



Irish Congress of Trade Unions

Submission to the Commission on Aviation Regulation

Draft Decision on an Interim Review of the 2019
Determination in Relation to 2023 – 2026

September 2022

Introduction

1. The Commission for Aviation Regulation (CAR) has a statutory function to set the maximum level of airport charges that can be applied by the Dublin Airport Authority (daa) at Dublin Airport.
2. In July 2022 the CAR published a draft review of its 2019 determination. This draft review proposes to determine the maximum level of airport charges for the period 2023 to 2026.
3. The Irish Congress of Trade Unions (Congress) is the largest civil society organisation on the island of Ireland representing over 800,000 workers. In the aviation sector our affiliated unions represent workers in all of the airports in the Republic of Ireland, in the major airlines including Aer Lingus and Ryanair and in the majority of the companies' providing services to airports and airlines. We have reviewed the draft determination and we are concerned that CAR have not provided a sufficient allowance for current expenditure.
4. Our concerns are in two areas. Firstly, we believe that CAR have underestimated the number of staff that will be required to operate the Dublin Airport to the expected standard. Secondly, we note that CAR have assumed that there will be wage growth of 6% over the period. We do not believe that this is a reasonable assumption and requires re-examination. We will elaborate on both of these issues in the following paragraphs.

Operational Expenditure and Staff Numbers.

5. The aviation sector was very significantly impacted by the COVID 19 pandemic. The Dublin Airport Authority's response to the impact of the pandemic was to restructure the business and as part of that restructuring it introduced a voluntary severance scheme. This resulted in close to 1000 people opting to leave the company.
6. As the impact of the pandemic eased there has been a rapid rebound in the number of passengers using Dublin Airport. The rebound in passenger numbers demonstrated that there were significant staff shortages at Dublin Airport. The shortage of staff resulted in long delays for passengers using the airport which in turn resulted in very difficult conditions for people working at Dublin Airport.
7. While the situation at Dublin Airport has stabilised, it is crucial that the DAA is permitted to employ a sufficient number of staff to ensure that the airport can operate as normal and without causing unnecessary delay to passengers using the airport. We note from the draft CAR determination that there is a significant difference between what the CAR believes is the required number of staff and what the daa have estimated they will require over the period.
8. The number of staff that CAR is proposing to allow at Dublin Airport is informed by a study undertaken on its behalf by consultants CEPA and Taylor Airey. The consultants have

examined the level of operational expenditure at Dublin Airport and have concluded that the staff numbers should remain more or less at 2019 levels. The consultants published, report which is heavily redacted, in our view does not take account of some of the expected development that will occur over the period 2023 -2026.

9. The CAR acknowledges that the number passengers travelling through Dublin Airport is likely to increase to in excess of 35 million per year by 2026. While passenger numbers are forecast to increase there will be very significant changes to the security arrangements at Dublin Airport. Enhanced European Union (EU) and Irish Aviation Authority IAA regulations, together with the introduction of C3 screening are likely to result in a requirement for additional frontline staff. In paragraph 8.24 of the draft CAR determination, it is acknowledged that it's forecast security expenditure is significantly uncertain. This is because the CEPA / Taylor Airey report has not taken account of additional information supplied by Dublin Airport Authority. Paragraph 8.26 of the CAR draft determination notes that assumptions made by CEPA / Taylor Airey will be reviewed during the period of consultation. We believe that this review should result in a closer alignment between the view of daa and the CAR on the number of staff required at Dublin Airport.

Operational Expenditure and Pay Growth.

10. As mentioned in paragraph 4 above we do not believe that the assumption of 6% for wage growth between 2023 and 2026 is reasonable or realistic. We have reviewed the forecasts for wage growth that have been made by a number of organisations and we believe that this supports our view this assumption should be adjusted.
11. The Irish Central Bank¹ have forecast that wages will grow by 6.6% in 2023 and by 5.5% in 2024. The Economic and Social Research Institute (ESRI)² have forecast that wages will increase by 4.5% in 2023. The Department of Finance³ envisage that wages will increase by 5.2% in 2023, by 4.8% in 2024 and by 4.6% in 2025. Finally, the European Commission⁴ have estimated that wages will increase by 6.1% in 2023.
12. Moreover, with the current rate of inflation unions in the daa have and will continue to seek significant increases in pay in order maintain the living standards of their members. Negotiations are currently underway on a union claim for a increase in pay of 7% for the first 4 months of 2023. It is anticipated that further claims will be lodged with the daa that will be in excess of what CAR propose to allow for wage growth.
13. In our submission to the CAR in 2019 we pointed to the process of collective bargaining and collective agreements in place at the daa. We also pointed to the crucial role played by the Workplace Relations Commission and the Labour Court in that process. It is crucial

¹ Central Bank Quarterly Bulletin July 2022

² ESRI Quarterly Economic Commentary June 2022

³ Department of Finance Stability Programme Update April 2022

⁴ European Commission Spring Forecast April 2022

that in making its determination the CAR does not make impede or impair the normal functioning of the agreed collective bargaining process within the daa. To do otherwise, would undoubtedly have serious industrial relations implications for the company.

14. Conclusion

- 15.** We are of the view that further detailed consideration is required of what the CAR currently propose for operational expenditure at Dublin Airport over the period 2023 – 2026.
- 16.** We understand that daa have provided further information on staff numbers that was not considered by CEPA / Taylor Airey in drawing up their original report. We note that CAR is open to considering this additional information. What is crucial is that daa have sufficient staff to ensure that Dublin Airport can operate to the standard that is expected by passengers and by the staff working at the airport.
- 17.** We are strongly of the view that assumptions used by CAR for wage growth are not realistic and need a significant upwards adjustment.

ENDS.