

## **Irish Tourist Industry Confederation**

### **Submission to the Commission for Aviation Regulation In response to Commission Paper 5/2007**

**The Irish Tourist Industry Confederation (ITIC) representing all sectors of the Tourist Industry wishes to respond to the Commission paper 5/2007 in relation to Dublin Airport charges.**

**ITIC notes the Commission's recommendation not to make any changes to the 2005 price cap, in light of the stronger passenger growth being experienced by Dublin Airport.**

**ITIC also notes and supports the Commission's intention to adjust the price cap on the completion of Terminal Two, and to a level that will allow the DAA to operate the Airport in a sustainable and financially viable manner.**

**ITIC however has some concerns about the Commission's views on peak and differential pricing. Frequently there are market conditions which do not allow an evenly spread usage of a public facility, e.g. rush hour traffic on urban roads. Dublin Airport is an operating base for several carriers. In the case of short haul, it is critical for aircraft utilisation as well as passenger demand, that early morning departures are scheduled. This coincides with a transatlantic market requirement that aircraft typically fly through the night to arrive in Western Europe in the early morning. It is unfortunate from an Airport utilisation standpoint that these peaks collide. But from a tourism perspective it must be remembered that Dublin Airport serves the people of Ireland, not just the handful of carriers who use it as an operating base.**

**The Airport is a critical piece of public infrastructure which must in the first instance meet the needs and aspirations of the people and the economy. It must achieve that while delivering a facility which is efficient to its commercial users, not only from a cost efficiency standpoint but also from an equipment utilisation point of view. Peak demand is a natural feature of the air transport market and attempting to change this by pricing surcharges is unlikely to work. Indeed it would most probably introduce other costs and diseconomies for both airlines and passengers.**

**ITIC does not believe that differential pricing for Airport users operating in different terminals is appropriate. ITIC does of course assume that there will be a commonality of physical and service standards in both terminals, when the development project is completed.**

While accepting the Regulator's contention that there is a demand for low-cost facilities, ITIC is of the view that this understandable desire of carriers should not be at the expense of reasonable levels of service and comfort for the passenger. No carrier should be allowed to dictate levels of facilities and service which are at odds with what can reasonably be expected in a developed economy.

ITIC contends that at the current mature stage of economic development in Ireland we are, of necessity a relatively high cost destination. ITIC's 2006 Report "Ireland's Competitive Position in Tourism" shows that in order to continue to grow we need to add value, innovate, and eliminate impediments to growth, such as the below par facilities at Dublin Airport. (i)

ITIC would strongly contend that it should be the Airline Passengers who take precedence, as it is they who will ultimately pay the charges, as pointed out in our response to CP1/2007.

Airlines concerns about micro managing Airport capex costs contrasts sharply with their own approach to increasing customer charges for baggage, transactions, credit card use, and seat allocation, not to mention retained "taxes" from no-show passengers, and so on.

It may be possible, as the Commission contends, for an Airport to provide a "mix of facilities" to reflect the minimal service standards which some carriers appear willing to accept for their passengers. But it would be unwise to contemplate such a vista in the current situation. Dublin Airport is the point of entry for 70% of Ireland's visitors, and its presentation makes a statement about us as a nation. Segregation of visitors on arrival and departure, would be demeaning, and against the spirit of the Cead Mile Failte upon which Irish tourism has been developed. How would the visitor who paid a high fare on a budget airline be treated, and there are a great many of these passengers too.

In previous submissions, ITIC has argued that some headroom be built in to the new terminal facility at Dublin Airport, and that remains our position. Nevertheless the Commission makes a persuasive case for deferring some cost recovery until traffic numbers are larger. This should not be such however as to cause downsizing or delay on delivery of the new Terminal.

June 21st 2007

(i) Ireland's Competitive Position in Tourism – see Reports under *Research* at [www.itic.ie](http://www.itic.ie)