
DUBLIN AIRPORT
“Consultation on Passenger Representation in Regulatory Decision Making for Dublin
Airport”

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Executive Summary

Dublin Airport welcomes the opportunity to respond to the Commission for Aviation Regulation's (CAR) consultation on "Passenger Representation in Regulatory Decision Making for Dublin Airport".

Passengers (consumers) and airlines (customers) are fundamental stakeholders involved in the functioning of Dublin Airport. daa is therefore committed to providing both a high standard of consumer-focused and customer-focused service provision at Dublin Airport. Accordingly, we seek to accommodate their respective requirements by improving existing services and when undertaking necessary infrastructural developments.

daa believes the success of our business relies very heavily on ensuring that all our passengers' needs are well served and that all passengers are satisfied with Dublin Airport. In order to deliver on our commitment to passengers, Dublin Airport engages with our diverse range of passengers on an ongoing basis through:

- direct day-to-day interactions (Customer service agents, Connection hosts);
- co-operative forums (e.g. ACI Passenger Facilitation Committee, Customer Experience Forum, Disability Users Group);
- on-going tracking studies (e.g. Passenger Tracking Research, Customer Service Monitor);
- international benchmarking (e.g. ACI Airport Service Quality Monitor), and
- customer complaints management (e.g. we have a dedicated Customer Experience Department).

Feedback from representatives of all our passengers enables Dublin Airport to identify and prioritise key issues and requirements with respect to existing services. This feedback also allows Dublin Airport to identify any gaps in service delivery from a passenger perspective, which can be addressed through longer-term capital planning, in terms of both service provision and facilities/infrastructure development. This consumer feedback is essential for Dublin Airport going forward as a Category 1 airport accommodating multiple five star airlines and a broad category of passengers.

Dublin Airport's strong commitment to passenger welfare and service quality has been recognised where Dublin Airport recently received the following awards:

- Airports Council International (ACI) Airport Service Quality (ASQ) Awards 2015 (Winners Europe 15-25m, 2nd Place Europe Region) and 2016 (3rd Place Europe Region).
- ACI Accessible Airport Award 2016¹;
- Q Mark Outstanding Performance Award 2017;

¹ The judges for the award found that Dublin Airport "excels in accessibility features and facilities, including adult changing places, two separate relief areas for guide dogs, fully accessible retail and catering areas" and had service level agreements for assistance provision that exceed the European standards. The judges also cited Dublin Airport's website accessibility, which meets the required accessibility standards for persons with disabilities.

- Airport of the Year (under 30 million passengers) Award 2017 – CAPA Aviation Awards for Excellence.

Understanding the needs and expectations of all our passengers and meeting these in a sustainable and safe manner is a priority for Dublin Airport but this can only be achieved within the confines of the financial and operational constraints of the business.

In this regard, Dublin Airport supports CAR's elevation of the consumer in principle and welcomes greater emphasis being placed on consumer welfare and preference in regulatory decision-making.

Dublin Airport is aware that passengers have very different needs and that some of these needs may go unnoticed if we focussed on the needs of certain cohorts or a sub-group of passengers. However, Dublin Airport proactively engages with passengers who may not have adequate representation or whose needs may otherwise go unnoticed. Dublin Airport comprehensively engages with passengers who may not respond to key consultations by CAR such as outward leisure passengers or passengers with reduced mobility (PRM). Therefore, should CAR decide to proceed with its proposals outlined in this Consultation, Dublin Airport would request that our current engagement in this regard is acknowledged and accounted for, and that CAR would not impose unnecessary steps in its endeavours to enhance representation or undertake a costly/inefficient process that has no proven benefits.

Response to Consultation Questions

Q1: Do you agree with the Commission's assessment that the level of customer engagement in our decision making could be improved? If not, please provide your views.

Dublin Airport agrees that there is scope for misalignment when it comes to the needs of all passengers and the interests of airlines. In this context, Dublin Airport understands the rationale underpinning CAR's Consultation as it has a statutory responsibility to cater for all current and future consumers – with the Department of Transport Tourism & Sport (DTTaS) recently placing emphasis on this in the National Policy Statement on Airport Charges Regulation².

