EASA Management Board Decision MB 18-2007
Adopting the Agency's Business Plan
MB meeting 05-2007- 14 December 2007

Annex I – detailed Business Plan

EUROPEAN AVIATION SAFETY AGENCY

BUSINESS PLAN 2008 - 2012

Version 2.0
December 2007

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Introduction

The European Aviation Safety Agency became operational on 28 September 2003. Our work centres on ensuring the highest levels of civil aviation safety, through certification of aviation products, approval of organisations to provide aviation services, development and implementation of a standardised European regulatory framework. We further engender a culture of safety through our work in international co-operation, safety analysis and our research programme.

The past four years have been a time of significant growth and development for the Agency. It has now reached a point where it is stabilising, and the next five years, while seeing further significant growth and the adoption of new tasks, is a period for consolidation, process improvement and normalisation of operations.

The new areas of operation foreseen by the business plan include the development of rules, procedures and standardisation for civil aviation operations (OPS); rules, procedures and standardisation for licensing of pilots (FCL); approval of Third country operators; certification of foreign synthetic training devices (FSTD); certification of tasks related to type certificates ((MMEL), syllabi for pilot type rating and maintenance certifying staff type rating); certification of foreign training organisations; certification of foreign aero medical centres; all should start in 2009.

In addition, a further extension of the Agency's mandate to encompass the safety of aerodromes and air traffic management is expected. This is likely to include new tasks related to environmental certification and standardisation as of 2010; a community competence for aerodrome safety, with related rulemaking and standardisation tasks, from 2011; a community competence for air navigation services with related rulemaking and standardisation tasks as of 2012. Thus by the end of 2012, the Agency will have taken on the entire aviation safety remit across Europe.

While these new tasks will require significant efforts on the part of the Agency, they will be integrated into an organisation which has stable, documented processes, and which will further develop the tools it uses to collect data and disseminate information. Of critical importance, the Agency believes that through the implementation of a revised fee-based funding mechanism in 2007, including the ability

to generate and maintain a financial reserve, its financial base will be secure, giving sufficient revenue to allow it to continue existing work while taking on the new tasks.

Basis of the business plan

The Agency's business plan covers the five year period from 1 January 2008 to 31 December 2012.

In 2007 the Agency generated a Staff Policy Plan (SPP), agreed by the Management Board, stating the number of staff to be employed between 2008 and 2010. That plan is the basis on which this business plan is created. Certain changes to the SPP and its assumptions have since been discussed with the services of the Commission's Directorate for Energy and Transport (DG TREN) and these are documented within the business plan to provide an audit trail from the SPP to the business plan.

For the years 2011 and 2012 the Agency has used assumptions, documented in the business plan, to forecast the required number of staff, together with expected levels of revenue and expenditure.

Section 1: Vision, Mission and Strategy

1.1 Introduction

The senior management team of the Agency last defined its strategic elements in November 2006. They are the starting point for the Agency's planning cycle and will therefore be reviewed periodically.

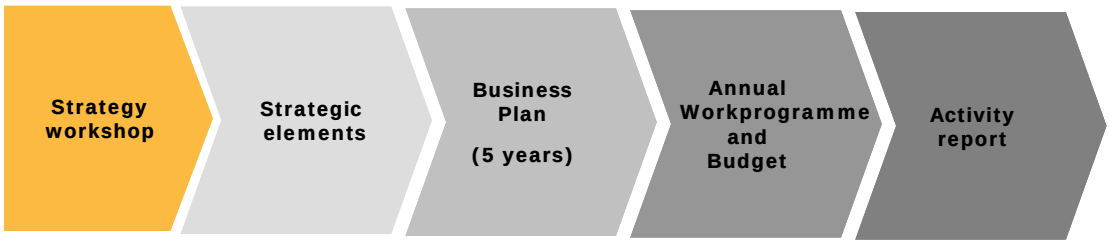


Figure 1: European Aviation Safety Agency planning cycle

1.2 Vision

The Agency identifies its vision as follows:

European citizens should benefit from the safest and the most environmentally friendly civil aviation system in the world.

This vision under-pins every aspect of the work the Agency does, while reflecting the fact that we work as part of a wider group of organisations and individuals whose aims contribute to achievement of the vision.

1.3 Mission

The mission statement of the Agency is simple:

Our mission is to promote the highest common standards of civil aviation safety and environmental protection in Europe and worldwide

This mission reflects our role in the European community as well as our wider role in promoting world-wide air safety. It further reflects our recognition of the growing importance of environmental concerns to the work we do.

1.4 Values

We explain our values in three separate but complementary areas:

- People: We invest in the best qualified professionals to build a European centre of excellence in aviation safety.
- Performance: We aim to reach our regulatory and advisory goals with the highest level of efficiency and integrity.
- Accountability: We are fully accountable to the European Union and the public through a system of checks and balances involving national governments and the European Institutions.

1.5 Objectives and key performance indicators

The Agency organises its work into nine core activities:

- Products certification
- Organisation approvals
- Standardisation
- Rulemaking
- International co-operation
- Safety analysis
- Research
- SAFA and black-list
- Support activities

Each of these core activity areas within the Agency has set itself detailed objectives to be met during the business plan period. At an Agency-wide level these have been combined and summarised in the table below. Achievement of each objective is measured against a clear key performance indicator, allowing the Agency's management team to assess progress against targets and take timely corrective action when necessary.

Objective	**Key Performance Indicator**	**Target**
Delivery of the programme of deliverables	By directorate, delivery of stated work programme deliverables	See directorates' objectives
Independent quality certification	Certification by an independent 3rd party (eg ISO)	Certification achieved (eg ISO 9000 series).
Ensure Agency is fully funded for F&C chargeable work in an equitable manner	Fees charged as a percentage of the Agency effort expended.	100% in all categories.

across all applicants.		
Objective	**Key Performance Indicator**	**Target**
Improve productivity of all productive resources	Productive hours p.a.	1% increase in bookable hours in Certification directorate, organisation approvals and outsourced productive work.
Increase productive work without commensurate increase in Support Services (Improve productivity in support-services area).	Support Services resource as a percentage of total resource.	2% year on year increase in productive v total resource.
Utilise all resources available to the Agency.	Budget Utilisation.	99% staff 95% non-staff
Assess Agency has achieved its aims.	Risk based audit.	Management letter with required improvements each year

1.6 SWOT Analysis

With the assistance of consultants, the Agency undertook an exercise to identify its key Strengths, Weaknesses, Opportunities and Threats. We have developed this further, identifying development measures to maintain our strengths, mitigators to reduce our weaknesses and remove the threats posed to our development, and enablers to help us capitalise on our opportunities. The current Agency SWOT analysis is shown on the following page.

Strengths

Strengths	Level	Development measures
Clarity of mission	High	Continue to be the pre-eminent provider of safety-related work across Europe and beyond
Consistent counterpart to the FAA and other non-EU regulators	High	Continue close co-operation with these regulators, harmonisation, signature of bi-laterals
Support of industry for the Agency	High	Continue close working links with Industry
Quality of staff	Medium	Continue recruitment of high calibre staff and commit to on-going training
Strong stake-holder support	Medium	Continue strong interface with all stake-holders

Weaknesses

Weaknesses	Level	Mitigators
Lack of management information tool	Medium	New ERP implementation; process mapping and improvement; CIO appointment
Insufficient enforcement power	Medium	Develop, agree and implement appropriate sanctions
Blurred sharing of roles (EASA, NAAs, EC)	Medium	Clear role definition; next generation NAA contracts; management information
Recruitment of qualified staff	Medium	Publicise benefits of working for EASA; simplified recruitment process; funding for increased staff no's
Language barriers	Medium	Ensure publications are translated

Strengths

Strengths	Level	Development measures
Single location	High	Continue to concentrate staff in Cologne, while considering satellite offices on a case-by-case basis
Ability to grow quickly	High	Continuously monitor organisational effectiveness
Transparency to stakeholders	High	Continue to ensure transparency
Financial stability through fees and charges	Medium	Monitor impact of new fees and charges

Weaknesses

Weaknesses	Level	Mitigators
Reliance on poor or out-dated processes	Medium	Process mapping and up-dating; technology solutions (document management, ERP)

Opportunities

Opportunities	Level	Enablers
Potential for delivering value added services	Medium	Review of activities; bi-laterals; MRB; third country operations
Extension of scope of activities	High	1st extension: OPS and FCL; 3rd country operators approvals 2nd extension: certification of aerodromes safety 3rd extension: ATM safety

Threats

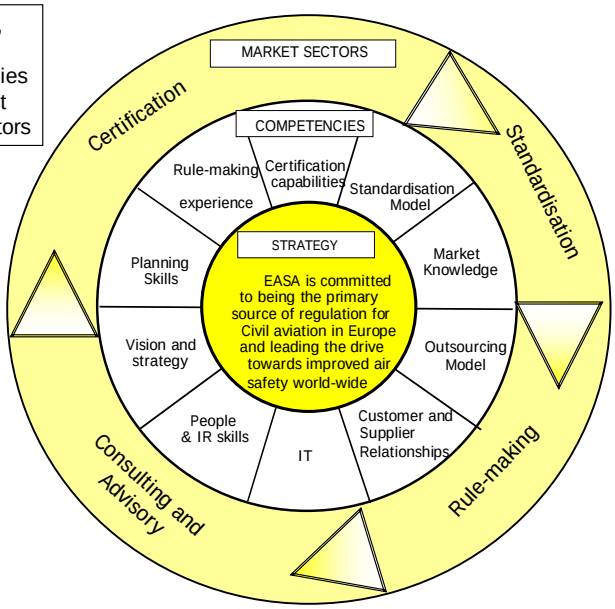
Threats	Level	Mitigators
Lack of resource leading to poor service levels or inability to react quickly to new developments in industry	High	Adequate resource levels; annual review against fee levels
Loss of market share due to poor performance or fee levels	Medium	Resource to ensure adequate performance; ensure equity of charges
Inadequacy of resources for new topics	High	Identify requirements well in advance; resource to correct level for these
Loss of skills as staff gets older and retires	Medium	Recruitment at all levels from trainee onwards;

1.7 Strategy

The following diagram demonstrates Agency's strategy, its competencies in the market it serves and the market sectors targeted.

EASA Strategy, competencies and operational market sectors

In line with its strategy, the Agency will further develop its competencies to regulate and support its defined market sectors



The strategic goals are directly derived from the Agency's mission. The strategic themes are the specification of the strategic goals.

Strategic goals

- To be recognised as the European expert body and a trusted partner in the field of civil aviation safety
- To combine and deploy all know-how and resources available throughout Europe to establish an effective, cost efficient regulatory system
- To constantly identify, mitigate and eliminate safety and environmental risks
- To contribute to the free movement of civil aeronautical products and services worldwide.

Strategic themes

- Operate at the heart of the European Aviation system, maintaining a partnership approach between all actors, including EASA, the National Aviation Authorities, the European Commission, European and non-European industry and non-European regulators
- Be fully transparent in all our actions
- Make available up to date and high quality information to stakeholders
- Consistently deliver high quality, timely services to stakeholders
- Act in full independence with regard to our expert opinion
- Ensure access to the best expertise available
- Develop value added services that raise the share of revenue from charges
- Provide attractive career prospects and employment conditions
- Have sufficient resources at the Agency to make the decisions and perform the activities that affect its statutory liability
- Secure flexible access to external resources in order to engage the best expertise or improve the management of the Agency
- Take appropriate preventive and corrective measures through rulemaking, certification or standardisation actions
- Cooperate with major bilateral partners and ICAO to achieve common standards and certification processes worldwide
- Regularly evaluate the EU safety system to identify opportunities for improvement
- Systematically collect and analyse data on occurrences to detect precursors of accidents
- Further develop the capacity to substantiate the Agency decisions through risk assessment and regulatory impact assessment
- Promote bilateral agreements or working arrangements with third country regulators to give effect to the concept of "locally approved, globally accepted"
- Reinforce the productive working relationship with the European Commission through continuous and structured dialogue

Section 2: Present Status and future activities

2.1 Background

The European Aviation safety Agency constitutes a key part of the European Union's strategy for aviation safety. It has been given specific regulatory and executive tasks in this field. While national authorities continue to carry out operational tasks, such as certification of individual aircraft or licensing of pilots, the Agency develops common safety and environmental rules at the European level. It monitors the implementation of standards through inspections in the Member States and provides the necessary technical expertise, training and research.

The European Aviation Safety Agency is also responsible for type-certification, i.e. the certification of specific models of aircraft, engines or parts approved for operation in the European Union. The aviation industry benefits from common specifications, cost-efficient services and a single point of contact.

The Agency is an independent European Community Body with a legal personality and autonomy in legal, administrative and financial matters. It is accountable to the Member States and the EU institutions. The Executive Director is appointed by the Agency's Management Board. The Board, which brings together representatives of the Member States and the Commission, is also responsible for the definition of the Agency's work programme, the establishment of the budget and for monitoring the Agency's operation. The aviation industry is actively involved in the Agency's work through a number of consultative and advisory committees: the EASA Advisory Board, EAB, representing all aviation stakeholders, is consulted by the Management Board; the Advisory Group of National Authorities, AGNA, made up of national authorities and the Safety Standards Consultative Committee, SSCC, composed by stakeholders' representatives, are consulted by the Executive Director with reference to rulemaking activities. Decisions of the Agency which adversely affect a person or organisation may be addressed to the Board of Appeal, established specifically for the purpose.

The Agency started operations on 28 September 2003 and has its seat in Cologne, Germany since November 2004, when it relocated from the provisional seat in Brussels. All 27 EU Member States, Iceland, Liechtenstein, Norway and Switzerland are EASA Member States.

In order to finance its activities, the Agency relies on two main sources of funding: the costs associated with the Agency's certification activities, including Products Certification and Organisations Approvals, are financed from income generated from fees and charges which the Agency levies for

these activities. In addition, the Basic Regulation establishing the Agency provides for a Community contribution to fund the other expenses. Up to

2007 inclusive the contribution was used also to fund certification activities and supplement the insufficient level of fees. As from 2008, the contribution ought to be solely dedicated to non certification activities, and this will allow the Agency to concentrate its efforts on a number of domains of strategic importance for the future: safety analysis in order to identify the safety risks areas and disseminate that knowledge and the strengthening of the administrative backbone of the Agency, in order to address the numerous legal reporting obligations and reach some efficiency gains.

