



Decision

Strategic Plan

2017- 2019

Commission Paper 5/2017

5th May 2017

Commission for Aviation Regulation

3rd Floor, Alexandra House

Earlsfort Terrace

Dublin 2

Ireland

Tel: +353 1 6611700

Fax: +353 1 6611269

E-mail: info@aviationreg.ie

Contents

- 1. Introduction..... 2
- 2. Summary of Responses 3
- 3. Summary of Goals, Objective and Actions (2017 – 2019)..... 8

1. Introduction

- 1.1 This paper sets out our decision on our Strategic Plan for the period 2017 to 2019. On 23rd February 2017, we issued a consultation paper and received five written responses from Aer Lingus, Dublin Airport, John Galligan (a travel agent) the IAA and Ryanair.
- 1.2 The table in Section 2 of this document provides summaries of actions that respondents suggested for consideration and our responses. We indicate where we will change our Strategic Plan to take account of the relevant comment. All other comments are not included in the table but can be found in the submissions. For ease of comparison, Section 3 sets out the summary of our goals, objectives and actions included in our Strategic Plan 2017 – 2019 with all changes highlighted.
- 1.3 We have also published the full Strategic Plan 2017 -2019 and all written submissions received.

2. Summary of Responses

2.1 Aer Lingus

Action	Commission Comment
<p>General Comment</p> <p>Confirm that the Commission will continue to publish a Strategic Plan beyond 2017</p>	<p>This is confirmed.</p>
<p>Efficient, High Quality Airport Services</p> <ol style="list-style-type: none"> 1. This goal should be extended to include affordability and value for money. 2. The Commission should make it clear that prefunding is not a feature in the regulatory framework. 3. Any under-recovery due to incentivising traffic by Dublin Airport should not be allowed to be recovered in future years. 4. Airlines are very well positioned to represent the views of passengers. 5. The Commission must ensure full use is made of sanctions for airlines that repeatedly operate at times significantly different to those allocated by the slot coordinator. 	<p>“Efficient” should already take account of value for money and affordability.</p> <p>We will consult with stakeholders when determining the profile of cost recovery for particular projects. This is not a specific action in the Strategic Plan.</p> <p>We will be consulting on this matter prior to the start of the next Determination period.</p> <p>We will engage with airlines but will also speak with customer representatives as the interests of these two groups of stakeholders are not always necessarily aligned.</p> <p>This point is already identified in the Strategic Plan.</p>
<p>Robust Framework to Enforce Passenger Rights</p> <ol style="list-style-type: none"> 1. The Commission should actively work to address the current impasse in relation to a replacement of Regulation 261 (dealing with passenger claims). 2. The Commission should publish, on its website, the European Commission’s recent Information Notice which recommends passengers approach airlines with claims. 	<p>This is a matter for DTTAS</p> <p>Agreed but Strategic Plan does not need to be amended.</p>

2.2 Dublin Airport

Action	Commission Comment
<p>Efficient, High-quality Airport Services</p> <ol style="list-style-type: none"> 1. More significant consideration should be given to the service quality required by airlines and passengers, through the provision of adequate capital and operational expenditure. 2. The scope of service quality metrics should be amended/extended to reflect all factors valued by airlines and passengers. 3. Objectively consider alternative approaches to setting a price cap as a means to delivering efficient, high-quality airport services. 4. The strategic plan should reflect the importance of being well informed on the impact of Brexit on aviation. 5. The Commission should ensure that benchmarking data is relevant and robust. 6. There is further scope to improve remuneration of efficiently- incurred capital within the price cap. 	<p>Current and proposed plans (e.g. aiming for improved engagement with passengers in the consultation process) allow for review of service quality and treatment of any additional costs.</p> <p>As above. This is covered in the Strategic Plan.</p> <p>Existing legislation requires the Commission to set a price cap. However, the existence of the price cap does not preclude commercial agreements or many other arrangements. We will consider any proposals provided by the airport and airlines to see how they fit with existing legislation and our regulatory duties and obligations. We will revise the wording of the Strategic Plan accordingly.</p> <p>The Strategic Plan will be amended to include mention of this point.</p> <p>This will from part of the next price Determination process.</p> <p>This will from part of the next price Determination process.</p>
<p>Increase Stakeholder Involvement in Decision Making</p> <ol style="list-style-type: none"> 1. While improved consultation may reduce the conflictual nature of past consultations, it may not be sufficient to ensure efficiency of capital expenditure. The Commission may need to undertake further assessment work to facilitate the provision of efficient, high-quality services. 	<p>We will monitor the effectiveness of arrangements over time and take additional action as required. There is no need to revise the Strategic Plan.</p>
<p>Promote Competition and Facilitate New Entry</p> <ol style="list-style-type: none"> 1. The Commission should actively commit to an objective of enabling capacity development and seeking to declare increased capacity. 2. The Commission should consider extending its approach to the Slot Coordinator tender process to other tenders undertaken in relation to Dublin Airport. 3. The regulatory model needs to provide an efficient mechanism for the delivery of capacity 	<p>As we already have this role, there is no need to revise the Strategic Plan.</p> <p>The process used for procuring the coordinator is tailored to the unique circumstances. It is not obvious that this process would be suitable for the procurement of other services.</p> <p>This can be accommodated within the existing regulatory framework.</p>