Dublin Airport supports CAR's proposed elevation of the consumer at Dublin Airport in the form of a more explicit focus being placed on existing and future passenger representation. Similarly, we recognise the importance of comprehensive consumer engagement and representation to ensure that all consumers needs are met and that there is no cohort of passengers that are impacted by their lack of representation.

CAR has referenced the ongoing efforts of Dublin Airport in relation to passenger research and engagement in its consultation. Dublin Airport uses this approach to consider and account for the needs of all passengers at Dublin Airport in our short and long term planning process and this is frequently carries out on an implicit basis. Therefore, should CAR decide that guidance will have a positive impact on its regulatory decisions, we are not opposed to any guidance that clearly sets out how we can be more explicit and transparent about how we account for the needs of all passengers at Dublin Airport.

² Published by Department of Tourism Transport and Sport in September 2017:
<http://www.dttas.ie/sites/default/files/publications/aviation/english/national-policy-statement-airport-charges-regulation/nps-airport-charges-regulations-amended-oct-6.pdf>

If CAR decides that guidance is required, it should ensure that in designing any such guidance it does not negatively impact on Dublin Airport's efficient and effective process. Dublin Airport considers its incentives to be aligned to CAR's in this regard and as such we are very competent in obtaining appropriate and relevant feedback on the needs of all passengers and reflecting this in our plans and regulatory submissions. Therefore, we consider there to be risks associated with CAR pioneering new guidance, as it could ultimately dictate how we seek passenger feedback and accommodate their respective views.

Furthermore, CAR should ensure that it provides clarity on how Dublin Airport reflects and adheres to any new guidance that is forthcoming. Dublin Airport would be concerned with guidance that is overly vague or that has uncertainty regarding how it is to be implemented. Notwithstanding this, CAR would need to avoid being too prescriptive as the concerns and attitudes of passengers can change over time with respect to expectations around technology and communications for example.

For completion purposes, regarding the questions that precede question 1 in the consultation, Dublin Airport does not agree that the absence of a response from outward leisure passengers or PRM in relation to CAR's consultation on the Determination necessarily negatively impacts CAR's subsequent decisions. Through the various consumer engagement processes that we have in place, as listed above, Dublin Airport is sufficiently accounting for the needs of these passengers and proactively aims to avoid any measures, via the regulatory regime, that would impact on their experience of using Dublin Airport. Quite often this is carried out on an implicit basis and within the confines of what is technically and economically possible when responding to consultations regarding the regulation of Dublin Airport but is ever present nonetheless. It is simply not in Dublin Airport's interest to any cohort of consumers misrepresented or overlooked nor is this consistent with our strategy. Similarly, Dublin Airport is not aware of any evidence that suggests the absence of such responses from these cohorts of passengers to certain consultations leads to some expenditures being approved by CAR which should not have taken place nor does it translate to certain expenditures being disallowed by CAR that should have. Should CAR believe that the views of any grouping is underrepresented in certain consultations it is of course possible for CAR to engage with these groups directly.

Q2: Do you agree with the selection of criteria chosen by the Commission to assess any customer engagement mechanism? If not, please provide the criteria you think should be applied.

Dublin Airport agrees that any option implemented by CAR should³:

- be consistent with CAR's existing legal framework;
- provide substantial advantages over the current situation;
- be cost effective and proportionate relative to any benefits;
- be possible to implement in a transparent way; and
- Improve representation of passengers.

³ Regarding the proposed criteria on guidance to be developed by CAR, please refer to our answer in Q1. Regarding CAR's proposed criteria on financial / non-financial incentives and an informal ad hoc consumer group please refer to our response to Q3 (a)-(c) below.

Dublin Airport is keen to reiterate that it is in its interest to deliberately engage with passengers to ensure that all needs are being met and will continue to be met. Therefore, we do not share the view that there is a deficiency in the regulatory process in this regard i.e. we do not consider that a lack of response from certain cohorts of passengers to the regulatory Determination consultation results in the needs of certain passengers being overlooked.

