

**MINUTES OF THE MEETING OF THE EASA MANAGEMENT BOARD HELD
ON 28 MARCH 2007
AND SUMMARY OF DECISIONS TAKEN
MB 02/2007**

1. List of attendees

The following full members or respective alternates were present:

AUSTRIA	MR	KARL	PRACHNER
BELGIUM	MR	BENOÎT	VAN NOTEN
BULGARIA	MS	ELEONORA	DOBREVA
CYPRUS	MR	LEONIDAS	LEONIDOU
DENMARK	MR	KURT	LYKSTOFT LARSEN
FINLAND	MR	KIM	SALONEN
FRANCE	MR	PAUL	SCHWACH
GERMANY	MR	JOSEF	SCHILLER
HUNGARY	MR	PÉTER KRISZTIÁN	SELYMES
ICELAND	MR	PÉTUR K.	MAACK
IRELAND	MS	ETHNA	BROGAN
LITHUANIA	MR	ROMUALDAS	ARMANAVIČIUS
LUXEMBOURG	MR	HENRI	KLEIN
MALTA	MR	ANTHONY	GATT
NETHERLANDS	MR	JAN DIRK	STEENBERGEN
NORWAY	MR	HEINE	RICHARDSEN
PORTUGAL	MR	LUIS	COIMBRA
SLOVAK REPUBLIK	MR	OTAKAR	MIKYSKA
SLOVENIA	MR	FRANC	ZELJKO ZUPANIC
SPAIN	MR	LUIS	RODRIGUEZ GIL
SWEDEN	MR	NILS GUNNAR	BILLINGER
SWITZERLAND	MR	URS	ADAM
UNITED KINGDOM	MR	MICHAEL	SMETHERS
EUROPEAN COMMISSION	MR	ZOLTÁN	KAZATSAY

The meeting was chaired by M. Smethers.

Summary of decisions

At its meeting held on 28 March 2007, the Management Board:

- adopted the agenda (document MB 02-2007 WP01);
- delivered its opinion on the Commission's proposal to revise the Fees and Charges Regulation, as expressed in the minutes of the meeting;
- adopted the minutes of the meeting MB 01-2007 held on 02 March December 2007 (MB 02-2007, WP02);
- agreed to submit the WP04 (Revision of Rulemaking Procedure) to EAB for consultation;
- adopted the 2008 Preliminary Draft Budget and outline of the workprogramme (MB 02-2007, WP 03a Pre-Draft Budget 2008);
- adopted the Agency's Multi-annual Staff policy Plan (MB 02-2007, WP 03b Staff Policy Plan 2008-2010);
- agreed in principle to create a Budget Committee co-chaired by the Danish representative to the MB, M. Larsen and by the Executive Director of the Agency, subject to discussion of its draft terms of reference at the June Management Board meeting;
- decided to hold its next meeting on 13th June.

2. Adoption of Agenda

The Management Board adopted the proposed agenda:

1. Adoption of the Agenda
2. Adoption of the minutes of meeting 01-2007
3. Opinion of the Management Board on the proposed revision of the Fees and Charges Regulation
4. 2008 preliminary draft budget and outline of the 2008 workprogramme
5. Update of decision 07-03 on rulemaking procedures
6. Update of decision 04-2005 on accreditation surveillance visits frequency to NAAs
7. Information on the Internal Audit Service visit, and their recommendations to the Management Board

3. Adoption of minutes of previous meeting

The minutes of the last meeting were adopted subject to the following changes:

- Agenda item 4, 5th paragraph, the first sentence was changed to "The Commission took note of the ENACT report"
- Under item 11, 3rd paragraph, replace "their own" by "Turkish"

As a general comment, France and Netherlands expressed their disappointment that the soft tone of the minutes did not reflect the very stern concern expressed by the Management Board about the financial situation of the Agency.

4. Opinion of the Management Board on the proposed revision of the Fees and Charges Regulation

The Management Board received a delegation of the EASA Advisory Board, which came to deliver their opinion on the proposed revision.

PRESENTATION OF THE PROPOSAL BY THE COMMISSION

The Commission mentioned in its presentation that the proposal takes into account:

- The interest of the Agency
- The interest of industry
- And that it makes no difference between EU and non EU type certification applicants.