<p>to meet the long-term growth trend in the industry.</p> <p>4. The Commission should give a greater commitment to supporting growth.</p> <p>5. The Commission needs to be aware of the full range of regulatory interventions and how they impact on the provision of an efficient, high-quality services. In addition the Commission should develop stakeholder plans with these other regulatory authorities.</p>	<p>Capacity requirements are part of the determination process.</p> <p>The Strategic Plan will be amended to include mention of this point.</p>
<p>Safe and Financially Robust Airlines and Groundhandlers</p> <p>1. The objective should be extended to include airports.</p> <p>2. Consideration should be given to how the efficiency of groundhandling services could be improved.</p> <p>3. An objective should be included which assesses whether or how the groundhandling licensing process can underpin safety at the airport.</p>	<p>.</p> <p>Our objectives are derived from legislation which is a matter for the Department.</p> <p>The Strategic Plan will be amended to include consideration of effective groundhandling arrangements.</p>
<p>Robust Framework to Enforce Passenger Rights all Irish Airports</p> <p>1. This goal could usefully be extended to engaging with the industry to address the source of complaints.</p>	<p>The Strategic Plan will be amended.</p>
<p>Best International Practice</p> <p>1. The Commission should commit to a flat or reducing per unit levy in line with efficiency gains sought across the network.</p>	<p>Note that Section 3 of the Strategic Plan refers to “<i>striving for the best use of resources, value for money and operating under strict corporate governance arrangements.</i>”</p>

2.3 John Galligan

Action	Commission Comment
<p>Travel Agents & Tour Operators Licensing</p> <p>1. There needs to be timely and meaningful consultation involving the travel trade which results in processes and arrangements that are fit for purpose and that do not represent heavy handed regulation.</p>	<p>These comments are noted and will be considered in work streams already identified in the Strategic Plan.</p>