Finally, a small portion of the Agency budget is funded from the non-EU members' contribution and other income.

2.2 Legal basis

The Agency was established by Regulation (EC) No 1592/2002 of the European Parliament and of the Council of 15 July 2002 on common rules in the field of civil aviation, amended by Regulation (EC) No 1643/2003 and 1701/2003 of 22 July and 24 September 2003 respectively.

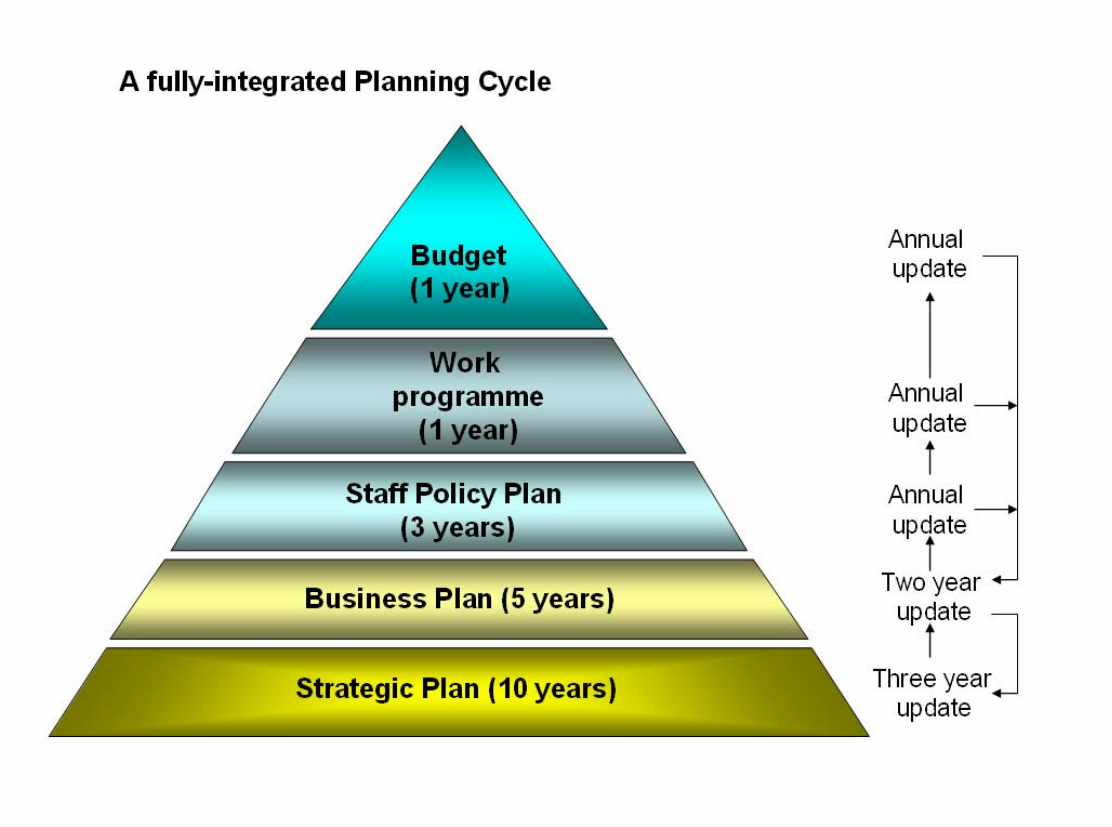
In accordance with article 55 of Regulation 1592/2002 and the EEA Decision No 179/2004 of the EAEA Joint Committee (OJ L 133, p.37; 26.5.2005) to incorporate Regulation 1592/2002 together with its implementing rules into Annex III (Transport) of the EEA Agreement, Liechtenstein, Norway and Iceland, together with the current EU 27 Member States, also participate in the activities of the Agency. Similarly, the agreement between the European Union and the Swiss Confederation has been modified and Regulation 1592/2002 is applicable to Switzerland as of 1 December 2006.

2.3 The planning cycle

The Agency's business plan forms an integral part of an integrated short-, medium and long-term planning cycle. As this is the first business plan, and the Agency is still in a period where its responsibilities are growing very quickly, it is intended to revise and re-issue the business plan each year for at least 2008 and 2009. We will move then to a two-year updating period for the business plan.

The planning cycle and associated documents are shown in the table below:

Document	Period covered	Current iteration	Updated
Strategic plan (to be completed)	Ten years	2007-2017	Every three years
Business plan	Five years	2008-2012	Every year (every two years from 2009)
Staff Policy Plan	Three years	2008-2010	Annually
Work programme	One year	2008	Annually
Budget	One year	2008	Annually



2.4 Recent Progress

The biggest change to the Agency's operations in the past year has been the introduction of a new Fees and Charges Regulation (Commission Regulation 593/2007). Introduced in June 2007, it has moved the fees levied to Industry for certification and oversight work from an hours-based model to a flat fee system. The Regulation is intended to ensure the financial stability of the Agency by covering all costs incurred in such activities with fees charged for them.

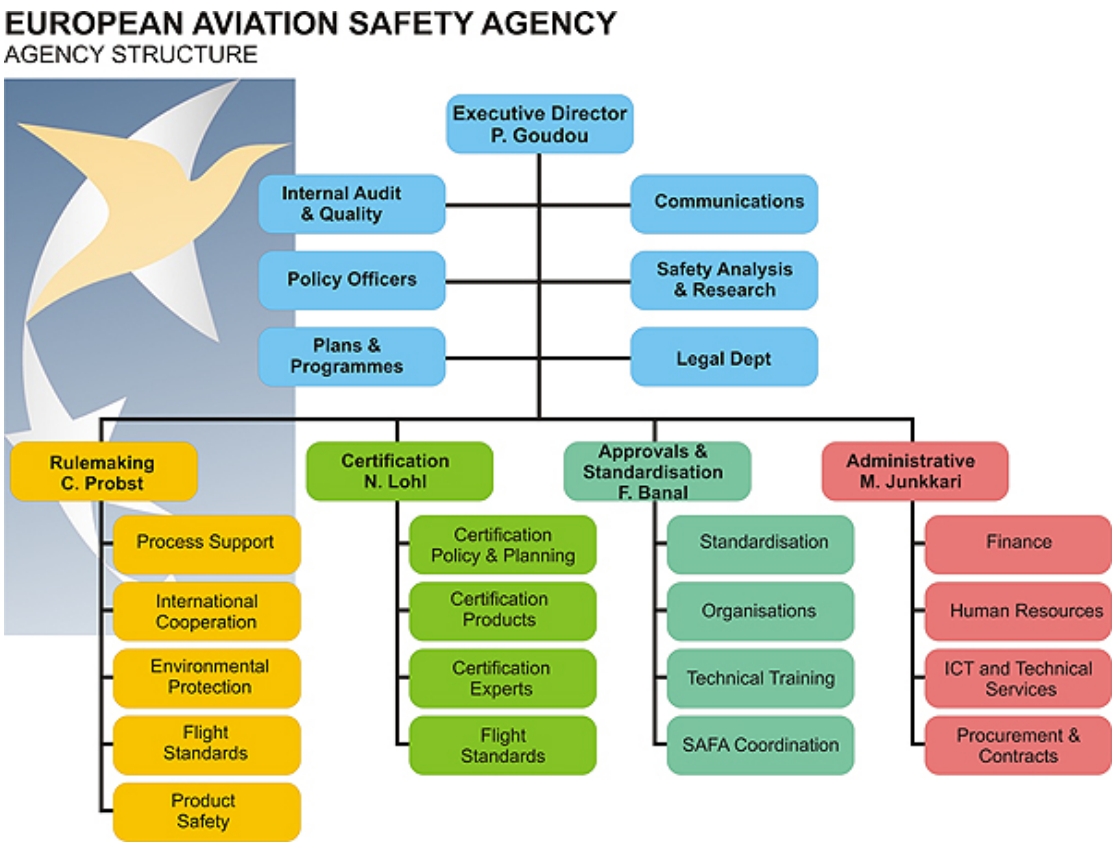
The new Regulation has been in force less than one year, so it is not yet possible to say with certainty that this aim has been achieved. However, initial indications are that the fees raised will be sufficient to cover all such costs.

The Regulation has met with significant opposition from Industry, and the Agency's management has spent significant amounts of time with Industry, explaining the interpretation of the Regulation and ensuring it has been implemented fairly and accurately. This process has removed some of the initial uncertainty, but there is still a level of unrest surrounding the principles on which the Regulation was based.

At the same time, the Financial Regulation which governs the Agency's financial affairs is to be amended. This brings two demonstrable benefits to us:

- Fees, payable in advance by applicants and therefore representing potential liabilities in the event of a requirement to repay them, can be held over from one year to the next, allowing us to plan across reporting periods;
- The Agency is allowed to retain reasonable levels of reserves from its fees and charges income from year to year, to be used in the event of lower levels of fee income in future years.

2.5 Current organisation



2.6 Future activities

The European Commission presented in November 2005 its proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 1592/2002 of 15 July 2002 on common rules in the field of civil aviation and establishing a European Aviation Safety Agency. The proposal extends the mandate of the Agency to include responsibilities in the areas of safety regulation. These should include:

- Rules, procedures and standardisation for civil aviation operations (OPS);
- Rules, procedures and standardisation for licensing of pilots (FCL);
- Safety of Third country operators.
- Certification of foreign synthetic training devices (FSTD)
- Certification of tasks related to type certificates (MMEL, syllabi for pilot type rating and maintenance certifying staff type rating)
- Certification of foreign training organisations
- Certification of foreign aero medical centres

The Agency expects to take over these tasks by 2009.

In addition, a further extension of the Agency mandate to the safety of aerodromes and air traffic management is expected. A first consultation for airport safety regulation ended in October 2006 and the Agency is currently reviewing the comments received. The Agency opinion on the consultation is tentatively planned to be sent to the Commission in the early part of 2008.
The definitive scope of this extension is unknown yet, but a number of options need to be considered:

- new tasks related to environmental certification and standardisation as of 2010
- a community competence for aerodrome safety is defined, and the Agency is tasked for related rulemaking and standardisation tasks, as from 2011
- a community competence for air navigation safety is defined and the Agency is tasked for related rulemaking and standardisation tasks as of 2012

2.7 Agency Resource Plan

Business plan resources

The Agency submitted a Staff Policy Plan (SPP) in 2007, identifying the number of staff necessary to conduct all of the tasks required during the period 2008-2010. The scope of operations was agreed and the number of

Temporary Agent staff was set at 480. The breakdown of those staff by Directorate is shown as Appendix 1 to this business plan.

Since the agreement of the SPP, a number of changes have been discussed between the Agency and DG TREN. These relate to the proposed extension of the Basic Regulation 1592 which governs the remit of the Agency. They fall into two categories: those funded by direct European contribution and those which are funded through fees and charges revenue.

The elements to be funded directly by European contribution are:

- Addition of five staff in Rulemaking in 2009 to cover preliminary rulemaking activity in the areas of Air Traffic Management and Aerodromes safety;
- Addition of seven staff in Rulemaking and a further four staff in Standardisation and Approvals in 2010 to cover activity in the areas of Air Traffic Management and Aerodromes safety and standardisation;
- Addition of three staff in Safety Analysis and Research in 2011;
- Addition of two staff in Rulemaking in 2011 in the area of process support
- Addition of two staff in Standardisation and Approvals in 2011 in the area of technical training
- Addition of fourteen staff in Standardisation and Approvals in 2011 in the areas of Air Traffic Management and Aerodromes and two in 2012
- Addition of fifteen staff in Support Activities (Finance, HR, IT, Internal Audit, Legal) in 2011. These are included for consistency, though the Agency believes it will be possible through the implementation of its ERP system and other efficiency improvements to minimise the level of this increase.

The impact of these additional resources on the business plan assumptions can be tabulated as follows:

	2008	2009	2010
Agency staffing per Staff Policy Plan	452	477	480
Discussed amendments to Staff Policy Plan	0	+5	+16

Agency (including amended EC contribution elements)	**452**	**482**	**496**

Note: the 16 additional staff in 2010 represent the five rulemaking staff recruited in 2009, plus the seven rulemaking and four standardisation staff recruited in 2010.

This is divided between posts funded by Fees and Charges and posts funded by the EC Contribution as follows:

	2008	**2009**	**2010**
Fees and Charges funded posts	267	267	267
EC Contribution funded posts	185	215	229
Agency (including amended EC contribution elements)	**452**	**482**	**496**

For the rest of the business plan period, assumptions have been made for the required headcount and agreed as identified above. This leads to a total headcount requirement across the business planning period as follows:

	2008	**2009**	**2010**	**2011**	**2012**
Agency (including amended EC contribution elements)	**452**	**482**	**496**	**532**	**534**

This is split across functional areas as tabulated below:

	2008	**2009**	**2010**	**2011**	**2012**
Products Certification	149	149	149	149	149
Organisation Approval	57	57	57	57	57
Standardisation	30	42	46	60	62
Rulemaking	57	64	73	75	75
International Co-operation	9	10	11	11	11
Safety Analysis and Research	15	19	19	22	22
SAFA and Black list	10	12	12	12	12
Support Activities	125	129	129	146	146
Agency (including amended EC Contribution elements)	**452**	**482**	**496**	**532**	**534**

In addition, the extension of the Basic Regulation will lead to an increased requirement for roles which are funded through fees and charges. These are tabulated below.

	2008	**2009**	**2010**	**2011**	**2012**
Additional Products Certification (Flight standards)	5	25	44	46	46
Additional Organisation Approval	0	8	14	15	15

(3rd country operator approvals)					
Standardisation	0	0	0	0	0
Rulemaking	0	0	0	0	0
International Co-operation	0	0	0	0	0
Safety Analysis and Research	0	0	0	0	0
SAFA	0	0	0	0	0
Support Activities	0	0	0	0	0
Agency (amended Fees and Charges-funded elements)	**5**	**33**	**58**	**61**	**61**

Note: The five additional staff identified above in 2008 sit outside the agreed SPP and Establishment Plan. In the event that the Agency does require to recruit beyond the agreed SPP staffing level, the process for amendment of the Establishment Plan must be undertaken by the Agency.

