ITOA
INCOMING TOUR OPERATORS ASSOCIATION - IRELAND

August 4th, 2009

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Submission to the Commission for Aviation Regulation in response to Airport Charges Draft Decision Paper

ITOA and its members are the recognised incoming tour operators of the Irish tourism authorities (Tourism Ireland, Fáilte Ireland and the Northern Ireland Tourist Board). The Association currently represents 35 incoming tour operators, 32 based in Ireland and three U.S. based Tour Operators. Our members package and promote the various elements of the Irish tourism Product for marketing to their international trade partners and provide value-add services that require expert knowledge, marketing know-how and excellent project management.

In 2008 our members handling over 368,000 passengers/visitors to Ireland. This was a combination of group leisure tours, packaged individual traveler programmes and business tourism comprising of Incentive Group Travel and International Association Conference/Corporate meeting clients. ITOA members have relationships with over 4,000 overseas tour operators and others in the incentive, events and conference sectors.

As extensive users/customers of the airports in Ireland and in particular Dublin airport ITOA wishes to express its concerns that the Commission appears not to capture or represent the needs or thoughts of the airports user group namely our members and importantly our overseas visitors who transit through Dublin airport. While airlines may claim to pay for aviation infrastructure and consequently feel they should have an effective veto on investment decisions at Dublin Airport we do not believe this to be the case. It is the travelling public who actually pay for investment at Dublin Airport and it is critical that this wider context is properly understood and evaluated when principles such as “user pays” are being espoused.

Airlines are generally loath to support the capital investment required to increase airport capacity, as to do so will frequently enable extra competition. Allowing the short-term objectives of vested interests to dictate the future development of an airport may restrict the introduction of new routes and services, and ultimately reduce competition. This clearly runs counter to the interests of the tourism and business sectors, and of the wider travelling public and it would be incorrect to assume that airlines are representing the interests of passengers in this regard. Airline claims that even the most minor increase in airport charges deters passenger growth, are at odds with their own practice of frequently increasing charges by multiples of what is required by the DAA to deliver adequate and value based facilities.

Underinvestment, official short sightedness and the absence of coherent policy in the '80's & 90's led to visitor experiences at Dublin airport being compared to those of third world facilities. Overseas visitors as well as the traveling Irish public endured these poor facilities for over a decade, experienced at a time when unprecedented traffic and visitor growth was experienced. This compromised Ireland's international competitiveness and damaged our ability to attract business from abroad. The evidence of the early part of this decade demonstrates the failure to invest in times of slow growth results in congestion and poor passenger experience in times of high growth. It is therefore imperative that lessons are learnt from the past and that the possibility of this ever being repeated in future is avoided. We believe therefore that adequate funding to provide the aviation infrastructure upon which Irish tourism and the greater Irish economy will rely on in the coming decades is provided to Dublin Airport.

Now more than ever the Irish economy needs to project a professional image. The tourism infrastructure has never been in better shape and the opening of the long awaited Dublin convention centre in 2010 will offer Ireland new markets and greater business opportunities from the international markets. Ireland needs to attract high value visitors and business prospects and this requires quality airport facilities. Given that airport charges at Dublin are already at the lower end of the spectrum, the risk of delivering a substandard service and poor infrastructure as a result of the imposition of an unfeasibly low price is a far greater threat to the Irish economy than allowing for the delivery of a quality service at a somewhat higher but still competitive price.

ITOA's view is that the Commission's decision to arbitrarily cap the investment level allowed at Dublin Airport at less than €200m for the period up to 2014 is unwise, particularly given the acknowledgment that the DAA *appears to have provided reasonable estimates*.

Ireland's return to economic growth will be primarily contingent upon a growing export industry (including tourism) and renewed Foreign Direct Investment.

As an open export-led economy, with no land link to continental Europe, Ireland relies on its aviation infrastructure to support the requirements of business. The decisions made now (or not made now) can have consequences for decades. The planning horizons for investment in airport infrastructure are significantly longer than those of airlines. Proper planning requires that investment decisions be made with a long-term perspective and the regulatory process must balance the differing needs of airport operators and airlines.