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AirNav Ireland welcomes the opportunity to respond to the consultation on 2025 Actual Air Navigation Services Costs and the intended unit rates for 2027, and to the observations made by airspace users during and following the stakeholder meeting on 11 August.

At the outset, AirNav Ireland welcomes the transparency provided through the annual cost review and the operation of the regulatory mechanisms which ensure that amounts properly due to airspace users are returned. Actual costs in 2025 were below the determined cost base. However, AirNav Ireland does not consider that the 2025 variance should be interpreted as evidence of a permanent reduction in the underlying RP4 resource requirement. A significant element of the variance reflects identifiable recruitment, pension-payment and capitalisation timing effects which need to be considered in the context of delivery across the five-year reference period.

That context is particularly important given the performance being delivered. Ireland continues to combine very low levels of ANSP-attributable delay with one of the lowest en-route unit rates in Europe. This is consistent with the longstanding objective of AirNav Ireland's RP4 plan: to maintain excellent safety, capacity and environmental performance while investing sufficiently in the people, systems and resilience required for the years ahead.

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2025 cost outturn

The consultation records that total Irish en-route actual costs in real terms were 6.6% below determined costs in 2025. AirNav Ireland's own en-route actual costs were also below the approved level. AirNav Ireland accepts these reported outturns and supports the appropriate application of the regulatory framework to them.

It is nevertheless important to distinguish the causes of that variance. In AirNav Ireland's case, the €9.86m difference between approved and actual 2025 en-route ANSP costs included €4.1m in lower staff costs, against which relevant pension-in-payment expenditure associated with the period arose subsequently; €3.0m in lower other operating expenditure, some of which provided headroom for contractual staff expenditure; and €2.7m in lower depreciation and cost of capital.

These are materially different effects. A cost incurred later than originally profiled, a delay between capital expenditure and capitalisation, and a permanent reduction in the resources required to provide the service should not be treated as equivalent.

This is particularly relevant because 2025 en-route traffic was effectively as forecast – 99.9% of the RP4 assumption – and increased by 3.6% relative to 2024. The latest forecast also anticipates resumed growth from 2027. AirNav Ireland therefore considers that the 2025 outturn should be understood as one year within a multi-year delivery programme rather than as establishing a new steady-state cost base.

Staffing, incentives and operational resilience

AirNav Ireland recognises the concern expressed by airspace users regarding average ATCO and engineering staffing levels in 2025. The regulatory incentive mechanism operates as intended where the applicable staffing targets are not achieved, and the resulting adjustment should be returned to users in accordance with the RP4 decision. However, average staffing in a particular calendar year should also be considered in the context of the recruitment and training cycle for highly specialised operational staff.

AirNav Ireland reported an average of 301 ATCOs against the 2025 RP4 target of 326. By the August consultation meeting, the number had increased to 326, with AirNav currently projecting 348 by the corresponding point in 2027, consistent with the RP4 target for that year. The training pipeline and direct-entry recruitment programme presented to stakeholders demonstrate the scale of activity underway to build the required operational resource.

The relationship between staffing and overtime is also important. Lower permanent staffing does not translate mechanically into an equivalent operating-cost saving where operational requirements must continue to be met. As AirNav Ireland noted during development of the mechanism, a headcount-based input measure needs to be considered alongside overtime requirements and the costs actually avoided.

The terminal outturn illustrates the point. AirNav Ireland's terminal staff costs in 2025 were €0.14m above approved levels, driven in part by overtime requirements, notwithstanding lower costs in other categories.

AirNav Ireland therefore supports continued transparency regarding staffing, overtime and operational performance. At the same time, the effectiveness of the staffing programme should ultimately be judged against the service outcomes it is intended to support – including safety, capacity, resilience and the ability to meet forecast demand – rather than headcount in isolation.

Operational performance and value to users

AirNav Ireland welcomes the continued focus by users on cost efficiency. Cost efficiency is one of the central objectives of the SES Performance Scheme and remains a priority for the company. It cannot, however, be considered independently of the outputs being delivered. AirNav Ireland's position throughout the RP4 process has been that Ireland's strong capacity performance and low user charges are not reasons to reduce the resilience of the system, but outcomes that the investment and resource programme is intended to sustain. Airspace users themselves have consistently placed efficient airspace, low delay, lower charges and operational resilience among their principal priorities. AirNav Ireland's presentation also benchmarked Ireland as combining very low ANSP delay with a comparatively low unit rate.