2.4 Irish Aviation Authority

Action	Commission Comment
<p>General Comments</p> <ol style="list-style-type: none"> 1. Improve the level of engagement between stakeholders as part of the regulatory process. 2. Stress test the Strategic Plan against its resources to ensure there is no over commitment. 3. Outline timelines and milestones for each of the proposed actions. 	<p>Included in Strategic Plan.</p> <p>This is a 3 year plan and we will tailor annual work plans to the resources available to us and relevant stakeholders.</p> <p>We will publish such information before commencing each project.</p>
<p>The Strategic Goal relating to “<i>efficient, high-quality airport services</i>” should be changed to “<i>safe and efficient, high-quality airport services</i>”.</p>	<p>The text of the Strategic Plan will be amended to reflect the fact that we are safety conscious.</p>
<p>Dublin Airport and the North Runway. The Commission should now start planning for the next determination and</p> <p>...significantly overhaul the regulatory model to set efficient charges. The model should transit to a market based approach in line with the principles developed by the National Civil Aviation Development Forum.</p> <p>It must allow for the prioritisation of all necessary safety investments and...</p> <p>... in addition, be sufficiently flexibility to allow for investments not envisaged in 2014.</p> <p>Finally, Dublin Airport must be provided with clarity as to when they can start recovering the costs of the North Runway.</p>	<p>We have started that process.</p> <p>Existing legislation requires the Commission to set a price cap. However, the existence of the price cap does not preclude commercial agreements or many other arrangements. We will consider any proposals provided by the airport and airlines to see how they fit with existing legislation and our regulatory duties and obligations. We will revise the wording of the Strategic Plan to reflect this.</p> <p>Current process allows for this.</p> <p>Process introduced in 2016.</p> <p>A decision on the trigger will be published in April 2017 following a consultation process.</p>
<p>In relation to Slot Coordination, the Commission should approve the proposal made by Dublin Airport and the IAA. The terms of reference for the coordinator should be made available to all stakeholders and its role should be advisory.</p>	<p>The strategic plan includes “To declare slot-coordination parameters at Dublin Airport in a way that makes best use of available infrastructure.” A strategic plan is not the place to make decisions on the outcome of such processes.</p> <p>The process for appointing a coordinator from Oct 2017 onwards is complete. Stakeholders, including IAA, were consulted on the terms of reference for the role.</p>
<p>The focus on international Regulatory Best Practice must be balanced with local intelligence.</p>	<p>The focus on international best practice does not preclude local intelligence.</p>

2.5 Ryanair

Action	Commission Comment
Support proposal that promotion of competition becomes one of our statutory objectives and recommend the introduction of competition between terminals at Dublin Airport.	We will take account of all statutory objectives set out in legislation.
Continue to play an active role in the Thessaloniki forum and work with the European Commission in its evaluation of the Airport Charges Directive .	Agreed. We will add to the text of the Strategic Plan.
Increase stakeholder involvement in decision making through Constructive Engagement where Dublin Airport should be required to justify all aspects of cost and any item that impacts on airport charges. Dublin Airport should be bench marked against competitive airports, it should not be incentivised to do its job and should start consulting on airport charges no later than August of each year.	This is in the Strategic Plan. There needs to be a debate about the appropriate level of detail provided by Dublin Airport and also by the airlines as input to Dublin Airport's planning process. Benchmarking will form part of the next Determination. The question of incentives will be discussed as part of our work plan. We are working with Dublin Airport to bring forward the start date for consulting on airport charges.
Do not provide Pre-Financing of projects to Dublin Airport and only allow recovery of efficient costs once a project is operational.	We will consult with stakeholders when determining the profile of cost recovery for particular projects. This is not a specific action in the Strategic Plan.
Consult on the Length of the Northern Runway .	Approval for this project has already been provided.
Prevent Dublin Airport from Clawing Back Future Incentives under its traffic /route incentive schemes.	We will be consulting on this matter prior to the start of the next Determination period.
Remove the 50/50 Risk Sharing Mechanism from the regulatory regime which allows Dublin Airport recover 50% of overspend on capital projects.	This subject has been considered in a recent Commission decision on the triggers to apply for the recovery of Northern Runway efficient costs. This is not a specific action in the Strategic Plan.
Incentivise Dublin Airport to enter into Bilateral Agreements with its major customers. For example, the Commission should suspend economic regulation if the airport reaches commercial agreements for airports charges and services provided with airlines that account for 75% or more of passengers.	Existing legislation requires the Commission to set a price cap. However, the existence of the price cap does not preclude commercial agreements or many other arrangements. We will consider any proposals provided by the airport and airlines to see how they fit with existing legislation and our regulatory duties and obligations. We will revise the wording of the Strategic Plan accordingly.
Support an Amendment to the 1982 Transport Act that currently only allows licensed entities make bookings on behalf of groups (e.g. technically a family member on behalf of the entire family would require a licence).	This is a matter for DTTAS but we are open to discuss proposals.
Engage directly with airlines to understand Passenger Needs .	We will engage with airlines but will also speak with passenger representatives as the interests of these two groups of stakeholders are not always necessarily aligned.
Encourage passengers to deal with airlines directly in relation to claims rather than using claim harvesters as they take a significant proportion of the compensation (Consumer Issues), encourages UK passengers to engage in Alternative Dispute Resolution rather than litigation and, at an EU level, encourage a revision of Regulation 261/2004.	We plan to look at additional ways to draw passengers' attention to the claims process that we have in place. This is already covered in the Strategic Plan.

