

21 November 2022

Dear Sir /Madam

Preferred Option:

On the basis that bad policy decisions should be fixed for the least length of time, I recommend you decide in favour of Option 3 in your proposal. This would limit the duration of your determination through to 31 December 2024, and not until 31 December 2026 which would only prolong the damage. Further, the decision should not rest upon, or wait upon, what might or might not possibly happen in Dáil Eireann before a certain date.

Option 3, limiting the duration to 31 December 2024, would mean that a policy that disproportionately benefits airline users, and airlines, while pushing risk onto Dublin Airport, might then last only a further two years rather than for a further four years under either Options 1 or 2.

Hopefully, in that shorter interim period, a more considered view might be taken of the importance of protecting and enhancing our national airports, in order to reflect their true strategic value to this country.

Cost of Capital:

Regarding the issue of cost of capital, you state that a determination of shorter duration, i.e. through to 31 December 2024, *“would potentially result in a lower cost of capital, all else equal.”*

But all else is not equal. Since January 2021, ten-year Irish government borrowing costs have increased by about 2%, and the interest rate for ten-year bonds has increased by about 1% since you made your draft determination in July 2022.

Yes, cost of capital may need revision, but not downwards as you comment implies.