The Commission noted that its proposal is based on a flat fee scheme, as proposed by the independent study from Horvath and as already discussed within the Board. The flat fee system seems to be best adapted to the needs and capacity of the Agency. Some new principles have been introduced within the Regulation, notably in order to allow for the creation of a reserve that would help in balancing the incomes from one year to the other, to introduce an "inflation clause", or to clarify what happens in case a certification task has to be interrupted

Considerable work was undertaken in order to adapt the tariffs proposed by Horvath which were not applicable as such. Some transition measures have also been proposed for the charges linked to organisations.

The revised proposal should allow for levying some 47 m€ a year.

OPINION OF THE EAB

The representatives of the EAB started their presentation by underlining the quality of the work undertaken by the Agency in its first years of activity, and by reaffirming their support to the very idea of a single Agency.

Nonetheless, and when it comes to funding, the EAB unanimously and strongly disapproves of the proposed "flat fee" scheme, and regards it as unacceptable.

The EAB believes that there is no valid reason that such a scheme should be chosen as the principle of the scheme because of the incapacity of the Agency to administer an hourly-rate based scheme. They also consider that the proposed scheme disconnects the fees levied from the service rendered thus providing no incentive to the applicant's prompt compliance or to furthering EASA's efficiency and accountability.

Moreover, the EAB thinks that an hourly fee of 225€ is out of proportion with the costs of comparable industry expert work.

Furthermore, EAB takes the view that EASA needs to get its funding principles revised, with a view to be entirely funded through public funds.

EAB concluded its presentation by stating that

- it does not support the proposed scheme
- it recommends further use of public funding
- it requests keeping the current scheme with some adaptation and,
- efficiency gains could be made to alleviate their financial burden.

OPINION OF THE MANAGEMENT BOARD

The Management Board responded to a number of the EAB comments.

Several delegations, amongst which the Commission and the UK, do not consider a total public funding as desirable as it does not allow for sufficient strain to efficiency gains. They stressed that even though the TRAN committee of the European Parliament gave some signals in that direction, there was clearly no certainty as regards availability of public funding for some activities.

The Board estimates that a flat fee scheme is adequate at this moment of the existence of the Agency. The implementation of an hourly-fee system would generate additional bureaucracy and costs, as well as continuous disputes with applicants on the number of hours needed on a project. There is probably nothing such as a perfect charging scheme, but the proposed scheme will evolve in the future in order to be refined and more suitable to the needs of the Agency and of the industry. The UK delegation noted that it took some 25 years before defining the UK CAA scheme, and they also noted that comparing EASA situation with UK CAA's is not relevant as the latter has been long established and as such does not bear the same costs.

The Executive director also recalled that the 225€ figure quoted by the EAB does not relate to an hourly rate, but to an hourly fee including for instance travel expenses, (tickets etc.).

The MB-Chairman concluded the exchange of views with the EAB and informed the EAB of the effects of postponing the revision of the Fees and Charges Regulation: it would affect the 2007 budget, but it would also place the Agency in an illegal situation as from 2008 when it can no longer fund certification activities with the European subsidy.

The Chairman further stated than any changes are transitional, noted the wide MB support for the adoption by the Agency of key performance indicators to improve the Agency's efficiency. The Chairman further mentioned that evaluation of the Agency which is currently being undertaken in the framework of Article 51 of the Basic Regulation will allow the industry to further express their concern. The Chairman reiterated that the funding of the extension of scope are funded largely through Community subsidy. The desire of the EAB to go further more transparency of the costs and of the procedures was well understood. The MB and the EAB agreed to reflect on means to deepen their cooperation and communication.

The MB resumed its discussion, thereby expressing in general their support for the (principles of the) proposal. In conclusion, the Board decided to render a favourable opinion to the proposal of the Commission, because it covers the full costs borne by the certification Activities of the Agency. The Board also requested the Commission to evaluate the necessity of some modest transitional measures regarding ongoing products certification projects as long as they do not adversely affect the funding of the Agency. The Board also welcomed the creation of a reserve fund.