3. Summary of Goals, Objective and Actions (2017 – 2019)

Efficient, High-Quality and Safety Conscious Airport Services

Objective 1	Actions
Set efficient charges at Dublin airport	<ul style="list-style-type: none"> ❖ Set a price cap for Dublin Airport for the next regulatory period 2020-2024 and consider other regulatory approaches consistent with legislation. ❖ Regulate and monitor the cost-efficient provision of capital projects. ❖ Monitor the compliance of airport charges and the quality of service measures at Dublin Airport.
Objective 2	Actions
Increase stakeholder involvement in decision-making	<ul style="list-style-type: none"> ❖ Encourage increased level of consultation on charges and infrastructure. ❖ Examine how to better engage the passenger in the regulatory process.
Objective 3	Actions
Promote competition and facilitate new entry	<ul style="list-style-type: none"> ❖ Declare slot-coordination parameters at Dublin Airport to optimise the use of infrastructure, facilitating new airline entrants. ❖ Appoint an independent slot-coordinator. ❖ Enforce sanctions for airlines operating without a slot. ❖ Ensure fees charged to Groundhandlers are relevant, objective, transparent and non-discriminatory.

Safe and Financially Robust Airlines and Groundhandlers

Objective 1	Actions
Operate an efficient licensing system	<ul style="list-style-type: none"> ❖ Continue to be effective by keeping our systems and internal processes under review. ❖ Review timelines for responses, processes for licence issue, reviews, renewals, withdrawals or revocations. ❖ Further coordinate processes with the IAA in our respective roles of issuing licences to airlines and review our information-sharing arrangements ❖ Explore how relevant groundhandling objectives could be most efficiently achieved at Irish airports within the scope of the existing legislative and regulatory frameworks.

Financially Strong Tour Operators and Travel Agents

Objective 1	Actions
Implement requirements of the Package Travel Directive	<ul style="list-style-type: none"> ❖ Work closely with stakeholders to determine requirements. ❖ Identify options and implement necessary changes.
Objective 2	Actions
Provide adequate protection to travelling public	<ul style="list-style-type: none"> ❖ Review bonding and travel protection arrangements to ensure they remain effective. ❖ Investigate cases of alleged mistrading.

Robust Framework to Enforce Passenger Rights

Objective 1	Actions
Deal with passenger complaints effectively, efficiently and fairly	<ul style="list-style-type: none"> ❖ Investigate opportunities to reduce volume of queries that fall outside our remit. ❖ Engage with stakeholders to address source of complaints.
Objective 2	Actions
Increase travelling public's awareness of air passenger rights	<ul style="list-style-type: none"> ❖ Develop a communications plan, including a review of our websites, to increase awareness of passenger rights.

Regulation that Represents Best International Practice

Objective 1	Actions
Operate efficient systems	<ul style="list-style-type: none"> ❖ Review systems for licensing Airlines, Groundhandlers, Tour Operators and Travel Agents to ensure best practice. ❖ Benchmark ourselves against others to ensure best practice in enforcing and promoting passenger rights and airline compliance.
Objective 2	Actions
Consult effectively	<ul style="list-style-type: none"> ❖ Implement a communications plan to update stakeholders. ❖ Continue to engage with regulators and industry both nationally and internationally to improve regulatory practices. ❖ Actively participate in the Thessaloniki Forum of European Airport Charges Regulators and the evaluation of the Airport Charges Directive. ❖ Co-ordinate with other relevant agencies in relation to the regulation of Dublin Airport. ❖ Develop regulatory policy in preparation for our 2019 Dublin Airport determination drawing from experience of other regulatory bodies. ❖ Keep up-to-date and provide information to stakeholders (including the impact of Brexit on aviation) in a timely manner. ❖ Publish a strategic plan. ❖ Review and improve websites.
Objective 3	Actions
Maintain a skilled and motivated staff	<ul style="list-style-type: none"> ❖ Align resource education and development plans with this strategic plan. ❖ Put in place a training plan based on an analysis of the skill and competency requirements of CAR. ❖ Continue to use our Performance Management Development System to ensure best business practice. ❖ Develop and implement a knowledge-management system.