

Irish Congress of Trade Unions

Response to Commission for Aviation Regulation - Draft Determination on Airport Charges 2015 -2019

July 2014

1. The Irish Congress of Trade Unions is the largest representative body in Ireland with over 600,000 members in the Republic of Ireland. We represent the majority of workers employed in the aviation sector. Congress has for many years voiced concerns about the system of economic regulation. We have consistently argued that the approach to economic regulation does not take account of the views of all stakeholders, often ignores wider policy objectives, is profoundly undemocratic and the process's used by regulators are in the main impossible for ordinary citizens to engage with. The draft determination by Commission on Aviation Regulation relating to the maximum level of airport charges at Dublin Airport for the period 2015 – 2019 is deeply flawed and is an example of all that is wrong with the current system of economic regulation.
2. The key objective of price regulation should be to strike the correct balance between providing airports with the capacity to meet their costs, current and capital while ensuring that services are provided at a price that is affordable to users of airport services.
3. The recently published draft National Aviation Policy sets out two key policy goals as follows;
 - To enhance Ireland's connectivity by ensuring safe, secure and competitive access responsive to the needs of business, tourism and consumers; and
 - To foster the growth of aviation enterprise in Ireland to support job creation and position Ireland as a recognised global leader in aviation.

Congress supports these goals as they have the potential to maximise the numbers employed in the sector in high quality direct employment. We would

therefore be strongly of the view that the approach to the regulation of price should complement these goals.

4. However the CAR draft determination which sets the price cap for landing charges from 2015 to 2019 runs contrary to the achievement of these goals. The draft determination ensures a downgrading of facilities at Dublin Airport and promotes a policy of outsourcing of services and employment as means of achieving savings.
5. The CAR draft determination can be summarised as follows. The price cap is to be reduced from €10.17 in 2015 to €8.35 in 2019 with annual cuts of 4.8%. A very significant amount of the cost reduction will be provided;
 - by the proposed outsourcing of a wide range of services resulting in a proposed reduction of close to 600 people employed directly by the DAA, and,
 - by refusing to allow for the funding of projects which are essential to the future development of Dublin Airport.
6. It should be obvious that a proposal to outsource 600 jobs will not be accepted by the staff of the DAA. If the DAA is forced as a result of the CAR's direction (either explicit or implicit) to pursue a programme of widespread outsourcing of functions it will inevitably lead to an industrial conflict at Dublin Airport.
7. Congress is also concerned that the draft determination refuses to sanction expenditure on a programme to upgrade essential infrastructure at Dublin Airport. This aspect of the CAR draft determination is difficult to understand. It is obvious that investment in capital infrastructure,
 - will lead to the creation of improved infrastructure and in turn a better experience for passengers using the facilities at Dublin Airport,
 - supports a safe working environment and in turn improves productivity,
 - supports much needed construction related employment and in turn add to the level of activity in the economy.

It is therefore difficult to understand the approach of the CAR of refusing to allow the funding of a range of capital projects.

8. For the reasons stated above we regard the draft determination of the CAR as deeply flawed. However, much of what is wrong with the draft determination

is rooted in the system of regulation itself. It is for this reason that we support the proposal in the draft National Aviation Policy for an independent review of the system of economic regulation in the aviation sector. In our response to the draft National Aviation Policy we have suggested that until the proposed review is complete, the 2014 price cap should be maintained.