As a further addition longer-term, the Certification Directorate will deliver the Agency's internalisation policy by replacing outsourced work with internal staff. This has the following impact on staffing levels, but with a corresponding reduction in outsourcing charges:

	2008	**2009**	**2010**	**2011**	**2012**
Products Certification per SPP	149	149	149	149	149
Products Certification internalisation	0	0	0	14	27
Products Certification resource plan	149	149	149	163	176

Thus the base case resource plan for the business plan period is as follows:

	2008	**2009**	**2010**	**2011**	**2012**
Products Certification	154	174	193	209	222
Organisation Approvals	57	65	71	72	72
Standardisation	30	42	46	60	62
Rulemaking	57	64	73	75	75
International Co-operation	9	10	11	11	11
Safety Analysis and Research	15	19	19	22	22
SAFA and black-list	10	12	12	12	12
Support Activities	125	129	129	146	146
Total Agency	**457**	**515**	**554**	**607**	**622**

It should be noted that the extension to the Basic Regulation has been assumed to come into effect in 2009. In this regard, the resource plan for staff to be funded in excess of the agreed SPP regarding the extension can be seen as a five year plan, with 2009 representing "year 1". If the extension is delayed, the additional resources would similarly be delayed. Thus if the delay was until 2010, the additional resource would still be recruited on a five year plan, with 2010 becoming "year 1". If the extension to the basic regulation does not come into force during the business plan period, the resource requirement in the original 2008-2010 Staff Policy Plan holds force.

It should also be noted that the resource levels identified above are those which the Agency management believes, based on current understanding of the requirements of the extension, will be required. This will be held under continuous review as the scope and timing of the extension becomes clearer.

All calculations in the business plan, including the financial performance forecasts in Section 5, are reconciled to this staffing level. For clarity, the financial forecasts separate the revenue from fees and charges and associated expenditure identified as resulting from the extension to the Basic Regulation, so the position with and without the extension is clearly visible.

Section 3: Market

3.1 General Background and market segments

The aviation market segment includes all persons involved in commercial and non-commercial air transportation. This group includes but is not limited to

- Scheduled commercial airlines,
- On-demand air taxi services,
- Charter airlines,
- Integrated package delivery companies,
- Travel agencies and tour brokers,
- Businesses that operate aircraft for their own use,
- Individuals who fly their own or rented aircraft for pleasure
- Individuals who purchase airline tickets, and
- Marketers of fuel that is used in aircraft.

Commercial aviation has undergone enormous growth over its relatively short history as the globalisation of industry and commerce has increased and air travel's relative affordability has contributed both to a boom in international tourism and to a large rise in the volume of air freight. Air transport has become an integral part of many people's lifestyle and its continued growth is taken for granted by many.

The aviation industry has brought many benefits to society in both economic and social terms. The relative affordability and speed of air transport have made international travel accessible to many people who would never previously have had the time or financial means to enable them to travel overseas. This broadening of the collective horizon is likely to benefit society generally, even though the proportion of the global population who are able to travel in this way remains small. The wide availability of air transport is still limited to the affluent developed world and to the elite few in the developing countries.

3.2 Market development Trends

Market growth

Various forecasts of growth are available. For example, at a European level the report of the High Level Group for the future European Aviation Regulatory Framework recognises a projected growth of 75% more aircraft movements and a total of half a billion more passenger departures in Europe by 2020, while the UK Department for Transport gives a mid-range scenario prediction that air traffic at UK airports will grow at an average of 4.25% per annum, up to 2030, with highest and lowest growth

scenarios at 4.9% and 3.6% respectively. Passenger-kilometres flown from UK airports have increased from 125 billion in 1990 to an estimated 260 billion by 2010. These forecasts can be reasonably extrapolated to indicate growth across Europe. The expansion of no-frills carriers will contribute to this growth, while the impact of the emerging "aero-taxi" market and increasing cargo operations will fuel further growth in the sector.

Manufacturers are predicting growth. For example, Embraer foresees a global demand for 7,500 jets in the 30 to 120-seat capacity segment over the next 20 years. The company estimates that 3,050 aircraft will be delivered between 2007 and 2016, with the remaining 4,450 to be delivered between 2017 and 2026. Boeing estimated the world fleet will double to almost 33,000 jets by 2020, comprising nearly 18,400 new airplanes for market growth, 5,100 airplanes for replacement, and more than 9,500 airplanes that are currently flying.
According to the analysis of the commercial aviation market widely regarded as the most comprehensive, the mix of current and new airplanes is expected to accommodate a forecast of 4.7 percent growth in world air travel, plus 6.4 percent growth in the cargo segment. Regional growth varies between 3.1 and 7.7 percent, with Latin America expected to be the fastest growing market.

Boeing projects airlines worldwide will invest $1.7 trillion in new commercial aeroplanes, equating to 23,500 airplanes deliveries over the next 20 years. Of the total investment, 56 percent will be for larger regional jets and single- aisle aeroplanes, 21 percent for intermediate-size aeroplanes, 18 percent for smaller regional jets (below 90 seats), and 5 percent for 747 and larger size aircraft. The company estimates that the commercial aviation support services market will be worth more than 3 trillion dollars over the next 20 years, with annual revenues considerably more than that for the new aircraft market.

Market development

The creation of the European Common Aviation Area will put impetus on the political and economic integration of Europe, for which air transport plays a key role. The ECAA agreement is the first comprehensive aviation agreement reached since June 2005, when the EU Council of Ministers adopted a roadmap aiming to develop the EU's external aviation policy. One fundamental aim of this policy is to create a wider Common Aviation Area with neighbouring countries by 2010. A Euro-Mediterranean aviation agreement with Morocco has already been reached (15/12/2005).

The ECAA agreement will lead to harmonised standards, especially in the fields of aviation safety and security, and will ensure that the public's growing demand for air services is met adequately, limiting the number of incidents and delays. It provides for new market opportunities for the European aviation industry by creating a single market for aviation

consisting of 35 countries and more than 500 million people - that is, the ECAA partner countries will add an extra 52 million inhabitants to the single European market.

The SESAR project seeks to modernise air traffic management in Europe and constitutes the technological elements of the single European sky. The project aims to give the Community a high performance air traffic control infrastructure by 2020, which will enable the safe and environmentally-friendly development of air transport.

Market growth will extend beyond Europe, leading to potential environmental impacts. Evidence indicates that a new design for aircraft might take ten years in development and another ten in construction. The aircraft would then be expected to be in service for three decades. Consequently, new technologies will take at least twenty years to come into use and following that there will be a period during which a proportion of older, more polluting stock will remain in service. This 'overlap' problem is compounded by the growth of small carriers and of airline industries in developing countries. Large airlines in developed countries sell on their out-of-date stock to these younger airlines, meaning that such craft can remain in service even longer. Even so, the gradual replacement of the old aircraft fleet with newer designs ought to have a positive environmental impact.

3.3 Competitors

As we are a regulator, whose approval is required in most cases, it is perhaps strange to consider a competitive operating environment for the Agency. However, in a global industry it is clear that the Agency must be able to demonstrate it provides its services in a way which is more cost-effective than that which was in place before its inception, as well as when compared with its peers.

It is also clear that the Agency must ensure it is at the fore-front of the development of safety regulation and processes world-wide. We work closely with other regulators and the following represents a selection of such major organisations with which we have, or are building, close links.

Organisation	***Address***
FAA – USA	Federal Aviation Administration

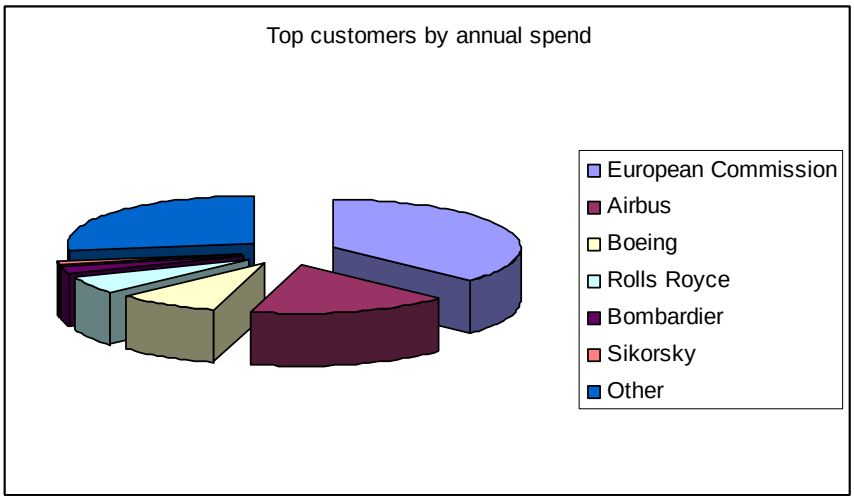
	800 Independence Avenue,SW Washington, DC 20591 USA
CAAC – China	155 Dongsi Street West Beijing 100710 China
Japan NAA	Civil Aviation Bureau Ministry of Land, Infrastructure and Transport 2-1-3, Kasumigaseki, Chiyoda-ku, Tokyo 100-8918 Japan
DGCA – India	Safdarjung Airport New Delhi 110 003, India
IAC - CIS	22/2/1 Bolshaya Ordynka Str Moscow 119017 Russia
CAA – Canada	Tower C, Place de Ville 330 Sparks Street Ottawa, Ontario K1A 0N5 Canada
ANAC – Brazil	Sector De Concessionarias Lote 5, Brasilia Brazil

3.4 Customers

The Agency is funded from two major sources:

- The European Community, which provides funding for those activities which contribute to the benefit and well-being of European citizens, such as rule-making and standardisation;
- Industry, which pays for certification and organisation approval tasks which allow them to sell their products and service across Europe using a single certification process.

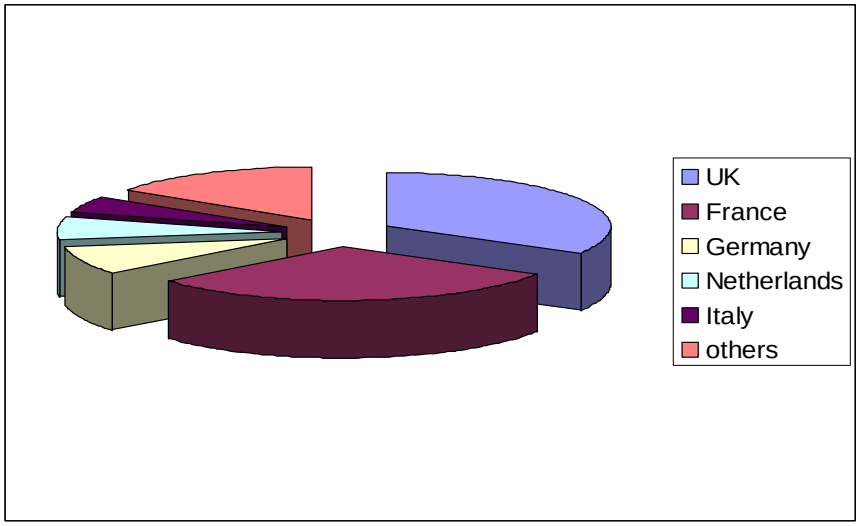
From a business planning perspective, while these two areas are separate, both can be considered to be customers of the Agency. Each has a unique, but complementary set of customer requirements which we must meet.



3.5 Strategic Supply partners

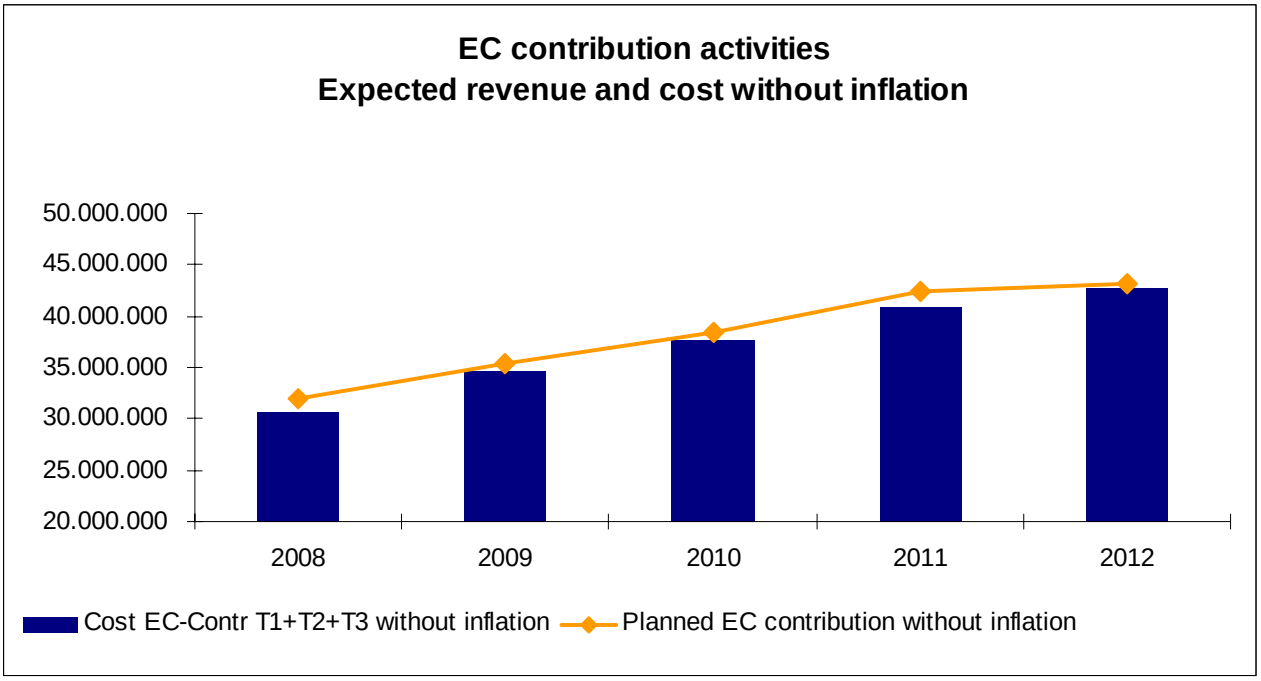
The Agency has outsourced a significant portion of its certification and oversight work. This provides a framework in which EASA sets the regulatory framework, and its implementation is partly conducted at a local level in each country, providing faster, more effective implementation while reducing practical problems such as physical proximity and language issues.

