. By way of example, the Airport Operator has on occasion justified the introduction of a charge by reference to a similar charge being in existence at London Heathrow (e.g. in relation to fuelling). However, it is clear that the number of passenger and the amount of cargo passing through Dublin Airport is minimal when compared with London Heathrow. Servisair estimates that London Heathrow is approximately 10 times larger than Dublin Airport in terms of cargo (throughput of cargo at London Heathrow in 1999 was 1.2 million tons). In terms of passenger numbers, approximately 62 million passengers passed through London Heathrow during 1999 compared with 13.8 through Dublin Airport. Further, the majority of direct flights departing from Dublin Airport go to destinations in Europe with only very few direct transatlantic flights to the US. In comparison, many transatlantic flights depart from Heathrow at regular intervals. It is submitted that these factors should be taken into account in comparing airports as they impact on the quality and level of services that require to be offered at an airport.

Question 34: Does benchmarking have a role to play in evaluating the efficiency of Irish airports? If so, against which entities should Irish airport efficiency be benchmarked?

Benchmarking is a very important criterion in assessing the efficiency of airports and should thus also be used for the Airports. As outlined above, care should be taken in finding appropriate airports against which to compare the Airports. Servisair would like to suggest

the following comparisons as discussed at question 29 above: Dublin-Istanbul; Cork-Seville, Jersey, Bucharest, Shannon – Turin, Ismir, Aberdeen.

Question 35: Are there any difficulties associated with reliance on international comparisons?

See answer to question 33 above.

Question 36: Is it appropriate to minimise regulatory restrictions according to the extent of competition faced by an airport operator or airport service provider?

It is submitted that the level of regulation should increase as the number of competitors decreases. However, this is not to say that no regulation is necessary where the airport operator or airport service provider is faced with extensive competition.

Question 37: Which airport services, if any, of the regulated airports are exposed to competition? Are there services for which airports possess market power? Are there services for the degree of competition faced by suppliers might be increased?

Ground handling services at the Airports have been liberalised and are therefore subject to competition. For example, at Dublin Airport, Aer Lingus, Cityjet Handling, Reeds and British Midland in addition to Servisair provide third party ground handling services. Most other services, including, for example, security services, have not been liberalised.

Question 38: Are current airport services and the associated prices satisfactory to airport users? Is the present combination of services and prices such as to warrant some form of performance measurement as a condition of a determination of airport charges?

As outlined throughout this paper, current airport charges are arbitrary and stand in no correlation to the level of services provided in return. For example, the cost of office space at Dublin Airport exceeds that charged in the centre of Dublin. The current charge per square foot for an old building without air-conditioning or any other modern facilities is currently IR£40.88. This compares to the cost in Dublin 2 or in the IFSC where an equivalent building

can be expected to cost significantly less per square foot.

Another example is the introduction of new charges for fixed check-in desks at Dublin Airport which will cost users IR£12,000 per year per desk. However, Servisair suspects that this cost has not been equally applied to all users of Dublin Airport as other airlines have paid lower charges for check-in desks in previous years. Finally, multi-user desks rented out by the hour cost IR£15 per hour or part thereof (by comparison, the charges at Dublin Airport for multi-user desks are significantly higher than charges at Manchester airport where the charge is STG£3.40 per half hour). This means that, if check-in staff of one airline are using the desk for, say, 5 minutes beyond the allocated time, they will be charged for the full hour. Presumably, the airline renting the desk for the next hour may also have to pay the hourly charge for the same hour, thus meaning that the Airport Operator could receive double rental income. Servisair submits that the charges for multi-user desks should be per minute and not per hour.

Question 39: Is the current extent of industry consultation about airport services, prices and related matters satisfactory? In particular, are the arrangements for consultations and negotiations such as to suggest that in some areas agreement could be reached by those involved without recourse to regulation?

More recently, consultation by the Airport Operator has increased and improved. While Servisair greatly appreciates this increased consultation, it must be questioned whether the Airport Operator always takes on board the outcome of such consultations or whether these are conducted to merely appease the airport users.

Question 40: With a view to minimising regulatory restrictions, which services should form part of the regulatory regime? In what areas might regulation be unnecessary or ineffective even in the absence of market competition?

Servisair submits that all ground handling and security services should form part of the regulatory regime.

Question 41: What national and international obligations are relevant to the regulation of

airport charges?

On a national level, relevant regulations include the Competition Acts, 1991 - 1996. On an international level, relevant regulations include Articles 81, 82, 86 and 87 of the EC Treaty.

Servisair looks forward to discussing the matters raised in this paper with the Commission at a later date.