

Ab/MOL/2066

20th February, 2012

PAC-R-332

Correspondence 3.6
Meeting – 08/03/2012



STRICTLY PRIVATE AND CONFIDENTIAL

Mr Cathal Guiomard
Commission for Aviation Regulation
Alexandra House
Earlsfort Terrace
Dublin 2

Dear Cathal,

Thank you for your letter dated 17th February.

1. DAA price increases and traffic declines

I asked you to explain why you granted the DAA airport monopoly a significant increase in charges to reward it for the substantial fall in passenger traffic which it has delivered, even while Ryanair continued to grow strongly elsewhere. Your 26th Jan letter failed to answer this question or explain why you allowed such significant charges increases "*due more to the substantial fall in passenger traffic after 2008, than to the increase in capital costs*". Please now do so.

2. Over-staffing

Since your report to the Minister for the year ended 31/12/2010 conclusively establishes that your 18 staff do very little, I have asked you to provide an analysis of how these 18 staff are allocated across your four claimed areas of work. In two subsequent letters you failed to answer this question. Please now do so.

Your continuing obfuscation on this issue, hiding behind the licensing of just 280 travel agents (less than 6 per week) or 8 airlines (less than 1 per month) is a deliberate attempt on your part to mislead. Your report to the Minister clearly shows that your office investigated only 241 customer complaint cases, which is less than 5 per week or less than 1 a day. Given the tiny "*workflows*" undertaken by your over-staffed office, we - as one of the airlines which pays for your inadequate regulation - are entitled to know what your 18 overpaid, underworked staff actually do. Please now provide this analysis.

3. Excessive staff costs

My 13 Jan asked you to explain why your 18 staff racked up cumulative costs of €1.8m for the year to December 2010. This equates to an average cost of €100,000 each and this should be justified by reference to what work each of these people actually do. Please now answer this question, instead of avoiding it.

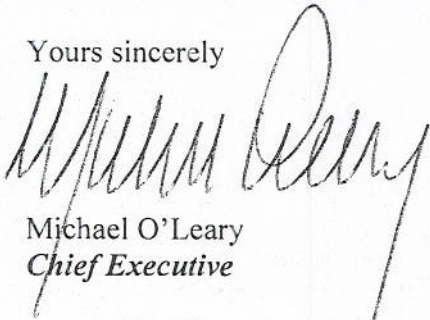
4. Other waste

Your 26 January letter again failed to explain why your office wasted more than €120,000 on "consultancy" in 2010, over €80,000 on advertising and public relations, or why you incurred office rent of €283,000 for prime city centre offices, when most of your work (which relates to Dublin Airport), could and should be undertaken in far cheaper offices in the airport area. You have again failed to explain why your office wastes €300,000 p.a. on Dublin Airport schedules facilitation, when Dublin Airport doesn't require slot regulation, given that it is operating at less than 50% of its runway and terminal capacity. Having failed to explain or justify this gross waste in either your 26 Jan or 17 Feb letters, please now do so.

Given the abject failure of aviation regulation under your tenure as Regulator, we as one of Ireland's largest airlines and one of the principal victims of your inadequate regime are entitled to know what our excessive regulatory fees are being wasted on by you and your 17 colleagues who cost this industry over €100,000 p.a. each.

I would appreciate an open and honest reply, instead of more bureaucratic obfuscation.

Yours sincerely



Michael O'Leary
Chief Executive

c.c. **Leo Varadkar TD, Minister for Transport, Tourism & Sport**
Secretariat, Oireachtas Committee of Public Accounts
Secretariat, Oireachtas Committee on Finance, Public Expenditure and Reform