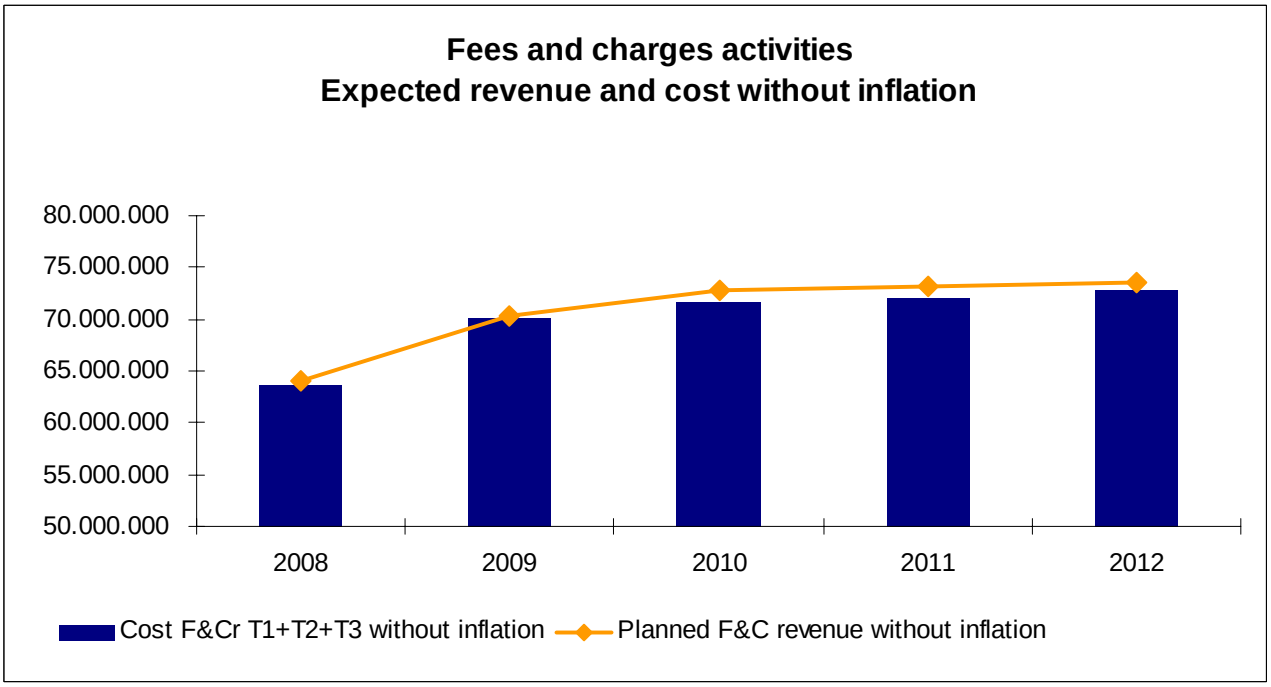
It is the Agency's intention to continue this outsourcing policy throughout the business plan period. Existing outsourcing is confined only to National Authorities, though consideration will need to be made for the creation and accreditation of qualified entities to improve the competitive position in the provision of activities conducted on Agency's behalf. The existing strategic supply partners to EASA, by spend, are shown in the chart below.



3.6 Review of Market Potential

The extension of the basic regulation, as shown in section 2.7, will lead to an increase in the Agency's work-load. The growth in revenue for the Agency will proceed as shown in the graphs below, for its two revenue sources:





Section 4: Core activities – five year plans and priorities

The Agency identifies its work under nine core activities. The Directorates in which these activities sit have all generated detailed five-year plans which will guide their work during that time. These have been summarised in this section to represent the operational business plan for each core activity.

4.1 Products certification

Products certification can be broken into two main areas: product certification and flight standards. Product certification consists in airworthiness and environmental certification activities. Within flight standards, the major elements are maintenance review board (MRB), operational evaluation board (OEB), cabin crew (CC) activities and foreign synthetic training devices (FSTD) approval.

4.1.1 Products certification activities

The products certification activity consists in performing airworthiness and environmental certification comprising the delivery of product certificates, the continued safety oversight thereof and, when necessary, the mandating of corrective action by means of airworthiness directives.
The following processes have been identified within the products certification activity:

- initial product certification;
- product change (supplemental type certificate, minor and major design changes approval) and repair design certification;
- parts and appliances approval (ETSO);
- approval of flight conditions for permits to fly;
- continuing airworthiness activities.

4.1.2 Products certification development plan

The policy of the Agency is to give the highest priority to safety whilst performing uniformly, consistently and efficiently across the EASA member States.

Internalisation, the process of performing certification tasks using Agency staff, allows the Agency to achieve these high level requirements, and the internalisation process will progress in line with the increase of the staff of the Agency. The EASA /NAA certification transition working group (ENACT) advises the Management Board (MB) and monitors the transition process.

In applying the internalisation policy, outsourcing to the NAAs for "proximity activities" complements the certification activities carried out

internally. Proximity activities comprise technical investigations for the granting of minor design changes and repairs approval where no DOA exists, and limited airworthiness and environmental certification activities, especially in the field of general aviation, or in the newer accession States or when distance or language is an obstacle to working from Cologne.

The work-load in product certification over the business plan period is tabulated below (number of hours):

Activity code	Activity based BP, airworthiness and environmental certification, main activities in hours	2008	2009	2010	2011	2012
Act_1.1	Airworthiness Certification	102779	103788	104936	107035	109175
Act_1.2	Continuing Airworthiness of Type Design	47630	49155	50680	51694	52727
Act_1.3	Environmental Certification	6387	6387	6387	6515	6645
Act_1.4	Suspension, limitation, revocation and transfer of product certificates	0	0	0	0	0
Act_1.5	Technical assistance to foreign aviation Authorities	2240	2240	2240	2285	2330
Act_1.6	Validation support of EASA certificates	1145	1170	1195	1219	1243
Act_1.7	Flight Standards related activities	1320	1320	1320	1346	1373
Act_1.8	Strategic Projects (FANS, RNP, ESSI, CNS/ATM, Galileo etc. …)	15167	19030	19090	19472	19862
Act_1.9	Transition Projects Management	2300	1200	650	663	676
Act_1.10	Technical advice to industry, NAA, stakeholders	4400	4400	4400	4488	4578
Act_1.11	Technical management of the directorate (certification policy, planning, reporting, technical coordination, meetings, assessments etc.)	900	900	900	918	936
Act_2.1	Design Organisation Approval	7075	7216	7361	7508	7658
Act_3.1	Standardisation inspections	40	40	40	41	42
Act_3.2	Accreditation	587	587	587	599	611
Act_3.4	External Technical Training	240	240	240	245	250
Act_4	Rulemaking	7250	7300	7350	7497	7647
Act_5	International cooperation	792	792	792	808	824
Act_6	Safety analysis	1150	1150	1150	1173	1196
Act_9	Support to the implementation	7848	6912	5176	5280	5385
	Total	209249	213827	214494	218784	223159

At the present time, no Agency local offices, or local staff are considered.

The following assumptions have been made for the development of the volume of activities:

- the year 2013 is the target for convergence, with staff having reached a stable productivity level, and outsourcing to the NAA having also have reached a stable level, possibly involving longer term contracts in dedicated sectors of activity (e.g. general aviation),
- the growth rate of activities is 2% per annum.

4.1.3 Products Certification Objectives, Key Performance Indicators and Targets

The number of hours spent on continuous safety oversight of certified products ("continued airworthiness activities") is a key element to predictive product safety. For this reason, it has been identified in the new Fees and charges Regulation (593/2007) as primary data for an indicator (CPD6 below). Whilst an indicator is being designed and reviewed by the EAB, the Agency uses the following *Continuing Airworthiness Ratio* (CAWR) as an indicator:

$$\textbf{CAWR} = \frac{\text{number of hours performed on continuing airworthiness}}{\text{number of hours planned for continuing airworthiness}}$$

In addition, the certification directorate needs to balance its internal and external level of activity. For this purpose, the following *internal hours ratio* (IHR) indicator is defined:

$$\textbf{IHR} = \frac{\text{number of hours performed internally}}{\text{total number of hours performed}}$$

The target level of internal hour ratio is set at 80% (to be reached in 2013):

- too high a level of internal work would decrease the flexibility of the Agency in the event of future activity decrease and remove expertise from National Authorities;
- too low a level of internal work would increase the burden and cost of accreditation and could result in loss of oversight by the Agency.

In addition, the Agency strives for more efficiency within Products Certification. This is measured by the *internal efficiency ratio* (IER):

$$\textbf{IER} = \frac{\text{number of yearly bookable hours by technical staff}}{\text{total number of hours performed by technical staff}}$$

A 1% per annum increase in the IER is set as a target for improving efficiency.

Objective	**Key Performance Indicator**	**Target**
Ensure adequate continuing airworthiness oversight	Continuing airworthiness hours as a percentage of total	Minimum 25%
Internalise in line with internalisation policy	Internal hours as a percentage of total hours	Rising to a maximum of 80%
Improve internal efficiency	Number of bookable internal hours	Increase of 1% per annum

In addition to the indicators developed internally, the new fees and charges regulation introduced in June 2007 requires the Agency to design specific performance indicators based on the performance data indicated in the table below. Additionally, a consultation of the Advisory Body of Interested Parties is to take place before the end of 2007. Before this takes place, the Agency will collect the required performance data. When the consultation process is complete, the list below will be replaced by the definitive indicators.

Description	**Unit**	**Target**
number of Agency staff conducting certification tasks,	Number	Increase in line with internalisation policy
number of hours outsourced to National Aviation Administrations (NAA),	Hours	Reduce in line with internalisation of tasks
overall certification cost,	€	Minimize
number of certification tasks carried out (in full or started), by the Agency,	Number	N/A: driven by industry requests and reported by the Agency
number of certification tasks carried out (in full or started), on behalf of the Agency (outsourced)	Number	Reduce in line with internalisation of tasks
number of hours spent by Agency's staff on continuing airworthiness activities,	%	Minimum 25%
overall amount invoiced to industry.	€	Minimize

4.1.4 Products certification resource plan

The Staff Policy Plan adopted by the Management Board sets the number of staff in the certification directorate at 149 persons from 2008 to 2010.

A significant level of outsourcing is necessary for the accomplishment of all the products certification activities.

After 2010 the Agency will transition from a 60% internal 40% outsourced to a situation where it will perform internally 80% and outsource 20% of its activity. This plan does not represent any global increase or stretching of the resources allocated to product certification activities. It merely reflects a change to the ratio between the internalised and outsourced tasks.

The major areas in which long-term outsourcing are envisaged include:

- proximity activities, i.e. investigation for the granting of approvals to minor design changes and repairs when no DOA is provided,
- flight test and performance experts (mostly flight test pilots) as a complement to the limited internal capacity,
- some specific areas of general aviation, i.e. gliders and motor gliders, or in some accession States where languages difficulties and industrial specificities are experienced,
- continued safety oversight ("continued airworthiness") in the same areas of general aviation as previously mentioned.

This is expected to take place from 2011 onwards. It is anticipated that, at that time, the Agency will be able to provide the NAA with longer term contracts offering more stability for the benefit of both parties.

	2008	**2009**	**2010**	**2011**	**2012**
Products Certification SPP	149	149	149	149	149
Further internalisation	0	0	0	14	27
Products Certification Resource Plan	**149**	**149**	**149**	**163**	**176**
Internal Hour Ratio (IHR)	**62%**	**62%**	**62%**	**69%**	**75%**

The increase in internal costs from the additional staff shown above will be offset by a corresponding reduction in outsourcing costs.

4.1.5 Flight standards

4.1.5.1 Flight Standards activities

The flight standards activities comprise:

- maintenance review board (MRB),
- operational evaluation board (OEB), which includes master minimum equipment list (MMEL) activities,
- cabin crew activities,
- approval of foreign synthetic training devices.

These activities are presently performed on a voluntary basis, as a service to industry. Some of them are performed directly by the Agency, typically MRB, whilst the other are still performed in the JAA system. Under all those systems, the costs are recovered from the applicants. With the pending revision of the basic regulation and with the coming implementing rules, this situation will evolve to a situation where a large part of those activities will become mandatory and will be funded by fees raised according to a revised Fees and charges Regulation.

A detailed description of the transition and the justification for the level of staffing required are contained in a dedicated annex.

4.1.5.2 Flight Standards Development Plan

The remit of the Agency is to be extended from airworthiness and environmental protection to operations domain. Changes in the Basic Regulation and its Implementing Rules will result in activities presently performed by the flight standards department as a service to the industry becoming mandatory. Their work will continue throughout the business plan period during which the changes in regulation which will mandate the activity will take place.

As these activities are to be funded by fee revenue, the Fees and charges Regulation will be modified to recognise the tasks and set tariffs for them. This revenue will enable the Agency to source resources, both internal and external, which are necessary for the implementation of these rules. In this respect the development of flight standards activities within the Agency is not per se the development of new activities but the transfer to the Agency of existing activities presently taking place and being funded under a different system.

The extension to the Basic Regulation and in the Implementing Rules will result in the following changes:

- Approval of foreign synthetic training devices (FSTD) becomes a mandatory task to be carried out by the Agency. The funding of this task is not yet included in the fees and charges regulation.
- Following tasks are added in parallel to the airworthiness certification process:
    - minimum syllabus of maintenance certifying staff type rating training ;
    - minimum syllabus of pilot type rating and qualification of associated simulators;
    - master minimum equipment list (MMEL) as appropriate.

These activities were and are presently carried out in the JAA frame. Within the Agency, the first two fall under the operational evaluation board (OEB) activities, and the last under MMEL. This change in the basic regulation will add an "operational" part to the airworthiness TC. This operational part is often referred to as the "operational TC" concept. The tariff to be charged for those tasks has to be identified in a revised fees and charges regulation adopted before starting implementation.

