

Department of Tourism, Sport and Recreation
AN tOIRIUN TURASCHRYACHTA, SPORRT AGAIS AINLEASA

Our Ref: T-11-11-11

25th July, 2001

Mr William Prasifka
Commissioner for Aviation Regulation
36 Upper Mount Street
Dublin 2

Dear Mr Prasifka

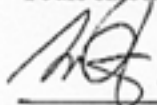
Re: Determination of Airport Charges

I refer to your notice of draft determination of 26th June, 2001.

This Department has seen the submission issued to you by Bord Failte in response to your draft determination. The Department shares Bord Failte's concerns on the negative impact of the proposed charges on tourism and would generally support the thrust of their arguments, in particular in relation to the pivotal role played by low airport charges in driving tourism growth, on the need to maximise new route development and the growth of existing routes and on the need to incentivise carriers to maximise the use of existing facilities in the State.

This Department considers that the income receivable on an ongoing basis by Aer Rianta from its interests in both Aer Rianta International and Great Southern Hotels should not be excluded from the regulatory till as has been proposed. While you may consider that "they do not have sufficient nexus to the regulated activities" this Department is of the view that the income stream generated through the efforts and leverage of the enterprise charged with the development of airport infrastructure in the State should go some way towards the future development costs of that enterprise. Consequently, this Department would suggest that the Commission might consider computing the net present value of that income stream and offsetting it against the recoverable Capex Programme set out in the draft determination as would be the case in the event of the capital realisation of these assets. Having done so the draft maximum charges could be re-calculated to reflect the lower recoverable capital costs.

Yours sincerely



Margaret Hayes
Secretary General

Tel: (01) 6313809 (Lo-Call / VPN Ext. 3809), Fax: (01)6313853
E-mail: Margaret_Hayes@tourism-sport.irigov.ie