

8th December 2003

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

Dear Bill,

Commission Paper CP4/2003

The CAR's consultation paper on the review of the Determination (CP4/2003) is the latest attempt to cover up the numerous errors the CAR has made over the past two years. It also confirms our suspicion that, contrary to the CAR's statements in CP2/2003, Aer Rianta has actually over recovered in the past two years. We therefore have no confidence in the CAR or the calculations provided in CP4/2003.

The current review is a waste of time given that only two months ago the CAR increased the cap for Dublin by 9% and is now proposing a 10% decrease. The review focuses entirely on number crunching and proposes nothing to effectively regulate an increasingly abusive monopoly.

The CAR has not questioned any of the information provided by Aer Rianta as the basis for this review. We have proven on a number of occasions that Aer Rianta does not consult with users. Similarly it has not consulted with users on its passenger forecasts and they therefore cannot be accepted as a basis for setting the regulatory caps. None of the figures provided for increased security costs have been questioned by the CAR and are simply accepted. These increased costs also have not been justified by Aer Rianta to its users.

In the last two years Aer Rianta has increased prices to beyond what the regulatory cap allows (hence the now confirmed over-recovery), and introduced a number of "miscellaneous charges" on users with no economic justification. Aer Rianta has also ignored the Commission's previous finding that they failed to consult with users, and failed to provide facilities that meet user requirements. Following the original Determination, Aer Rianta imposed various changes in their airport pricing policy and simply imposed them on users without providing any economic justification. Following the CAR's recent "Annual Compliance Statement" (in which the CAR erroneously permitted a 9% increase in charges), Aer Rianta simply informed users that they would be charging up to the cap. This was their claimed consultation. The situation degenerated further in relation to Cork, where Aer Rianta had a so-called "consultation meeting" without one user present!

During all of this, the CAR has failed to attend so-called “consultation meetings” where Aer Rianta has run rough shod over the stated requirements of users and proceeded to build further gold plated facilities in the case of Cork and to push ahead with plans to build a completely over specified Pier D, despite widespread user opposition.

We will therefore continue to campaign for the break up of the Aer Rianta monopoly and for competing terminals at Dublin Airport as it is clear that the only way to successfully control Aer Rianta is to introduce real competition, since regulation by the CAR has been such a demonstrable and abject failure.

Yours sincerely,

Jim Callaghan
Head of Regulatory Affairs and Company Secretary