- Maintenance Review Board (MRB) activities will continue to be an independently funded service activity to the industry,
- Cabin crew activity, presently carried out under the JAA frame, is to be progressively transferred from the JAA to the Agency, as an independently funded service activity to the industry.

The changes are to take place over several years. The implementing rules will include a provision to guarantee that the Agency only takes over this activity when it is ready, i.e. when funding is provided. For sake of comprehension, the first year of implementation is "year 1". This will be a transition year during which the income from the modified fees and charges regulation will be used to hire the necessary internal staff whilst the bulk of the work is outsourced. In the following years, the share of internalisation will increase, to reach 50%.

An overview of the different activities of the flight standards department is provided hereafter. The detailed description of the flight standards activities is included in annex 2.

Maintenance review board activities

The maintenance review board process is a process owned by industry which results in an acceptable means of compliance to a part of the airworthiness requirements contained in certification specification CS 25.1529 relative to "instructions for continued airworthiness". Ultimately, it will be used as a basis for operators to develop their approved maintenance programmes.
However, other alternate means of compliance to the same paragraph could be developed and proposed after demonstrating capability to achieve similar integrity. Therefore, and since it is an industry process based on a voluntary application, the Agency's involvement is a certification related service based on contract awarded by industry funded by charges.

Operational Evaluation Board activities

The output of this activity is threefold:

- approval of the minimum syllabus of maintenance certifying staff type rating training,

- approval of the minimum syllabus of maintenance pilot type rating and qualification of associated simulators,
- approval of the master minimum equipment list (MMEL) as appropriate.

This activity is presently carried out under the JAA system. Costs are fully recovered by the JAA from the applicants and used to pay for the consultants (mostly airline pilots) who carry out the activity. All the contracts and financial handling are concluded by the JAA using their administrative procedures. The contract in place with the JAA enables the Agency to recover the costs implied by the participation of its staff in the OEB activities (including MMEL), and the JAA to be funded for the administrative management they perform for the Agency.

Under the modified basic regulation, the Agency will perform this activity in a similar manner to its airworthiness and environmental certification activities, with all the costs being recovered from the applicant as fees. The volume of activity for OEB according to the new implementing rules can only be estimated assuming that the JAA working methods will be kept. This will be confirmed as soon as the implementing rules are defined. The objective is to outsource 50% of the activity.

For the funding of the activity, a specific revision of the fees and charges regulation ensuring the funding of these new activities by the applicant via a fees mechanism will be introduced before the requirement for approval of OEB related activities becomes mandatory.

Cabin crew activities

This activity consists of the review and approval of cabin crew training programmes developed by the type certificate holders for the benefit of their client airlines. These are in turn used by the airlines to satisfy any specific national requirement applicable to cabin crew. This process will largely follow that for MRB activity, i.e. it is to remain a service activity, provided by the Agency to the type certificate holders, at their request, and funded by charges.

Foreign synthetic training device approval activities

This consists of approving the foreign synthetic training devices (flight simulators). This process will largely follow that for OEB activity, with costs being covered by fees payable by the applicant. Upon adoption of the modified basic regulation and implementing rules, the fees and charges regulation will be amended to allow these fees to be charged, and the required staff levels will be identified and included in the staff policy plan.

4.1.5.3 Flight Standards Objectives, Key Performance Indicators and Targets

The performance indicators are similar to the ones used for the product certification activities, and will be monitored on the same basis. A "quality of service" indicator has been introduced for the activities performed as a service to industry (maintenance review board and cabin crew activities).

Objective	Key Performance Indicator	Target
Maximise Safety oversight for MRB activity	Number of safety oversight hours as a percentage of total hours	Maximise taking into account the available resources
Minimise the number of customer complaints (service activities only)	Number of complaints	Fewer than 5 complaints per 100 tasks.

4.1.5.4 Flight Standards Resource Plan

As provided for in the Staff Policy Plan a few staff (9) are already in place in the flight standards department mainly dealing with MRB. Due to the development of the activity at the request of industry and as far as industry pay for them, it is the Agency intention to recruit some more staff (maximum 5) in 2008. It will help to prepare for the implementation of the new regulations.

According to the Agency's assumptions, the necessary staffing for the flight standards department is summarised below. "Year 1" is the implementing date for the change in regulation. In the calculation it is supposed to be 2009. The 14 (9+5) staff present in 2008 are included in the figures below.

Total C3 department	Year 1	Year 2	Year 3	Year 4	Year 5
Head of department	1	1	1	1	1
Manager	1	1	1	1	1
Support	2	2	2	2	2
OEB, MMEL, TTC & FSTD activities					
Managers	5	5	5	5	5
Support	3	7	7	7	7
Experts	12	27	28	28	28
MRB and CC activities					
Managers	2	2	2	2	2
Support	1	1	2	2	2
Experts	7	7	7	7	7
Total FS					
Managers	9	9	9	9	9
Support	6	10	11	11	11
Experts	19	34	35	35	35
Grand total EASA	34	53	55	55	55
Outsourcing					
Outsourcing OEB, MMEL, TTC & FSTD	19	29	30	30	30
Outsourcing MRB & CC	7	7	7	7	7
Total outsourcing FS	26	36	37	37	37

4.2 Organisation Approvals

Organisation Approvals activity focuses on the oversight of organisations, specifically the approval of Design (DOA), Production (POA), and Continued Airworthiness Organisations (MOA), within the scope of Article 15 of the Basic Regulation.

4.2.1 Organisation Approvals activities

The organisation approvals activities consist of approving organisations responsible for production, maintenance, maintenance training and continued airworthiness management located outside the territory of the Member States, and design organisations wherever located. Other activities also consist of approving production organisations located in the territory of one or more Member States, if requested by the Member State(s) concerned, and ensuring the continuous compliance of approved organisations by performing appropriate oversight.

The different activities (DOA, POA and MOA) have, and will continue to have different resource strategies, i.e. internalisation (using internal resources), outsourcing / proximity activity (using external resources), or a mix of the two. This is due both to the nature of the activity and the level of responsibility and involvement of the Agency. Outsourcing may be achieved by allocation of technical investigation tasks to an Accredited NAA or by secondment of an NAA employee to perform certain technical tasks for the Agency on a temporary basis under the direct technical management of the Agency.

4.2.2 Organisation Approvals Development Plan

The core work of the Organisation Approvals activity will continue throughout the business plan period and is met by the Staff Policy Plan 2008-2010 staffing levels.

Third country Operators approval

Under the proposed extension to the Basic Regulation, the Agency will be required to authorize third country operators. It could be expected that the Agency will have to deal with more than 1 400 operators worldwide.

Type Rating Training Organisations (TRTO) / Flight Training Organisations (FTO)

The approval of foreign TRTO and FTO could be performed following the principles of the approval procedures of foreign MOA and POA organisations, either as approval or - if bilateral agreements are in place – as an acceptance. This activity will be outsourced to NAAs because they will keep their competence for national FTO/TRTO within their area of responsibility.

Aerodromes approvals

This activity is not yet defined but the Agency, on the request of Member States might need to provide approvals of operators.

Synthetic Training Devices operator approvals

Under the proposed extension to the Basic Regulation, it could be expected that the Agency will be required to approve STD operators and qualify the simulators belonging to this STD operator located outside the territory of the Member States. It is likely the process for approval will be similar to that for Type Rating Training Organisations.

4.2.3 Organisation Approvals Objectives, Key Performance Indicators and Targets

Objective	Key Performance Indicator	Target
DOA internalisation	Internalisation vs outsourcing cost analysis	Internalise activities when cost efficient
Necessary number of MOA/MTOA and fully implement the expected Bilateral agreements	Number of surveillance visits	100% of planned activity
Efficiently implementing the contracts with the NAAs	Number of surveillance visits	100% of planned activity

4.2.4 Organisation Approvals Resource Plan

Under the proposed extension to the Basic Regulation, the Agency will become responsible for the oversight of third country operators. A number of assumptions have been made in estimating the resource levels required to undertake this task. The major assumptions are as follows:

- 1 400 initial applications
- 100 new cases per annum
- 80 cancellations per annum
- A two-year renewal cycle will be operated
- On-site inspections may be required in 5%-10% of the critical cases for existing approvals / renewals
- On-site inspections may be required in 10% of the critical cases for new approvals
- 50% of the inspection on-site work will be outsourced

	2008	2009	2010	2011	2012

Organisation approvals	57	57	57	57	57
Third country operator approvals		8	14	15	15
Total Approvals	**57**	**65**	**71**	**72**	**72**

4.3 Standardisation activity

The standardisation activity consists of the Agency inspecting National Aviation Authorities (NAAs) and checking whether they are implementing the regulations correctly. Currently the Agency is responsible for inspecting the EASA Member States for initial and continuing airworthiness according to EC Regulation 736/2006; through a Working Arrangement it also inspects JAA non EASA countries according to JAA rules and regulations.

4.3.1 Standardisation activities

The Agency has been coordinating since January 2007 all standardisation visits in the field of Air Operations (OPS), Flight Crew Licensing (FCL) and Synthetic Training Devices (STD) on behalf of the JAA, according to JAA rules and procedures, both for EASA and JAA non-EASA countries. After the planned extension of scope to cover OPS, FCL and STD the Agency will manage this programme. It will also continue to provide service to the JAA in this area in a similar manner to the initial and continuing airworthiness fields for the JAA non-EASA countries.

4.3.2 Standardisation Development Plan

Standardisation inspections in the initial and continuing airworthiness fields will continue to be carried out with each visit managed by an Agency team leader, and staffed as much as possible with inspectors seconded from the NAAs (the assumption being made is that there will be a minimum 50% support from the NAAs although the ultimate objective is to reach 100% support). Only where necessary will team members be from the Agency (from the Standardisation department and no more than 50%).

It is assumed that there will be no global significant change in the number of visits after 2008.

Accreditation

The accreditation activity is a support activity to certification and consists of performing accreditation inspection visits to NAAs in order to assess their capability for carrying out certain certification tasks on behalf of the Agency.

The accreditation process has been modified in 2007 in order to reduce the cycle of visits from 3 to 2 years to move into line with what was already happening in practice. Specific visits will be organised whenever it

will not be possible to combine the assessments with the planned standardisation inspections in initial and continuing airworthiness.

Due to the increase in the international standardisation activities it is foreseen to recruit an additional team leader in charge of organising and coordinating such activities, as described above.

Aerodromes - standardisation

The Agency assumes that the Standardisation activity linked to Aerodromes will commence on 1 January 2011, and that it will be implemented at 2 levels:

- Standardisation of NAAs (26 MS + 16 German Länder + Norway, Iceland and Switzerland) : Certification of aerodromes (infrastructures, outlying obstacles, installed equipment/systems) issued by competent authorities (NAAs) for those dedicated to Commercial Air Transport (CAT) and Instrument Flight Rules (IFR)

- Standardisation/Accreditation of Assessment Bodies: Certification of aerodromes issued by assessment bodies for those dedicated to Visual Flight Rules (VFR) or "non-scheduled"

ATM/ANS - standardisation

It is assumed that the Standardisation activity linked to ATM/ANS will commence on 1 January 2012.

4.3.3 Standardisation activity Objectives, Key Performance Indicators and Targets

Objective	Key Performance Indicator	Target
Complete the agreed number of visits as per the approved annual plan	Number of visits	Number of visits defined in the approved annual plan plus ad-hoc and other unexpected visits
Provide DG TREN with expected information	Complaints from DG TREN	None
Respect the timing defined in Regulation 736/2006	Meet all deadlines	No delay
Keep a high quality level of the reports	Number of queries and complaints from NAAs/ Findings from EASA-E.3 during audits	None/None

Objective	Key Performance Indicator	Target
Ensure between 50% and 100 % participation of NAAs in Standardisation staff	% of staff from NAAs	50 % minimum
Satisfaction of C and NAAs in Accreditation	Provide appropriate and needed scope of accreditation	No complaint
Satisfaction of JAA-LO for OPS and FCL	Provide appropriate and needed standardisation as per contract	No complaint

4.3.4 Standardisation Resource Plan

In 2007 the Standardisation Department will have recruited all of its Team Leaders for Initial and Continuing Airworthiness as well as 2 Assistants to support the follow-up and in the data quality control and management.

The recruitment of the coordination managers for OPS, FCL and STD has been completed successfully in 2007 and their 2 respective assistants will be recruited in 2008.

Subject to the extension of the remit of the Agency to the three latter fields, the recruitment process will be launched in order to take on board 12 inspectors, (5 for OPS and 7 for FCL and STD).

As the remit of the Agency will be extended to Air Traffic Management (and Communication, Navigation and Surveillance equipment) and Aerodromes, the standardisation capability will need to be built accordingly. Based on the experience accumulated so far a similar roll-out is expected for OPS and FCL, with the recruitment of the Managers and Assistants in the first year (1 Manager and 1 assistant each in 2010) and the team leaders / inspectors (8 staff each) the following year (2011). Given the currently expected workload we intend to recruit 10 staff per activity. The exact roll-out of recruitment will be defined once the exact terms for the extension of the remit are identified.

	2008	2009	2010	2011	2012
Total Standardisation	**30**	**42**	**46**	**62**	**62**

4.4 Rulemaking

Rulemaking is the process of developing and improving legislation, standards and best practices to continuously improve aviation safety and environmental sustainability. The related outputs are:

- Opinions to the Commission for changes and extensions to the EASA Regulation;
- Opinions to the Commission for adoption of, or changes to implementing rules of the EASA Regulation;
- Certification specifications (including airworthiness codes and acceptable means of compliance);
- Guidance material.

4.4.1 Rulemaking Activities

Rulemaking requires the elaboration and the implementation of processes focussed on producing rules that correspond to recognised priorities and on making use of best available expertise, at best value for money for the tax payer and the industry.

To achieve these goals the Agency establishes, in consultation with its rulemaking advisory bodies (SSCC[1] and AGNA[2]) yearly plans and monitors their implementation by the regular surveillance of appropriate performance indicators.

