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PRESS RELEASE

Commission for Aviation Regulation Publishes Decision on Airport Charges

The Commission for Aviation Regulation today (11 February 2002), published its decision on ten matters referred to it by the Aviation Appeal Panel arising out of its Determination on the Maximum Level of Airport Charges originally published on the 26th August 2001.

Highlights

- The Commission has varied or clarified its Original Determination in respect of the ten referred issues, including those brought to the attention of the Appeal Panel by the Commission itself.
- The effect of the variations is to amend the maximum allowable yield per passenger from airport charges as follows:
 - the yield cap on the Dublin, Shannon and Cork airports taken together has been reduced from €6.72 (£5.29) to €6.34 (£5.00);
 - the yield cap in respect of Dublin airport has been reduced from €5.60 (£4.41) to €5.38 (£4.24).
- The decision published today is a result of a review by the Commission of those matters referred back to it by the Appeal Panel, together with the outcome of further consultation with interested parties. It does **not** take into account facts or events which came into being after the making of the original determination.

Variations by the Commission on the Original Determination

The variations or the clarifications to the Commission's Original Determination are listed below, using the same subject headings as the Panel.

a) Off Peak 'landing and take-off' charges and aircraft classification.

The Commission has introduced a new methodology of classification of aircraft to cover some aircraft not before included and to reclassify certain other aircraft types. This leads to slight changes in some aircraft charges.

b) Efficiency

In the Original Determination, charges were calculated on the basis that Aer Rianta would have to achieve certain efficiency improvements over five years. The Commission has varied the Original Determination by applying this efficiency improvement over three years instead of five. This will have the effect of encouraging earlier implementation of efficiency measures at all airports, in order to bring them into line with peer group airports.

c) OPEX (Operating Expenditure)

The Commission has decided to clarify its Original Determination and to publish details of Aer Rianta's operating expenditure in aggregated form. In accordance with the terms of the settlement of High Court proceedings initiated by the Commission against Aer Rianta, the Commission has furnished Aer Rianta with ten days notice of its intention to publish more details of its operating expenses.

d) Depreciation

For the purposes of calculating the Regulatory Asset Base, the Commission has excluded land from its calculation of the depreciation charge.

e) Transfer and Transit

Transfer passengers (those who arrive and depart in different aircraft) will be counted on the same basis as all other passengers. Transit passengers (those who arrive and depart in the same aircraft) will continue to be counted as a single passenger.

f) Cargo Charges

The Commission has varied its Original Determination in that the regulatory formula no longer distinguishes between cargo and non-cargo revenues. The sub-cap on cargo charges has been retained.

g) Security Charges

The Commission has not varied the Original Determination in respect of security surcharges, but it provides further clarification.

h) Passenger Numbers/Forecasts

The Commission has varied the Original Determination in that airport charges are now calculated with reference to the Aer Rianta centreline forecast. Notwithstanding the stated intention of the Commission in its Original Determination to use the Aer Rianta centreline forecast, the Commission's own re-constructed forecast was used in error.

i) Interest Payments (over and under recovery of maximum airport charges)

The Original Determination has been changed in order to make symmetric the treatment of over and under recovery of charges.

j) Communication from the Commission

In the financial model used to determine the maximum airport charges in the Original Determination, a number of computations did not fully correspond to the Commission's policy intentions as set out in the Report, or other documents accompanying the Determination. These have now been varied to reflect the Commission's policies.

- Ends -

For Further Information, contact:

Bill Prasifka, Commissioner for Aviation Regulation 01 6611700
Cathal Guiomard, Head of Economic Affairs, CAR 01 6611700

Issued on behalf of the Commission by Whelan Communications, Contact:

Brian Whelan 01 6768877 086 817 7178
Suzanne McCormack 01 6768877 086 857 3927

Notes to Editors

- The full decision of the Commission can be accessed on the Commission for Aviation Regulation's web-site at www.aviationreg.ie (and will be available in printed form in due course on application to the Commission).
- The decision of the Aviation Appeal Panel is also published on the Commission's website.