The Board invited the Commission to provide them with as much information as possible in order to defend the proposal within each National administration

Last, but not least, the Chair invited all delegations to show a similar unanimity on the project when it is presented by the Commission in Comitology.

5. 2008 preliminary draft budget - outline of the 2008 workprogramme - Staff Policy Plan

a) 2008 PDB and OUTLINE OF WORPROGRAMME AND PRELIMINARY DRAFT BUDGET

The Executive Director of the Agency presented the changes that have been brought to the outline of the workprogramme and to the preliminary draft budget since the last meeting, in order to take into account the fees as defined in the draft Regulation and the written comments of the Management Board. Taking into account that as from 2008 the certification activities can solely be funded through the fees and charges, the related expenses had to be adapted to the exact level of projected income. The reduction of fees levied of around €2 million was hence echoed on the level of outsourcing. It was agreed that the NAAs will be regularly updated on the outsourcing policy to be implemented by the Agency

The Board noted that the changes to the outline workprogramme correspond to the issues they raised in the 02 March meeting. They adopted the outline workprogramme together with the preliminary draft budget.

b) STAFF POLICY PLAN 2008-2010

The Agency presented a revised staff policy plan, with some adjustments compared to the initial proposal in the light of a thorough resource assessment undertaken with the Commission. The Staff Policy Plan defines, over a 3 years period, what are going to be the staff policy and recruitment strategy of the Agency. The figures presented in the document are binding as regards the year 2008 but are only indicative for the 2 next years.

The initial plan forecasted 600 temporary agent staff in 2010, which is the ideal level of staffing to complete Agency's mission. The revised plan expects that some 480 temporary agents will work for the Agency at the end of 2010. The revision takes into account some likely delays in the future extension of the scope of the Agency, and the necessity to match the existing financial perspectives. The Agency considers that, with such a level of staffing, it will be able to fulfil its legal obligations and will start preparing further extensions.

The reduction should not overshadow the fact that the Agency has significantly increased its staff in the recent years, albeit not as rapidly as planned, and that the planned growth remains substantial. The new recruitments will be focused on subsidy-financed activities, in order to catch up on recruitments which were in the past focussed on certification to ensure a smooth transition to the new system.

As mentioned, the proposed staff policy plan does not take into account future extension of the scope of the Agency (to aerodromes or air traffic management for instance). The Commission clarified what is the budget process linked to any new legislative proposal: it has to be accompanied with a clear description of its financial impact and of the staff required. The Commission will so proceed for the related expansion of the scope of the Agency.

The Management Board noted that:

- the Staff Policy Plan could be amended in order to take into account new legislative proposals, and that at such it constitutes a realistic view of the possible level of recruitment in the current financial perspectives;
- the current financial perspectives would be reviewed in 2009;

- the results of the evaluation currently being undertaken in accordance with article 51 of the basic regulation could recommend adjustments to the staffing plan;
- the Agency intended to take steps to increase its efficiency over the reference period;
- additional services requested by industry should be financed directly.

The Board reiterated the vital importance of making safety the first priority and asked the Agency to produce a paper on its safety strategy for the next Management Board meeting, which would include an update on the Agency's safety plan, research programme, and follow-up work to occurrence and accident investigation reports. The Board asked to be informed at the end of every year on the recommendations addressed to the Agency by AIBs and actions taken in response by the Agency.

Taking into consideration the aforementioned remarks the Staff Policy Plan was adopted by the Management Board.

6. Update of decision 07-03 on rulemaking procedures

A proposal to modify the rulemaking procedure was presented to the Management Board for discussion before a formal consultation of the EAB. The proposal does not aim a complete change of the procedure and of its underlying principles, but it is targeting a simplification of the adoption of the Guidance Material and Advance NPAs (notice of proposed amendments). Several delegations have expressed their wish to have more of these Guidance Materials available, which is not currently possible given the heaviness of the procedure to adopt them. Similarly, it was also stressed that a more frequent use of a simplified Advance NPA could help in a better implementation of the rulemaking workprogramme.

The delegations unanimously welcomed the proposal to simplify the procedures, and Germany even called for further efforts in that domain. Spain, Denmark and the Netherlands also requested a number of changes to be taken into account in the document to be sent to the EAB.