The production of well accepted rules at best value for tax payers' money requires the involvement of expertise covering technical, economic, enforcement and legal aspects, as well as the management of a heavy consultation and publication process. The Agency promotes team working, combining expertise from the Agency, the national aviation authorities, foreign regulatory partners, the industry and the private sector by establishing rulemaking groups as appropriate. As EASA rules have to take into account ICAO SARPS[3], rulemaking requires also proper involvement and follow-up of ICAO activities, which may affect EASA rules.

Rulemaking also includes support to rule implementation, such as providing interpretations, reviewing deviations and organising workshops, as well as assisting the Commission in implementing the flexibility provisions of Article 10 of the Basic Regulation. Assistance must also be provided to international co-operation activities.

Rulemaking' staff is also involved in long term research (see paragraph 4.7).

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[1] Safety Standard Consultative Committee composed of members coming from the regulated industry.

[2] Advisory Group of National Authorities composed of representatives of the national entities in charge of implementing EASA rules.

[3] Standards and Recommended Practices set the global framework for civil aviation regulation.

4.4.2 Rulemaking Development Plan

Product safety

Currently rulemaking activities mainly cover the initial and continuing airworthiness of aeronautical products. Most projects included in the yearly programmes fall in this category. Experience from the first years of practice shows that the planned deliverables correspond to the priorities and expectations of stakeholders, but the resources previously available have permitted production of half to two/thirds of the programme, while preparatory work for the following years lags behind. It has been demonstrated that the use of external resources is not sufficient to compensate. Moreover the quality of the ancillary support activities provided is not considered optimal. Under the Staff Policy Plan resources will increase to 16 staff members in 2008. Such an increase of 45% will allow the Agency to meet the expectations of stakeholders.

The Agency has been criticised for not conducting sufficient research activities in support to product safety rulemaking. Resources will be increased to better accompany the Agency's taking over of activities conducted so far by national authorities in this field. This is also included in the existing Staff Policy Plan.

Environmental protection

The development and management of tools to support decision making in the field of environmental protection is critical and the Agency considers necessary to increase its capabilities in this domain. This includes one more staff from 2008 and additional financial resources to fund related studies.

Flight standards

The extension of the EASA system to air operations, pilot licensing and third country aircraft oversight is planned for the beginning of 2009. Staffing shall be increased to 20 in 2008 to finalise the preparation of the related implementing rules and assist the Commission in the implementation of the so-called EU-OPS. This staff will continue to be justified for the maintenance of these rules and the continuous handling of exemptions. External studies will be undertaken in support of these activities, in particular the handling of exemptions.

Aerodromes and air navigation services

The extension of the EASA system in these fields should take place by mid 2010. The preparation of the necessary implementing rules will therefore start in 2009 so that they can be adopted and enter into force by mid

2011 as recommended by the High Level Group on the future of aviation regulation and planned by the European Commission. The team of 5 staff members in 2008 will be increased to 19 in 2010 to meet these expectations.

Process support

The rulemaking function is organised in a way that allows operational departments to concentrate on substance while the rulemaking process and the supporting tasks are owned by a specialised department. To support the increased volume of activity, a progressive growth of the department is planned other the period from 9 staff members in 2008 to 13 in 2011.

4.4.3 Rulemaking Objectives, Key Performance Indicators and Targets

Delivering the necessary rules

The main objective is to produce the rules that are needed for meeting the EASA system's objectives as set by the Basic Regulation in its Article 2. As the rulemaking process adopted by the EASA Management Board requires the Agency to adopt and publish a yearly programme, the most appropriate performance indicator is the level of implementation of that programme, the indicator being the number of individual rules identified in the programme, which are actually produced. Experience from the first years of activity, as well as that of foreign partners, demonstrate that a 100% target has not previously been achievable. The production of rules depends on parallel activities by other partner regulators with which we need to remain harmonised. Difficult issues also need time to be resolved. This however only appears during the process itself. The Agency considers therefore that a 75% target is a reasonable one for 2008, rising to 100% over the business plan period.

Making effective use of financial resources

The secondary objective is to make the best use of available resources. Only financial resources use can actually be measured. This shall be done by comparing actual budgetary commitment with appropriations allocated to the production of rules (studies, translation and expert groups). The target will be 95% expenditure.

Objective	Key Performance Indicator	Target
Tasks identified in the yearly Rulemaking Programme are actually delivered	Number of tasks finalised	75% of the tasks are finalised during the year in 2008, rising to 100% over the business plan period
The financial resources are effectively used	Budget commitment	95% of the budget is committed during the year

4.4.4 Rulemaking Resource Plan

	2008	2009	2010	2011	2012
Total Rulemaking	**57**	**64**	**73**	**75**	**75**

4.5 International Co-operation

International co-operation is the interface between the Agency and its foreign regulatory partners. According to its mandate the Agency has to co-operate with them bilaterally or within international forum, in particular ICAO, to support convergence of regulatory systems at global level and promote Community views in the field of civil aviation safety and environmental protection regulation.

4.5.1 International Co-operation Activities

International co-operation covers three main activities, which are close to rulemaking as the ensuing international standards or bilateral agreements/arrangements will affect the applicable rules and procedures that they modify or complement.

Bilateral co-operation

The Agency works at facilitating the free movement of European products and services worldwide, by assisting third country regulators certifying European products and service providers. Reciprocally European certificates can be issued on the basis of third country certificates when there is sufficient confidence in the regulatory system of partner authorities to use their findings, using bilateral agreements concluded by the Commission with the assistance of the Agency or working arrangements agreed directly by the Agency.

Technical co-operation

To contribute to a high consistent level of civil aviation safety worldwide, the Agency shall promote EASA rules and assist less-developed countries in improving their regulatory capabilities. By so doing the Agency also prepares the ground for developing the network of the partners with which it will be possible to conclude bilateral agreements or arrangements. In this domain the Agency also works with the European Commission in the development and implementation of significant co-operation projects.

Multilateral co-operation

As the Community cannot act independently of its global environment, co-operation in international forums has to be organised so that European interests can be defended and European points of view expressed in a co-ordinated way. The Agency has to organise such co-ordination of European input in the competent international organisations and assist the Commission in the development of common positions.

4.5.2 International Co-operation Development plan

Building internal capabilities

International co-operations have been so far limited to the strictly necessary bilateral contacts to maintain or replace existing bilateral agreements/arrangements with our main foreign bilateral partners including the FAA, Transport Canada, Brazilian CTA. It also focused on taking over commitments already made by the JAA in the field of technical co-operation with ICAO (COSCAPs) and the Commission (China, India, South-East Asia and South Asia projects). During the business plan period the Agency will extend its capabilities to respond appropriately to the requests for co-operation expressed by a large number of countries. Staff will be progressively increased over the business plan period to 8 in 2012.

Establishing external representations

The experience of several Member States and that of the FAA demonstrate that international co-operation is better supported by the local presence of representatives in key countries or regions. Taking into account available resources and the size of the Agency it is out of question to establish large autonomous representations; it is possible however to second in some Commission representations a person who would bring them aviation expertise while benefiting of their logistical support and local network. Such representations are envisaged in the US, China and India throughout the period.

4.5.3 International Co-operation Objectives, Key Performance Indicators and targets

Bilateral co-operation

It is not possible to determine in advance if and when an agreement or arrangement may be concluded with a specific partner, since this is partly beyond the control of the Agency. It is however possible to require the Agency to produce the guidance material necessary for the industry and the affected national authorities to fully benefit of the concluded agreements; the objective is therefore to produce such material in due time. The performance indicator is the time within which such material is produced and published after the conclusion of the related agreement/arrangement. The target is one year.

Technical co-operation

It is not possible to determine if and when a technical co-operation project with a specified partner will be concluded. It is possible however to require that agreed projects be executed in accordance with their planned timing. The performance indicator is the difference of time between the planned and actual dates of finalisation of the project. The target is six months.

Multilateral co-operation

The main objective in this area is to organise for on time contributions into the ICAO process. The most significant task is the answering to ICAO State Letters in due time to effectively influence decisions. The performance indicator is the delivery in due time of co-ordinated answers to State Letters. The target is to deliver such answers 15 working days before the dead line set by ICAO.

Objective	Key Performance Indicator	Target
Produce guidance material to assist stakeholders benefiting of the concluded agreements or arrangements	Production of guidance material	Proper guidance material is produced within one year following conclusion of the related agreement or arrangement
Technical co-operation projects are executed as envisaged	Production of required deliverables	Deliverables are produced within six months of the planned date of delivery
Proposals for common positions as regards ICAO State Letters are provided in time to be useful	Time of response	Agency proposals for common positions are produced at least 15 working days before the dead line set by ICAO

4.5.4 International Co-operation Resource Plan

	2008	2009	2010	2011	2012
Total International	**9**	**10**	**11**	**11**	**11**

4.6 Safety analysis

The safety analysis function has an Agency wide remit for collective enquiry and sense making of safety risk information. It works closely with all parts of the Agency to create, coordinate and support common safety objectives. The Agency disseminates findings with the aim of safety improvement.

4.6.1 Safety Analysis Activities

A key activity is to provide support to the Agency's safety policy decision making body, the Internal Safety Committee (ISC). Externally Safety Analysis activity acts to promote the Agency's safety policy. To do this there are three functional areas: Safety Analysis, Accident Investigation and Safety Initiatives. Briefly described the primary functions are:

- Safety Analysis: Conducts studies and provides reports concerning the safety of European and world-wide aviation.
- Accident Investigation: Acts as the focal point for communication between the world-wide aviation accident investigation bodies (AIBs) and the Agency.
- Safety Initiatives: Facilitating the European Strategic Safety Initiative (ESSI).

In addition Safety Analysis provides the following technical support functions:

- Service Defect Reporting, Statistical services, Human Factors policy, Operational Flight Data Analysis, Safety Management Systems (SMS)/Safety Risk Analysis policy, Foresight and Safety Promotion.

4.6.2 Safety Analysis Development Plan

Through the period of the plan the Agency will continue to develop its safety information resources. Capability, capacity and performance improvements will be achieved, while the Agency will progress the development of occurrence reporting, contributing to making it an effective tool for the detection of precursors to accidents and incidents. A common database of Safety Recommendations will become operational, while ESSI will become fully active with 3 safety teams and expanding its influence internationally.

During 2009 and 2010 the Agency will develop a data mining capability, working with operational flight data. Uncertainties surrounding the Agency's role in accident investigation will be resolved during the business plan period, reaffirming the Agency responsibilities and requiring more on-location work to be undertaken. The Agency will take a defining role in European ATM and AIRPROX investigation, servicing an expanding

occurrence database and providing regular dissemination of key safety performance indicators. It will further provide regular publications, outreach activities and specific safety seminars.

The Agency will also expand its assistance to data providers to constantly improve data sources through standardisation, training and quality management.

4.6.3 Safety Analysis Objectives, Key Performance Indicators and Targets

Linked to the Agency's strategic themes the department regularly reviews safety performance of the EASA system providing alerts and indicators. Contributions are made to Continuing Airworthiness, Regulatory Impact Assessment and International Cooperation.

Objective	Key Performance Indicator	Target
Gaining international recognition for the Agency's Annual Safety Review as source of reliable information	Feedback from stakeholders	Positive feedback by 2010
Facilitating global aviation safety data sharing	Number of states participating	40 by 2012
Coordinated, measured and timely responses to major fatal aviation accidents	Number of responses generated	Not less than one per year
Follow-up of Safety Recommendations	Completion of follow-up tasks	100% within 24 months
ESSI safety teams pass a members review	Evidence of pass	100% in 2011

4.6.4 Safety Analysis Resource Plan

	2008	2009	2010	2011	2012
Total Safety Analysis	**15**	**19**	**19**	**22**	**22**

4.7 Research

Research is split in two categories: long and short term. A focal point keeps track of the whole activity.

The Safety Analysis and Research department specifies commissions and manages "short-term" safety research projects needed to support the Agency's tasks. Working with partners it aims to leverage safety knowledge gains through joint funding schemes. Innovative in its approach, it undertakes the identification of safety research gaps where a moderate contribution made by the Agency can most effectively reap results. All results will be published and made available to a wide audience.

The Rulemaking directorate covers co-ordination of Agency's involvement in "long-term" research activities. The Agency can indeed not allocate funds for supporting technological development; this is essentially the role of the industry and public sponsors, such as the Commission and national governments. The Agency must however be involved to prepare in due time for the needed regulatory measures (rules and certification processes) and facilitate swift implementation of the results of such research activities. This involvement requires that all expert staff acting in certification or rulemaking tasks spend a reasonable share of their time participating in long term research activities so that deliverables meet regulatory needs.

The Agency's objective is to co-ordinate its research activity with the Commission and the NAAs to avoid duplications as much as possible. But it has to be noted that the Agency needs an independent view as far as its regulatory mission is concerned.

4.7.1 Research Activities

A key activity is to create, develop and maintain resources to support the operational needs of the Agency whilst working in partnership with National Authorities. This includes the creation, development and maintenance of:

- information on existing and planned aviation research activities and facilities throughout the world
- links to repositories and sources of expertise
- relationships with notable academic and industry players

The Agency encourages, identifies and sponsors

- on-going projects of interest, conducted by others
- specified own projects
- workshops, seminars and networks

The Agency influences the Commission's Research Framework Programmes in providing comments and inputs and is represented in the ACARE forum.

4.7.2 Research Development plan

During the business plan period the Agency will further develop its capabilities in internal and external coordination activities and research project management. It will develop and publish a safety research plan to show the Agency's partnerships, projects and priorities. The Agency will also widen its presence in the international aviation research community, maintaining a regular cycle of funding of focused safety projects becoming a point of reference for solutions to safety regulatory problems. In the latter years of the business plan period it will expand its activities consistent with the expanding remit of the Agency.

4.7.3 Research Objectives, Key Performance Indicators and targets

The objective is that safety research contributes to safety improvement, promotion, risk mitigation and problem solving. A target is to be referenced in the work of others and that published results become the solution to present and future safety problems.

