



**Commissioner for Aviation Regulation  
Issues  
Determination of Airport Charges 2006 to 2009**

The Commissioner for Aviation Regulation, Mr. Bill Prasifka, today (29 September 2005) issued his office's Determination of charges at Dublin Airport for the period from 2006 to 2009.

Effective from 1 January 2006, the average annual maximum airport charge allowed at Dublin Airport over each of the four years of the Determination will be €6.14 (2004 price base).

Factors taken into consideration in arriving at the Determination include:

**Sustainability and Financial Viability (SFV)**

The Commission thoroughly examined how it may achieve the statutory objective of SFV. The Commission has determined that under the declared price cap the DAA will have adequate access to capital during the regulatory period. The Commission also believes that any potential increase in the cost of debt during the period of the Determination is already taken into account by the Commission's allowed cost of capital of 7.4%.

**Ministerial Direction**

The Commission received a Ministerial direction on 18 August 2005. Two key elements were stressed, reflecting the Government's Aviation Action Plan. These were the need to facilitate additional capacity to Dublin Airport in an efficient and timely manner; and to take into account the current position of Dublin Airport retaining overall responsibility for Cork and Shannon until restructuring has taken place. The Commission has complied with this directive by providing for efficient capital expenditure that includes Terminal 2 and additional pier capacity. It will also examine the September 2005 Capital Expenditure Plan (CAPEX ) received from the DAA. The Commission has also considered the SFV implications to the DAA in the context of funding the CAPEX programme and the group liabilities, specifically Shannon and Cork Airports.

**Capital Expenditure (CAPEX)**

The CAPEX plan delivered in May 2005 by the DAA allowed for an expenditure of €1 billion over 10 years. Using these figures as the basis for analysis, the Commission has accepted approximately 85% of costs, the balance remaining subject to clarifications about the size and cost of new facilities, including the second terminal, piers and capacity.

In his presentation The Commissioner made a number of points in relation to the Determination:-

- The analysis and calculations of proposed CAPEX at Dublin Airport leading to this determination are based on the CAPEX plan received in May 2005. While some summary information on the recommendations of Pascall and Watson in relation to Terminal 2 was delivered to the Commission on 26 September, the Commission has not had sufficient information or time to analyse the revised DAA CAPEX programme against the statutory objective of economic efficiency. Nor has the Commission had time to consider the effect of the finalised DAA CAPEX programme on all the revenue streams and costs throughout the period of the determination. Such analysis is central to determining the appropriate level of airport charges.
- The Commission believes that it may be appropriate to review the Determination once it and other interested parties (including the Government's own aviation experts) have had time to fully consider the DAA's final CAPEX programme. Furthermore, upon Cork or Shannon Airport Authority becoming vested with the management and operation of their respective airports, the Commission must have due regard to such restructuring and if it considers appropriate, amend the Determination. Accordingly, this Determination may be subject to review in the short to medium term.

**Ends**

**Issued on behalf of the Commission for Aviation Regulation by:**

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