The Spanish delegation recalled that Guidance Material should not foster any binding obligations.

The document will be submitted to the EAB for consultation. The Management board will then review the revised proposal.

7. Update of decision 04-2005 on accreditation surveillance visits frequency to NAAs

The MB discussed WP 05, containing a proposal for the revision of frequency of accreditation surveillance visits as laid down in MB Decision 04-2005. The revision aims to reduce the interval between accreditation visits from 3 to 2 years. The MB has decided to adopt the proposed revision.

8. Information on the Internal Audit Service visit, and their recommendations to the Management Board

The Internal Audit Service of the Commission, which is also the formal Internal Auditor of the Agency had visited the Agency in July 2006, and rendered their final report in December 2007. The Executive Director presented the finding of these reports to the Board, and notably the findings that are more specifically addressed to the Management Board. It was reminded that the IAS visit is focussed on the strategic planning and coordination, the programme implementation and budget execution and well as on the human resources management, accounting and finance, logistics and document.

The IAS acknowledge that the overall operational objective of the Agency has been met, and that the Agency is still in a start up period. Nonetheless they identified: the necessity to ensure a stable and clear funding and the need to define a risk management policy based on a global analysis of risk.

Two recommendations were more specifically addressed to the Management Board, and discussed during the meeting.

1. The IAS recommended that a specialised budget committee is set up by the Management Board, composed of specialists of budget issues in order to advise more thoroughly the Management Board on these items. The Board accepted the recommendation in principle, subject to discussion of draft terms of reference at the June Management Board meeting. The Chair suggested to use the same model as the ENACT group: a group co –chaired by the Board (M. Larsen) and by the Agency (the Executive Director). The Board also requested them to draft some terms of reference for the group, insisting notably on the fact that the committee shall not take decisions on behalf of the Management Board.
2. The IAS has also recommended a designation procedure avoiding conflicts of interests between the MB members and the National Authorities, to which the Agency is outsourcing certification work. The Management Board reminded that cooperation between the Agency and the NAAs is dominant and the proper functioning of the

Agency is of specific interest for the NAAs, not the conflict. So the Board takes all decisions in the interest of the proper functioning of the Agency. Moreover, the power to determine how Member States nominate their representatives to the Management Board does not lie within the remits of the Board. It therefore decided to withhold their decision on accepting the recommendation of the EAB until the Basic Regulation may have been revised

9. AOB

○ SUPPORT TO EASA STAFF AS REGARDS TO SCHOOLING

The Executive Director reminded the Management Board that the financial support provided by the city of Cologne for staff having children in private international schools will expire in April 2007. The Agency is willing to substitute for this in 2007. In the meantime the city of Cologne is considering opening an international school in Cologne.

10. Attendance list

	Member	Alternate	Expert
Austria	Karl Prachner		Walter Gessky
Belgium		Benoit Van Noten	
Bulgaria		Eleonora Dobрева	
Cyprus	Leonidas Leonidou		
Czech Republic			Viktor Nath
Denmark	Kurt Lykstoft Larsen	Per Veinberg	
Estonia			
Finland	Kim Salonen		
France		Paul Schwach	Maxime Coffin
Germany		Josef Schiller	
Greece			
Hungary			Eva Kaillai
Iceland	Pétur K. Maack		
Ireland	Ethna Brogan		
Italy			Carmine Cifaldi
Liechtenstein			
Lithuania		Romualdas Armanavicus	
Luxembourg	Henri Klein		
Malta			
Netherlands		Jan dirk Steenbergen	Pieter Mulder
Norway	Heine Richardsen	Oyvind Ek	Karl Koefoed
Poland			Tomasz Kadziolka
Portugal		Luis Coimbra	
Romania			
Slovak Republic			
Slovenia	Franc Zeljko Zupanic		
Spain	Luis Rodriguez Gil	José Ramirez Ciriza	
Sweden	Nils Gunnar Billinger		Magnus Molitor
Switzerland	Urs Adam		
United Kingdom	Michael Smethers	Natasha Coates	Chris Jesnick
European Commission	Zoltan Kazatsay	Roberto Salvarani	Alessandra Zampieri Marc Thomas