Objective	Key Performance Indicator	Target
To be recognised and respected as a reliable source of information	Feedback from stakeholders	Positive feedback increasing annually
To arrive at workable solutions to specific problems	Number of disputes	Disputes to be minimised and resolved within one year
To ensure Agency's staff participation in long term research activity	% work hours dedicated to long term research	
To ensure the Agency' regulatory needs are fulfilled	Swift implementation of research activity	

4.7.4 Research Resource plan

Resources are included in the respective resource plans of the Safety Analysis and Research department and the Rulemaking directorate.

4.8 SAFA and black-list

This activity was inherited from the JAA on 1st January 2007. In December 2006 the Safety Assessment of Foreign Aircraft (SAFA) database was transferred to the Agency and became fully operational within the expected timeframe. All relevant documents, website content and procedures were received from the CJAA, and the initial staff was selected. To achieve the pan European objective of SAFA, specific working arrangements have been signed with all but one ECAC non EASA members.

4.8.1 SAFA and blacklist Activities

The EASA obligations related to the Community SAFA programme comprises the following tasks:

- Maintenance of the centralised database containing SAFA ramp inspection reports;
- Performance of database analysis and provision for follow-up actions related to Member States and the European Commission;
- Fostering the harmonisation and quality of the SAFA programme;
- Fostering the organisation and implementation of training courses;
- Providing proposals for a manual containing inspection procedures.

4.8.2 SAFA and blacklist development plan

The coordination of the SAFA activity was transferred from CJAA together with the centralised database, some website content and a number of procedures. In the first quarter of 2007 the full transition was successfully completed. Existing (JAA) SAFA practices and working methods were implemented with success. The remainder of 2007 will be dedicated in transforming the working practices and methods to reflect the fact that the SAFA Programme is now a Community Programme.

Based upon these 2007 results the following important projects have been identified for 2008:

- Further development of Database analysis and improvement of the data quality;
- Implementation of inspection targeting policy (focused inspections) by Member States;
- Improvement of follow-up actions and associated communication;
- Inspection harmonisation;
- Qualification of SAFA inspectors through EASA approved SAFA Training Organisations;

- Database enhancement or redevelopment incorporating new software technology and reflecting user needs and SAFA inspection working methods;
- Adaptation of the programme to revised Regulation 1592 obligation regarding third country operators, which will have an impact on the Organisation approval activities.

Throughout the business plan period it is expected to improve the data quality and enhance the overall analysis and harmonization of the programme.

- Standardisation of SAFA inspections - one of the main targets will be the improvement and harmonization of the overall SAFA programme.
- SAFA database improvement and redevelopment.
- Black list - in addition, the Agency may support the Commission in the context of the Community list of air carriers subject to an operating ban within the Community (otherwise known as Black list). The modalities of this support remain to be determined.

4.8.3 SAFA and blacklist Objectives, Key Performance Indicators and Targets

Objective	**Key Performance Indicator**	**Target**
Qualification of SAFA inspectors	Completion of training with an EASA-approved training organisation	100% by 2009
Development of the SAFA database	Ease of use and quality of output	Year on year improvement

4.8.4 SAFA and Blacklist Resource Plan

	2008	**2009**	**2010**	**2011**	**2012**
SAFA and Blacklist	**10**	**12**	**12**	**12**	**12**

4.9 Support activities

4.9.1 Support Activities

The Agency operates as an autonomous organisation, supported by the usual support activities expected of such an organisation. The majority of the services are provided from the Administrative directorate, while from the Executive directorate, Legal department, Communications, Internal Audit and Plans and Programmes provide support activities Agency-wide in their areas of expertise.

4.9.2 Support Activities Development Plan

Finance and Information Management
In July 2007 the Agency agreed to implement an Enterprise Resource Planning (ERP) tool. The implementation of the tool will commence early in 2008, with delivery of the first modules in late 2008. The development will be managed on a phased basis, and is expected to last at least two years. The objective of the delivery of the ERP is to provide the Agency with an integrated system which creates discipline in all process flows, provides data security and ease of authorised access and assists in automating tasks and reductions in data and process duplication. It is likely to significantly change the way the organisation operates.

Internal audit, risk and quality management
An annual risk analysis exercise will be performed and the Agency's risk register will be amended accordingly. Implementation of responses to risks and mitigation actions will be the responsibility of the different Directorates/Departments, whereas the Internal Audit and Quality department will ensure proper follow-up. The implementation of the Agency's integrated Quality Management System should be finalised and consolidated during the period, with full implementation of the 43 EASA Quality Management standards adopted by the Management Board and with particular focus on the Agency's extended remit.

Communications
In addition to its routine media work, the Agency's communications strategy shall focus in particular on corporate and EU institutional affairs, relations with the regional community and internal communications. Specific emphasis shall be given to the extension of the Agency's remit.

Recruitment, general and technical training and staff development
The Agency plans to increase its staffing throughout the business plan period. The workload resulting from this activity will be considerable.

It is important for the Agency to ensure that its highly competent staff maintains its competencies through recurrent training In addition, with the extension of the remit, the staff also needs to be trained in these new fields whereby competencies cannot be acquired (cost-benefit) through further recruitments. Technical training is therefore essential for working in an accurate and current manner. Additional to internal and external training the Agency hopes to develop and deliver specialised training to NAA surveyors in the domains of initial and continuing airworthiness.

Having concluded a set of framework contracts with external training providers, the Agency will enhance its internal training programmes focussing on technical knowledge and general competences.

IT, facilities and infrastructure

IT will be an important factor in improving the efficiency of the Agency's processes. Investments will be made in accordance with the IT strategy to provide a stable, flexible and secure ICT infrastructure that supports the Agency's tasks as they develop during the business plan period. One of the most important investments for business continuity and the security of data during the business plan period will be the development of an off-site data centre.

Legal department

The work of the legal department involves generating legal opinions which support the Agency's activities. During the business plan period it is envisaged that major tasks will include support for the proposed amendments to the Agency's Basic Regulation, together with development of future contractual arrangements and management of any legal activity under the appeals procedure against any Agency acts or measures.

Plans and Programmes

The Plans and Programmes function will continue to manage the administrative elements of all areas of the Agency's applications, certification and approvals processes. During the business plan period its focus will be on the standardisation of procedures across all of its areas of operation. It will look to automate much of its data entry work as part of the ERP implementation, enabling it to focus on data analysis and management reporting tasks. Over the period the Agency will strengthen its planning, budgeting and management reporting capabilities.

4.9.3 Support Activities Objectives, Key Performance Indicators and Targets

Objective	Key Performance Indicator	Target
Elimination of Agency designed database systems through implementation of ERP	Number of Agency designed databases	Minimum number, only held where cost-benefit analysis shows greater benefit then moving to ERP
Greater efficiency of support services	Support services resource as a percentage of total resource	2% year-on-year reduction post-implementation of ERP
Improved quality of management information	Agency performance against Budget/Forecast; variance year-on-year of core planning information	Minimal variance actual v forecast; year-on-year reduction of variance in SPP and budget
Improved speed of transaction processing	Days to generate invoices; Days to process staff travel claims	5 days average 10 days average from receipt of claim
ISO 9000 Certification	Certificate	2010

4.9.4 Support Activities Resource Plan

	2008	2009	2010	2011	2012
Total Support Activities	**125**	**129**	**129**	**146**	**146**

Section 5: Business Plan Financial Projections

5.1 Financial Projections

These projections represent the forecast financial position of the Agency representing the agreed Staff Policy Plan 2008-2010, including the documented amendments to that Staff Policy Plan.

Income and Expenditure Projections

The income and expenditure projections are split into four:

- Income and expenditure for activities where revenue is generated for Product Certification under the Fees and Charges Regulation
- Income and expenditure for activities where revenue is generated for Organisation Approvals under the Fees and Charges Regulation
- Income and expenditure for activities supported by the European contribution
- A combined income and expenditure for the whole of the Agency's operation

This enables a clear view of the financial status of all areas, ensuring each is operating within its financial capacity.

Each of the views excludes inflation. This allows a clear evaluation of the financial position, calculated on the basis of a current and consistent purchasing power. For completeness, the aggregated income and expenditure position including the Agency's assumptions on inflation is shown as an Appendix to the business plan.

It is recognised that the extension to the Basic Regulation will lead to a significant increase in the Agency's income and expenditure. It is also recognised that this represents a five-year plan showing impact over the first five years of operation of the extension. To allow a clear review of the income and expenditure relating to the amendment, this is shown separately in all relevant income and expenditure accounts and as separate line items in the consolidated income and expenditure account.

Balance Sheet Elements

The forecast balance sheet elements are not meant to represent forecast balance sheets for the Agency. They are designed to show the structural changes to the balance sheet caused by the introduction of the new Fees and Charges Regulation, in terms of cash assets and liabilities for potential re-payments to applicants at 31 December each year.

Product Certification
Forecast income and expenditure account

	Note	2008	2009	2010	2011	2012
Revenue from fees and charges - existing remit		33.938.662	34.294.048	34.652.989	34.915.518	35.181.674
Revenue from fees and charges - extension to Basic Regulation		4.463.528	9.827.910	15.619.778	16.060.716	16.113.009
Reimbursement of travel cost		1.168.248	1.152.886	1.136.426	1.118.819	1.100.024
Revenue from Flight Standards		2.000.000	2.020.000	2.040.200	2.060.602	2.081.208
Services		107.000	107.000	107.000	107.000	107.000
Total Revenue	**1**	**41.677.438**	**47.401.844**	**53.556.393**	**54.262.656**	**54.582.915**
Staff cost (Title 1)	**2**					
Salaries and related cost - existing remit		16.034.472	15.936.276	16.077.176	16.926.186	18.333.180
Salaries and related cost - extension to Basic Regulation		769.231	3.443.065	6.130.198	6.385.231	6.452.807
Recruitment cost		275.400	765.000	290.700	30.600	214.200
Allocated cost		5.342.828	5.770.014	5.634.674	6.088.032	6.329.611
Total Staff cost		**22.421.932**	**25.914.355**	**28.132.748**	**29.430.049**	**31.329.797**
Organisation cost (Title 2)	**3**					
Product Certification-existing remit		3.614.906	3.454.770	3.495.065	3.363.689	3.285.912
Product Certification-extension to Basic Regulation		621.658	1.774.385	2.617.062	2.665.541	2.787.662
Support allocated		1.797.469	1.663.966	1.664.111	1.667.720	1.699.887
Total Organisation cost		**6.034.032**	**6.893.121**	**7.776.238**	**7.696.949**	**7.773.461**
Operational cost (Title 3)	**4**					
National authorities-existing remit		6.500.000	6.000.000	6.000.000	5.193.600	3.638.400
National authorities-extension to Basic Regulation		2.837.224	4.420.257	6.639.840	6.890.400	6.890.400
Other operating expenses (direct costs)		146.250	146.250	146.250	146.250	146.250
Meetings		70.000	75.000	80.000	85.000	90.000
Translation		12.500	17.500	22.500	27.500	32.500
Missions		2.600.000	2.800.000	3.000.000	3.200.000	3.400.000
Operational cost allocated		966.277	965.922	965.595	1.029.877	1.030.235
Total Operational cost		**13.132.251**	**14.424.929**	**16.854.185**	**16.572.627**	**15.227.785**
Transfer to reserve		**89.223**	**169.439**	**793.222**	**563.031**	**251.872**

Organisations Approval (including third country operator approvals)
Forecast income and expenditure account

	Note	2008	2009	2010	2011	2012
Revenue from fees and charges - existing remit		12.546.179	12.671.640	12.798.357	12.926.340	13.055.604
Revenue from fees and charges - extension to Basic Regulation		0	889.307	2.412.039	2.659.396	2.552.633
Reimbursement of travel cost		1.081.752	1.119.614	1.158.799	1.199.358	1.241.335
Revenue from Single POA		2.000.000	2.020.000	2.040.200	2.060.602	2.081.208
	1	**15.627.931**	**16.700.561**	**18.409.395**	**18.845.696**	**18.930.779**
Staff cost (Title 1)	**2**					
Salaries and related cost - existing remit		5.325.435	6.303.838	6.305.888	6.374.530	6.440.371
Salaries and related cost - extension to Basic Regulation		0	765.084	1.609.393	1.711.065	1.645.224
Recruitment cost		153.000	428.400	91.800	15.300	0
Allocated cost		1.591.894	1.787.067	1.746.184	1.874.599	1.899.982
Total Staff cost		**7.070.329**	**9.284.388**	**9.753.264**	**9.975.494**	**9.985.577**
Organisation cost (Title 2)	**3**					
Organisations Approval - existing remit		1.225.816	1.367.996	1.383.952	1.331.930	1.301.133
Organisations Approval - extension to Basic Regulation		0	54.422	128.058	129.807	105.488
Support allocated		529.802	511.347	511.157	506.596	507.627
Total Organisation cost		**1.755.618**	**1.933.764**	**2.023.167**	**1.968.333**	**1.914.248**
Operational cost (Title 3)	**4**					
National authorities - existing remit		5.800.000	4.700.000	4.700.000	4.700.000	4.700.000
National authorities - extension to Basic Regulation		0	98.743	725.760	881.280	881.280
Other operating expenses(direct costs)		18.000	18.000	18.000	18.000	18.000
Meetings		9.900	9.900	9.900	9.900	9.900
Translation		0	0	0	0	0
Missions		450.000	450.000	450.000	450.000	450.000
Operational cost allocated		375.256	375.595	375.456	400.196	400.027
Total Operational cost		**6.653.156**	**5.652.238**	**6.279.116**	**6.459.376**	**6.459.207**
Transfer to reserve		**148.827**	**(169.829)**	**353.847**	**442.493**	**571.747**

