

Dublin Airport Capex Committee (DACC) Response To CP3/2008 Re Consultation on Quality of Service at Dublin Airport

General Comments

A regulated monopoly has strong incentives to decrease service levels to its customers as under the current regulatory regime they get to retain the resulting “cost savings” (which they claim to be the result of “efficiency gains”), while at the same time benefiting from higher airport charges due to inflated opex costs. Moreover DAA, has no competitive constraints against such a deterioration in service levels. DACC believes that DAA has engaged in a process of reducing service levels and shifting costs that were previously covered by airport charges to individual additional charges for specific services. DACC members have previously complained to the CAR regarding the various “miscellaneous charges” that the DAA has introduced since Dublin Airport became regulated. DAA has also failed to address service quality failures, particularly with regards to security failures.

To-date, there has been no mandatory requirement for DAA to provide acceptable levels of service at Dublin Airport. Moreover, DACC is of the view that DAA has used alleged service quality shortfalls to justify unnecessary capital expenditure, given the strong incentives under the regulatory regime to overspend on capex.

DACC would therefore support the introduction of a service level agreement, enforced by the CAR and that provides for strong penalties where DAA fails to provide the agreed service levels. However, such service level agreement should not be used to further increase costs to users nor should it be used to justify further capital expenditure, unless agreed with users. DACC would note in this respect that DAA have announced that they intend to expend considerable amounts of capex on refurbishing T1, in order to “improve the service quality” of T1. DACC believes that this is an example of DAA’s use of service quality to waste capex and inflate the RAB.

The criteria for any service level agreement should be agreed with users, along with the penalties to be imposed.

Any service level agreement introduced must remain cost neutral with regard to the price cap set by the Regulator.

How should quality of service at Dublin Airport be defined?

The level of service required by both airlines and their passengers is relatively similar. Both airlines and passengers require access to the necessary infrastructure, which provides ease of access, value for money, minimal processing times and the availability of essential services and amenities associated with efficient airports throughout the world.

How do you think quality of service might be measured?

DACC would support quality monitoring standards similar to those introduced by the UK's Civil Aviation Authority in March 2008, as outlined in Table 4 of the CP3/2008 document issued by the Regulator. This approach distinguishes between services provided to airlines and services provided to passengers.

How should quality of service be treated for the purpose of setting future price caps at Dublin Airport?

As stated previously, any quality service level agreement introduced must be on a cost neutral basis both from a passenger and airline perspective.

Failure by the Dublin Airport Authority to meet or exceed the agreed quality standards on a consistent basis should result in penalties being imposed, for example, a rebate of airport charges in instances where the service failure led to the delay or cancellation of flights.

What financial incentives, if any, should be in place to influence the delivery of quality of service at Dublin Airport?

There should be no financial incentives taken in to consideration when making a determination on future price caps, if the Dublin Airport Authority consistently achieves the agreed quality targets as the agreed targets would be considered the norm at any competitive international airport throughout the world.

How should the Commission address differences of opinion about appropriate trade-off between the level of airport charges and quality of service at the airport?

DACC would be of the opinion that to-date, the Dublin Airport Authority have been treated very favourably by the Commission with regard to recent determinations of price caps and desk rental charges.

It is time that the Dublin Airport Authority were made accountable for the provision of specifically agreed quality service standards for which both the airlines and passengers are presently paying without the benefits of these services.

Therefore the DACC's position is that the necessary quality service standards should be introduced on a cost neutral basis to both the airlines and the passengers and should not be considered an additional revenue generating opportunity by either the Commission or the Dublin Airport Authority.

