



Date 31/07/2020

DR. Maria Baquero
Commission for Aviation
Regulation 3rd Floor, Alexandra
House Earlsfort Terrace,
Dublin 2
Ireland

By e-mail to: info@aviationreg.ie

Ref; Consultation on 2019 Actual Costs and Intended 2021 Unit Rates of Air Navigation Services in Ireland

Dear DR Baquero

Thank you and your colleagues for the consultation on the 2019 Actual Costs and Intended 2021 Unit Rates of Air Navigation Services in Ireland. These consultations are extremely important for the Airline community to understand the breakdown of costs, plans and the overall effectiveness of the service provision in Ireland. IATA also welcomes that the Commission for Aviation Regulation has taken up the role of economic regulator for the IAA, which we see as a fundamental step to guarantee transparency and cost effectiveness of services in Ireland.

The Irish unit rate proposal for enroute and terminal for 2021 is appreciated, however it must be seen in the context that inflation adjustments and traffic over-recoveries drive the majority of the reduction. In particular we note that the total cost for Ireland continued to be materially below the performance plan despite traffic levels at +8.9% enroute and +19.6% terminal, above the performance plan. Can the Commission of Aviation Regulation provide further detailed information on the cost breakdown relating to IAA staff, in particular the current situation with ATCO recruitment and training?

We take careful note) that the PRB monitoring report 2018 identifies that the IAA made an estimated ex-post RoE pre-tax rate of 33.8% for 2018 in enroute and 26.5% in terminal against a planned ROE of 11.4%. Overall, we estimate that the IAA has earned an economic surplus of some € 93m for enroute activity alone throughout RP2, this represents +400% above plan. A situation that cannot be allowed to go unaddressed for RP3.

On CAPEX, we also note that the IAA remains significantly behind on its planned investment programme by some -62.1%. We acknowledge that the IAA have committed to returning some of this unspent CAPEX during 2020/2021 (See ENCOM 112 Jun 2019 minutes) however we have seen little evidence of same in the material presented. We are concerned that the IAA are carrying forward potential inefficiencies that should have been corrected through this spending in RP2. In the interim, we request that the Commission to provide a detailed breakdown of the RP2 capex delivered compared with the approved performance plan. We require this detail to ensure we are not being double charged for CAPEX planned and financed during RP2, but not deployed until RP3.

On RP3, IATA is deeply involved with the EC/PRB and States on development of the exceptional measures and are consulting our members on the latest draft EC proposals published 10th July. Aviation has been among the most severely impacted sectors by the COVID-19 pandemic. The drastic drop in traffic and the uncertain recovery has created a severe liquidity and revenue shortfall within aviation. This has been acknowledged across Member States by the deferral of ATC charge payments until 2021. While the Airspace User community fully appreciates this support, this measure alone is insufficient as it will not enable a financial environment allowing Airspace Users to sustain the Air Navigation Service revenue gap of billions of Euros in 2022 and beyond. Nobody is responsible for the crisis and airspace users should not be held responsible for the travel restrictions nor accountable for the mitigation of their financial consequences.

Whatever the outcome of the EC proposal, it is clear that a significant revision of the state Performance plan will be required in the coming months. We count on the support of the Commission for Aviation Regulation to provide an independent and balanced outcome for our members and the wider airspace user community.



We remain open to further discussion on the items highlighted above and will engage fully on the development of any new RP3 performance plan and subsequent submission to the EC for approval.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "R. Sergison", is written over a light grey rectangular background.

Rory Sergison,
Assistant Director, ATM Infrastructure
Safety and Flight Operations, Europe