Notwithstanding this position, Dublin Airport would encourage CAR to consider alternative approaches that may prove to be less costly and burdensome while ensuring that there is more explicit representation of all passengers. Gatwick Airport, for example, recently called on volunteers from the public to join its passenger advisory group, which is an independent consultative group with 16 members who volunteer at least 12 days per annum to monitor facilities at the airport and provide feedback on how consumer service can be improved.

Regarding developments in this space at Heathrow, we note that the consumer board is simply tasked with engaging in the quality of research that Heathrow carries out. The board is filled with practical people that have technical expertise and it remains to be seen how successful this initiative will be.

Q3: Do you agree with the Commission's proposals to (a) provide guidance to Dublin Airport about how to involve passengers in certain aspects of their business plans; (b) some form of incentive arrangement to underpin the guidance; and (c) establishment of an ad hoc panel to inform our decisions? Please provide any relevant evidence to support your views either in favour with the proposals or otherwise.

3a: Guidance

Passenger requirements have been primarily considered on an implicit basis by Dublin Airport as there has not previously been a regulatory requirement to be more explicit in how we undertake this process. Dublin Airport would welcome guidance from CAR regarding how it expects Dublin Airport to consider the requirements of passengers more explicitly and how this will impact on the regulatory regime.

As outlined in the CAR consultation paper, Dublin Airport undertakes a significant quantum of consumer research that it has been relying on for some time and which has previously been communicated to CAR. Consequently, with CAR increasing its focus on passenger representation we consider it would be disproportionate if any forthcoming guidance was to disregard any of this work already undertaken by Dublin Airport. If, however there is scope for CAR to give Dublin Airport more clarity on how to use this existing material to inform its business plans, then Dublin Airport would welcome such guidance.

Dublin Airport has been operating on the basis whereby we actively consider the current and future requirements of all passengers to ensure that an acceptable quality of service is provided. The needs of all passengers are also a key consideration in developing and enhancing our campus while maintaining an acceptable quality of service.

However, in the presence of scarce resources at Dublin Airport (e.g. cost and space) it is not always possible to achieve what passengers would collectively or otherwise consider to be a preferred

solution in the absence of any economic constraints⁴. Dublin Airport notes that this approach is typical in other European airports and one that would prevail in a competitive environment. We would therefore encourage CAR to be mindful of such constraints when developing any guidance and deciding on the need for a consumer group. In other words, Dublin Airport would advise against any initiatives where any cohort of passengers, or their representatives, are unreasonable or impractical such that, for example, uneconomic projects remain on the agenda. This would inevitably result in a more inefficient process.

3b: Some form of incentive arrangement to underpin the guidance

Dublin Airport is concerned that proposals by CAR in this regard risk becoming a burdensome process without sufficiently strong regulatory precedent. Sectors that have been referred to by CAR's consultants CEPA are not directly comparable to Dublin Airport and the success of these incentives generally depends on a form of league table (e.g. Ofgem in UK), which is notably absent in the case of airports. For any financial or non-financial incentives to be effective CAR needs to have a clear overarching vision and how it expects Dublin Airport to realise this.

Regarding non-financial incentives that CAR will consider and, in particular, whether an opportunity will exist to fast-track certain regulatory decisions depending on the quality of the consumer-related evidence, Dublin Airport would welcome any measures that would fast track essential projects. We would however note that we are already serving the interests of all passengers, or have ensured we are in a position to adapt to any emerging needs that may arise, with respect to projects that have been notified to CAR. We would therefore welcome CAR to explore the opportunity to fast-track certain regulatory decisions that are not simply restricted to those based on "the quality of consumer related [research or] evidence".

In relation to financial incentives put forward by CEPA, such as adjusting the cost of equity feeding through to the future calculation of the cost of capital, we would be concerned that this would undermine the objectivity of the WACC. We consider the cost of capital to be a very important tool in the regulation of Dublin Airport and that any potential for the quality of consumer research to undermine the future setting of a WACC to be counter-productive.

CAR should note that passengers perception of Dublin Airport is often driven by factors outside the responsibility of the airport operator such as customs & immigration, ground-handling, baggage delivery and check-in. We therefore consider that the incentives proposed by CAR may prove to be meaningless without sufficient clarity on CAR's expectation of Dublin Airport.

