

## Office of the Minister

Transport House, Kildare Street, Dublin 2, Ireland.

## Oifig an Aire

Teach Iompair, Sráid Chill Dara, Baile Átha Cliath 2, Éire.



**Department of Transport**  
*An Roinn Iompair*



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27 October, 2009

Mr. Cathal Guiomard,  
Commissioner for Aviation Regulation,  
3<sup>rd</sup> Floor, Alexandra House,  
Dublin 2.



Dear Mr. Guiomard,

I refer to Section 10 of the Aviation Regulation Act 2001, which provides that the Minister may give such general policy directions to the Commission as he or she considers appropriate to be followed by the Commission in the exercise of its functions.

I refer to the directions issued to the Commission by my predecessor in August 2005 and April 2007. I wish to advise you that I have decided that it is appropriate to issue a further direction under section 10 of the 2001 Act.

While the aviation sector is undoubtedly facing serious challenges at present, as Minister I have to look to the longer term needs of the sector and future economic development. The Government decision of May 2005 to approve investment in new capacity at Dublin airport was guided by the airport's central role in national air infrastructure as the international gateway airport for the country.

The Government's "Building Ireland's Smart Economy, A Framework for Sustainable Economic Renewal" published in December 2008 includes Action 4, which deals with Investing in Critical Infrastructure. Among the key actions outlined under Action 4 is a commitment that some €2 billion will be invested over the coming years in Dublin Airport. You will also note the importance, which is attached in other sections of that Framework, to improving trade, investment and tourism links with new and fast-developing markets and diversifying the source of foreign investment. My Department has separately notified the Commission of the Framework for Sustainable Economic Renewal under section 33 (2) (f) of the Aviation Regulation Act 2001.

My own Department's Statement of Strategy for 2008-2010 confirms that Ireland's aviation strategy is to promote regular, safe, cost effective and competitive air services linking the country with key business and tourism markets.

As you know the Oireachtas recently enacted the Aviation (Preclearance) Act 2009 in an effort to further strengthen the attractiveness of Irish Airports for international traffic. The proposed preclearance facility in Dublin airport will, of course, be located in Terminal 2.

My predecessor signalled to the Commission that DAA was mandated by Government to undertake the current investment programme and the importance the Government attached to the financial sustainability of DAA in the context of the implementation of the programme, particularly in view of the fact that it is Government policy that Dublin Airport Authority operates on a commercial basis without recourse to Exchequer funding or an equity injection by the State.

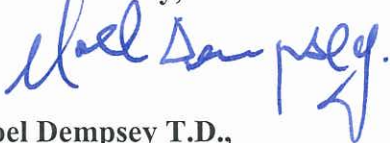
Government policy in relation to both the provision of additional capacity at Dublin Airport and the operation of commercial state companies without recourse to the Exchequer or an equity injection by the State was the subject of the 2005 and 2007 directions to the Commission. I note that the Commission indicated its compliance with those directions on the basis that it had satisfied itself that DAA would be able to add capacity in an efficient and timely manner and that DAA would be able to fund the allowed investment programme.

Given that the Commission is now making a new determination for the next regulatory period, I think it appropriate that I clarify policy as regards the financially sustainable development of Dublin Airport.

Accordingly, in the context of the policy considerations outlined in my predecessor's directions of 18<sup>th</sup> August 2005 and 3<sup>rd</sup> April 2007 and in this letter, I am directing you under section 10 of the Aviation Regulation Act 2001 to ensure that the Dublin Airport Authority's financial viability is protected in order to implement Government policy on:

- a) the role of Dublin Airport as an international gateway for Ireland and its key strategic role in relation to air access, inward investment and general economic development;
- b) the desirability that Dublin Airport should have the terminal and runway facilities to promote direct international air links to key world markets, such as new and fast – developing markets in the Far East and the importance of ongoing and planned infrastructure development in that context;
- c) the development of Terminal 2 as quickly as possible as set out in the Government decision of May 2005;
- d) the operation of Dublin Airport Authority on a commercial basis without recourse to Exchequer funding or an equity injection by the State and in that context the need to secure lender confidence and raise debt financing on a cost efficient basis.

Yours sincerely,



Noel Dempsey T.D.,  
Minister for Transport

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Commissioner for Aviation Regulation,  
3<sup>rd</sup> Floor, Alexandra House,  
Dublin 2.

**Re: Building Ireland's Smart Economy  
A Framework for Sustainable Economic Renewal**

Dear Mr. Guiomard

I am directed by the Minister for Transport to notify you of the above document in accordance with Section 33 (2)(f) of the Aviation Regulation Act, 2001. A copy of the document is attached for your assistance.

Yours sincerely

Liam Daly  
Principal  
Airports Division