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By email to info@aviationreg.ie

**Commission for Aviation Regulation
3rd Floor, Alexandra House
Earlsfort Terrace
Dublin 2.**

The Car Rental Council is the trade association representing all the major car rental companies operating in Ireland. The focus of our submission to the Aviation Regulator is the commercial revenues generated by the Dublin Airport Authority and refers to Chapter 6 of the Issues paper CP6/2008 and in particular the approach to date on incentivising the DAA to maximise all revenues not included in the price cap. The industry believes that the impact of the Regulator's determination on the price cap is to force the DAA to raise additional revenues from commercial interests at the Airport. A significant and totally unexpected increase from just over 7% to 11.5% of revenues (with guaranteed minimum amounts) in the car rental concession fees for the period 2008-2010 was, we believe, a consequence of the approach taken by the Regulator. These rates were also applied to Cork and Shannon. Are travellers to Shannon and Cork now expected to pay for infrastructure developments at Dublin?

The elasticity of commercial revenues seems to our industry to be misguided as it fails to adequately relate passenger numbers to specific sectors and provides no analysis of the impact on the various sectoral interests that are dependent on airport business for their very existence. These sectors, of which car rental is one, are subject to the DAA's market power. The impact of the manner in which the Regulator treats commercial revenues for determining the price cap is a highly significant factor in the manner in which the DAA exercises that market power. Companies of course are free not to tender for DAA concessions. This however is not an option. If you are in the car rental business in Ireland you have to have a presence at the airports.

The increase of 62% in passenger numbers between 2001 and 2007 and the 21% decrease in commercial revenues as highlighted in Cl 6.11 of the Issues Paper further questions the relationship between passenger numbers and commercial revenues. It is interesting to note that the numbers of cars registered to the car rental fleet in 2001 was 22,805 and in 2007 was 22,628 a decrease of 1%. This contrasts with a 62% increase in airport passenger numbers using Dublin Airport. Car rental does not gain from outbound passengers. The Dept of Tourism estimate that 21% of the 7.7 million overseas visitors in 2006 rented a car which roughly translates into a 5% car rental usage at Dublin Airport based on the quoted passenger numbers. Therefore the implied burden of directly relating passenger numbers to commercial revenue and the consequent

burden on DAA to collect such revenues has a very disproportionate impact on the car rental sector.

The manner in which costs are spread among the various commercial interests at Dublin Airport has wider implications than DAA's need to recover their overall costs. Dublin Airport represents the gateway access point for a significant proportion of our tourism industry and the Authority's decisions can adversely affect the tourist industry which is Ireland's largest internationally traded services sector. Those who rent cars are among the highest spenders of those who visit Ireland. They stay longer and travel more widely than the average visitor and spend approximately 10% more per person. Over half of all car tourers anticipate that they will return to Ireland. It is important that the country continues to foster their custom and do all we can to ensure that the service they receive compares favourably in terms of cost and convenience with that of our international competitors in tourism. The Car Rental Council has repeatedly expressed our concern that the simple comparisons of car rental charges, facilities and allocated car parking spaces at Dublin Airport with other airports overseas, fails to fully appreciate the value of the car rental product at Dublin Airport to the general Irish tourism industry and in particular the regional spread of tourism. The industry urges the Regulator to take due regard of the unique role DAA plays in the provision of tourism services to an island nation when making comparisons with overseas airports.

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