Q3c: The establishment of an ad hoc panel to inform decisions

Dublin Airport welcomes any evolution in regulatory policy that leads to a better overall outcome for the consumer⁵. While Dublin Airport also supports CAR's proposal to increase its focus on the needs of passengers, we have concerns that there are many issues associated with involving a consumer group in the long-term planning of Dublin Airport. The long-term delivery of essential projects at Dublin Airport is not a straightforward process, particularly in a regulated environment, and may be

⁴ For example, passengers tend to have a preference for contact stands over satellite stands but Dublin Airport has recently delivered a PBZ adjacent to Terminal 2 on the south apron to serve as a substitute to contact stands as the airport is constrained by the number of additional contact stands it can deliver due to those already in place.

⁵ Page 11 National Policy Statement on Airport Charges Regulation 18 September 2017.

further complicated by a representative consumer group that does not have sufficient expertise, is unreasonable in its expectations or does not have clarity on its exact role.

Before recommending to CAR that a consumer group should be established, CEPA has cited numerous consumer groups that are working closely with other regulatory bodies in Ireland such as the Commission for Communications Regulation which receives advice from a Consumer Advisory Panel on areas such as consumer protection and consumer awareness. However, the implementation and operational nature of this consumer group is concerned with consumer protection and awareness which is significantly different to what is being proposed at Dublin Airport under which a consumer group may be involved in the delivery of a complex array of interrelated projects.

Of relevance in this context is that CAR's consultants identified that the Commission for Energy Regulation (CER) previously decided against establishing a regular consultation discussion group consisting of consumer representatives following a public consultation in 2008. CER's decision was based on the following issues⁶:

- feedback questioning the usefulness of such a consumer forum;
- its resource-intensive nature; and
- concern that regular discussions might weaken the written consultation process.

Dublin Airport considers the above reasoning to be relevant in the context of CAR's proposals to establish a consumer group and would reiterate that the implementation of such a group could serve to delay an already cumbersome process. Furthermore, Dublin Airport would have serious doubts over the efficacy of an informal consumer group, as proposed by CAR, and is not convinced that this would lead to better regulatory decisions.

Dublin Airport undertook a mid-determination review of user requirements in the second half of 2016, which was issued to approximately 115 individuals, representing a total of 45 organisations operating at Dublin Airport. All airport users were invited to respond to several key questions pertaining to airport infrastructure and their associated requirements as customers/users after which Dublin Airport received 8 written responses to the consultation (representing a total of 11 individual organisations that operate at Dublin Airport)⁷. Of relevance in the context of CAR's proposed consumer group is that, as noted in the recently published PACE Consultation, we did not receive a unanimous response to the questions included. This is not unusual or unexpected, given the large number of diverse stakeholders represented, and the degree of variation between business models and operating requirements. CAR must therefore consider the enormous scope that may exist, even within and amongst a specific consumer group, for disagreement with respect to the current and future passenger requirements at Dublin Airport.

Should CAR decide that a consumer group is required to enhance the regulatory process, Dublin Airport would expect CAR to mitigate the risks that have been identified in this response to consultation. Dublin Airport would encourage CAR to minimise the cost of this group and to ensure that this group has a clear and achievable mandate that minimises any disruption to an already lengthy regulatory process. Dublin Airport would also urge CAR to establish guidelines at the outset for this group and a prescriptive process for the likely regulatory treatment of potential diverging

⁶ www.cer.ie/docs/000308/cer08089.pdf page 10

⁷ These organisations represented 84% of Dublin Airport's traffic mix in 2016.

views from airline and passenger representatives. If CAR can achieve such clarity, Dublin Airport considers that there could be merit in having an additional independent voice that represents the expectations of certain passengers considered to be underrepresented in the regulatory process.

Conclusion

Dublin Airport supports CAR's intention to explicitly account for the needs of all consumers (passenger) in its regulatory decision making process. Dublin Airport would however caution that CAR's proposals are not without risk and we are therefore happy to discuss any of the issues raised in this submission in more detail.