This is particularly relevant for an island economy highly dependent on aviation. The appropriate regulatory objective is therefore not simply the minimum possible annual expenditure, but the efficient cost of providing a safe, resilient and high-quality service while preparing for future demand.

Capital investment

AirNav Ireland agrees with airspace users that investment should ultimately be assessed by reference to delivery and benefits rather than expenditure alone.

It is nevertheless important not to equate lower depreciation or cost of capital in 2025 with the absence of investment delivery. AirNav Ireland recorded a record level of capital expenditure in 2025, but the timing of the completion of various capital programmes explains why this expenditure had not yet produced a corresponding level of capitalisation. On the basis of the current programme and delivery outlook, AirNav Ireland's expectation remains that any overall RP4 capex underspend would be in the low single digits as a percentage of the overall programme.

There is necessarily a sequence between expenditure being incurred, project implementation and work in progress, commissioning of an asset, capitalisation, and the subsequent recognition of depreciation and cost of capital. Consequently, the profile of capital charges in an individual year does not necessarily provide an accurate measure of the underlying level of investment activity.

AirNav Ireland has also strengthened its organisational capability supporting delivery through the Enterprise Project Management Office, Change Management Cell and Digital Transformation Office. These initiatives are intended to strengthen programme governance and delivery assurance, support implementation of organisational change and digitalisation, and improve productivity and benefit realisation from the wider investment programme.

AirNav Ireland will continue detailed capital reporting and engagement with users. Where capital allowances are genuinely unspent across RP4, AirNav Ireland supports their return in accordance with the regulatory framework.

Pension costs

AirNav Ireland considers that two distinct pension matters need to be kept separate. First, the pension-in-payment expenditure associated with the 2025 period but arising subsequently is principally a timing matter. The fact that an expenditure item was not recorded as an actual cost in the 2025 outturn does not, in itself, demonstrate that the underlying cost requirement disappeared.

Separately, AirNav Ireland highlighted potential future pension consequences arising from historic collective labour disputes currently progressing through the Independent Dispute Resolution Board process. These matters have developed through negotiation, mediation, arbitration, actuarial review and formal dispute-resolution procedures; they are not ordinary movements in annual pension costs. Their eventual form, timing and financial impact were not sufficiently certain or measurable when the RP4 cost base was established.

AirNav Ireland is not suggesting that any future amount should automatically receive a particular regulatory treatment. Any actual expenditure arising should be assessed against the applicable regulatory provisions and the circumstances and evidence available at that time.

2027 unit rates and regulatory adjustments

AirNav Ireland welcomes the fact that the applicable adjustments are being transparently reflected in user charges.

The IAA's intended 2027 en-route rate is €32.79, 5.2% below the 2026 rate of €34.60, and Ireland continues to maintain one of Europe's lowest en-route unit rates.

In relation to the ATCO/Engineer incentive mechanism, AirNav Ireland notes that the IAA consultation identifies the 2025 incentive adjustment as an en-route financial incentive and includes it within the 2027 en-route unit-rate calculation. The corresponding terminal table contains no financial-incentive adjustment.

More generally, regulatory rebates, the return of genuinely unspent capital allowances, traffic-risk-sharing adjustments and accounting timing effects should continue to be presented distinctly. Doing so will provide users with a clear audit trail while avoiding the implication that each adjustment represents an underlying operating-efficiency saving.

Conclusion

AirNav Ireland remains committed to constructive engagement with the IAA and airspace users and to transparent application of the regulatory framework, including the return to users of amounts properly due under that framework.

The 2025 outturn should, however, be interpreted in the context of the timing and delivery profile of RP4 rather than treated as establishing a new steady-state resource requirement. AirNav Ireland is progressing the staffing pipeline, technology investment and organisational capability required to sustain Ireland's excellent operational performance as traffic develops. The objective remains to provide safe, resilient and efficient air navigation services while maintaining Ireland's highly competitive position for airspace users.

Yours sincerely,

Paul Johnson

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