EC Contribution

Forecast income and expenditure account		**Note**	**2008**	**2009**	**2010**	**2011**	**2012**
	Total Revenue	**1**	**31.980.000**	**35.288.692**	**38.490.149**	**42.385.301**	**43.178.392**
Standardisation	Staff cost (Title 1)	**2**	5.599.392	6.518.834	7.741.244	8.794.614	10.001.196
	Organisation cost (Title 2)	**3**	1.181.948	1.212.912	1.402.808	1.532.373	1.641.308
	Operational cost (Title 3)	**4**	2.405.538	2.405.593	2.478.495	2.820.112	2.857.842
	Total Cost		**9.186.878**	**10.137.340**	**11.622.548**	**13.147.099**	**14.500.346**
Rulemaking	Staff cost (Title 1)	**2**	8.042.167	9.520.021	10.255.675	11.211.378	11.370.240
	Organisation cost (Title 2)	**3**	1.758.429	1.776.415	1.941.187	2.010.029	1.985.437
	Operational cost (Title 3)	**4**	5.069.240	5.261.849	5.537.195	5.702.251	5.702.119
	Total Cost		**14.869.836**	**16.558.285**	**17.734.057**	**18.923.657**	**19.057.796**
International Cooperation	Staff cost (Title 1)	**2**	1.003.922	1.287.370	1.347.842	1.371.824	1.299.452
	Organisation cost (Title 2)	**3**	250.146	265.045	286.527	277.057	259.558
	Operational cost (Title 3)	**4**	565.950	565.957	565.993	575.395	575.381
	Total Cost		**1.820.018**	**2.118.372**	**2.200.363**	**2.224.276**	**2.134.391**
Safety Analysis/Research	Staff cost (Title 1)	**2**	1.920.180	2.517.314	2.687.122	2.835.209	3.059.611
	Organisation cost (Title 2)	**3**	413.621	467.851	509.713	525.258	540.967
	Operational cost (Title 3)	**4**	925.525	925.638	925.675	1.035.242	1.035.289
	Total Cost		**3.259.326**	**3.910.804**	**4.122.511**	**4.395.709**	**4.635.867**
SAFA/Black List	Staff cost (Title 1)	**2**	841.912	878.157	808.562	825.465	835.821
	Organisation cost (Title 2)	**3**	211.511	185.337	183.047	177.303	173.070
	Operational cost (Title 3)	**4**	142.064	141.974	141.943	151.145	151.132
	Total Cost		**1.195.487**	**1.205.468**	**1.133.552**	**1.153.914**	**1.160.023**
	Total Staff cost (Title 1)		**17.407.572**	**20.721.697**	**22.840.446**	**25.038.489**	**26.566.320**
	Total Organisation cost (Title 2)		**3.815.656**	**3.907.560**	**4.323.283**	**4.522.021**	**4.600.341**
	Total Operational cost (Title 3)		**9.108.317**	**9.301.012**	**9.649.303**	**10.284.145**	**10.321.763**
	Total Cost		**30.331.545**	**33.930.268**	**36.813.032**	**39.844.655**	**41.488.423**
	Potential return to Commission		**1.648.455**	**1.358.424**	**1.677.117**	**2.540.647**	**1.689.968**

Consolidated Forecast Income and Expenditure Account

		2008	2009	2010	2011	2012
Revenue - existing remit	Product certification	37.213.910	37.573.934	37.936.615	38.201.940	38.469.906
	Organisations Approval	15.627.931	15.811.254	15.997.356	16.186.300	16.378.147
	EC Contribution	31.980.000	35.288.692	38.490.149	42.385.301	43.178.392
	Total Revenue	**84.821.840**	**88.673.880**	**92.424.119**	**96.773.541**	**98.026.444**
Less: Expenditure:						
Product Certification - existing remit	Staff cost (Title 1)	21.652.700	22.471.290	22.002.550	23.044.819	24.876.990
	Organisation cost (Title 2)	5.412.374	5.118.736	5.159.176	5.031.408	4.985.799
	Operational cost (Title 3)	10.295.027	10.004.672	10.214.345	9.682.227	8.337.385
	Total cost	37.360.102	37.594.698	37.376.071	37.758.454	38.200.174
Organisations Approval	Staff cost (Title 1)	7.070.329	8.519.305	8.143.871	8.264.429	8.340.353
	Organisation cost (Title 2)	1.755.618	1.879.343	1.895.109	1.838.526	1.808.760
	Operational cost (Title 3)	6.653.156	5.553.495	5.553.356	5.578.096	5.577.927
	Total Cost	15.479.103	15.952.143	15.592.336	15.681.052	15.727.040
Standardisation	Staff cost (Title 1)	5.599.392	6.518.834	7.741.244	8.794.614	10.001.196
	Organisation cost (Title 2)	1.181.948	1.212.912	1.402.808	1.532.373	1.641.308
	Operational cost (Title 3)	2.405.538	2.405.593	2.478.495	2.820.112	2.857.842
	Total Cost	**9.186.878**	**10.137.340**	**11.622.548**	**13.147.099**	**14.500.346**
Rulemaking	**Staff cost (Title 1)**	8.042.167	9.520.021	10.255.675	11.211.378	11.370.240
	Organisation cost (Title 2)	1.758.429	1.776.415	1.941.187	2.010.029	1.985.437
	Operational cost (Title 3)	5.069.240	5.261.849	5.537.195	5.702.251	5.702.119
	Total Cost	**14.869.836**	**16.558.285**	**17.734.057**	**18.923.657**	**19.057.796**
International Cooperation	**Staff cost (Title 1)**	1.003.922	1.287.370	1.347.842	1.371.824	1.299.452
	Organisation cost (Title 2)	250.146	265.045	286.527	277.057	259.558
	Operational cost (Title 3)	565.950	565.957	565.993	575.395	575.381
	Total Cost	**1.820.018**	**2.118.372**	**2.200.363**	**2.224.276**	**2.134.391**
Safety Analysis/Research	**Staff cost (Title 1)**	1.920.180	2.517.314	2.687.122	2.835.209	3.059.611
	Organisation cost (Title 2)	413.621	467.851	509.713	525.258	540.967
	Operational cost (Title 3)	925.525	925.638	925.675	1.035.242	1.035.289
	Total Cost	**3.259.326**	**3.910.804**	**4.122.511**	**4.395.709**	**4.635.867**
SAFA/Black List	**Staff cost (Title 1)**	841.912	878.157	808.562	825.465	835.821
	Organisation cost (Title 2)	211.511	185.337	183.047	177.303	173.070
	Operational cost (Title 3)	142.064	141.974	141.943	151.145	151.132
	Total Cost	**1.195.487**	**1.205.468**	**1.133.552**	**1.153.914**	**1.160.023**
Total Agency	**Total Staff cost (Title 1)**	**46.130.602**	**51.712.292**	**52.986.867**	**56.347.737**	**59.783.663**
	Total Organisation cost (Title 2)	**10.983.648**	**10.905.638**	**11.377.568**	**11.391.956**	**11.394.899**
	Total Operational cost (Title 3)	**26.056.500**	**24.859.179**	**25.417.004**	**25.544.468**	**24.237.075**
	Total Cost	**83.170.750**	**87.477.109**	**89.781.439**	**93.284.160**	**95.415.638**
TOTAL AGENCY	**Transfer to reserve and Potential to return to Commission**	**1.651.090**	**1.196.772**	**2.642.680**	**3.489.381**	**2.610.806**
Extension to Basic Regulation	**Revenue**	**4.463.528**	**10.717.217**	**18.031.817**	**18.720.112**	**18.665.642**
Fees and charges income and expenditure	**Expenditure**	**4.228.113**	**10.555.955**	**17.850.311**	**18.663.323**	**18.762.861**
	Transfer to Reserve	**235.415**	**161.262**	**181.506**	**56.789**	**(97.219)**

Agency Balance Sheet Elements	**Note**	**For Comparison 2006 €'000**	**2007**	**2008 €'000**	**2009 €'000**	**2010 €'000**	**2011 €'000**	**2012 €'000**
Fixed Assets								
Intangibles	**5**	268	268	268	268	268	268	268
Tangibles								
Computer hardware	**5**	869	869	869	869	869	869	869
Furniture	**5**	699	699	699	699	699	699	699
Other fixtures and fittings	**5**	151	151	151	151	151	151	151
Total Fixed Assets		1.987	1.987	1.987	1.987	1.987	1.987	1.987
Current Assets								
Receivables	**5**	6.012	6.012	-	-	-	-	-
Accrued Revenues	**5**	7.287	40	40	40	40	40	40
Deferred charges	**5**	160	120	120	120	120	120	120
EC Entities	**5**	422	422	422	422	422	422	422
Bank	**6**	24.056	26.289	57.422	58.555	61.745	66.287	68.239
Total Current Assets		37.937	32.883	58.004	59.137	62.327	66.869	68.821
Current Liabilities								
Payables	**5**	16.194	16.194	16.194	16.194	16.194	16.194	16.194
Deferred revenues	**7**	9.219	9.219	31.236	31.463	31.691	31.881	32.072
EC entities	**8**	5.250	196	1.648	1.358	1.677	2.541	1.690
Total Current Liabilities		30.663	25.609	49.079	49.015	49.563	50.615	49.956
Non-current liabilities								
Provision for risks and charges	**5**	639	639	639	639	639	639	639
Net Assets Employed		**8.622**	**8.622**	**10.273**	**11.470**	**14.113**	**17.602**	**20.213**
Represented by:								
Retained earnings	**9**	3.029	8.622	8.622	10.273	11.470	14.113	17.602
Surplus for the year	**9**	5.593	-	1.651	1.197	2.643	3.489	2.611
Total Retained earnings		**8.622**	**8.622**	**10.273**	**11.470**	**14.113**	**17.602**	**20.213**

Notes to the financial forecasts

Note 1: Revenue

1.1 Revenue from Fees and charges

Under the Fees and Charges simulation, 48.07 M€ have been forecast for 2008 in line with the Commission estimations (47.14 M€ for 2007 plus 2% inflation). The simulation includes products certification activities (TCs/RTCs, TCs Der., STCs, MC/MR, mc/mr, environmental certificates), continuing airworthiness and organisation approvals activities (DOA, POA, MOA and MTOA). Flight standards and the single Airbus POA are not included in the simulation.

An additional 2 M€ have been forecast in respect of Airbus Single POA (not included in the Commission simulation). This figure will depend on the timing on which Airbus sends the application.

1.2 Revenue from Flight Standards

2 M€ have been forecast for 2008 in line with the 2008 PDB for the MRB activity. The figures will be reviewed according to the development foreseen including the tasks linked to operations (OEB, cabin crew and MMEL) once they have been defined (target end 2007). It has to be taken into account that the flight standard activity includes MRB, on which the source of revenue is clearly charges.

1.3 Revenue from services

107,000 € have been forecast as revenue for services, in line with the income received during 2006.

A 1% yearly real-terms increase in all fee-based revenue except services has been applied in order to consider efficiency gain.

1.4 Reimbursement of travel costs

2.2 M€ has been considered for 2008 according to the existing PDB. This amount includes a number of delayed reimbursements from 2007. Since the reimbursement process is expected to become more efficient by 2008 the figure has been reviewed down to 2 M€ in 2009 because less cash will be collected from the previous financial year. The amount is split in line with travel activity between Products Certification and Organisation Approvals.

1.5 European contribution

	2008 (€000)
EC Contribution	30,000
Third country contribution	1,620
Administrative operations	360
Total	**31,980**

The Financial Perspectives already foresee amounts of EC Contribution for EASA in the coming years. To these amounts, it is necessary to add the subsidy needed to finance the increase determined by the second extension of the Regulation, as described in the previous chapters. Consideration also needs to be given to inflation and indexation of salaries. All this brings to an estimated amount of Community subsidy for 2012 of €41M, excluding inflation. This is the figure which will have to be discussed / negotiated with the competent Commission services and the budget authorities to ensure the proper functioning of the Agency at the horizon 2012.

Thus the revenue shown is effectively net of inflation and represents 2008 Euro purchasing power throughout the plan period.

If the principle is accepted, the corresponding figures would include 7.2 M€ in 2011 and 7.4 M€ in 2012, corresponding to the 54 additional staff needed to cover the extension of scope to ATM and aerodromes and other needs. This assumption is in line with the conversations held with DG TREN where it was agreed that all extensions of competencies would be accompanied of the correspondent budget increase to cover at least the associated staff costs.

The 3rd country contributions have been calculated and added accordingly.

€360.000 per annum has been added corresponding to administrative operations and services rendered.

Note 2: Staff Costs (Title 1)

The calculation takes into account both the costs for 2006 and the PDB 2008.
The forecast includes Salaries, Recruitment costs, together with other expenses (training, medical, administrative assistance, social welfare etc)

2.1 Salaries and related cost

Salaries are assigned on the basis of actual cost of staff belonging to the correspondent department. An average unit cost per department has been calculated considering the paid salaries and number of staff in April 2007. It has to be taken into account that since the average grade of recruited staff is higher than what is usual in other EU institutions, and given that the higher the grade, the longer it is needed for a promotion the promotions will not evolve as rapidly as in other EU institutions.

2.2 Recruitment cost

A unit cost per recruited person for the Agency has been calculated taking into consideration all recruitment related expenses incurred in 2006 divided by the number of persons recruited during the year. This unit cost multiplied by the number of recruitments foreseen for the following years has been allocated per Department.

2.3 Allocated cost

Other expenses are allocated on the basis of average headcount belonging to the department for the period referred to.

The SPP is the basis for the number of TAs considered for the years 2008-2010. 54 additional TAs have been foreseen in 2012 in E, S, R and A taking into consideration the extension of competences to aerodromes and ATM (European contribution based budget).

The number of CAs has been kept stable at 32 in total for the Agency through the 5 years period. The same inflation rates than for TAs have been applied. 9 full-time interimaires are included in title 1 as a lump sum, according to the number of interimaires employed during 2006.

No additional staff has been considered for any other extensions of competencies except aerodromes and ATM. Therefore, if additional competencies are foreseen, the revenue and the staff number will have to be reviewed accordingly.

From the Plans & Programmes department, 3 staff members have been considered to be in the Plans part (European contribution based budget).

All costs relating to work chargeable under the Fees and Charges Regulation is allocated to Product Certification or Organisation Approvals using allocation keys developed by the Agency for this purpose.

Note 3: Organisation Cost (Title 2)

The forecast includes:

- Building and related expenses (security, cleaning, maintenance costs, utility)
- Other expenses (postage, office supplies, telecommunications)
- Legal expenses
- IT cost title 2 (hardware, network, licences)
- Software development title 2
- Financial charges

All costs related to the items listed above are considered as essentially driven by the number of headcount. The total forecasted title 2 cost has been allocated following the percentage of total headcounts allocated per department.

Concerning rent costs, the last version of the rental contract (second amendment) has been taken as a basis, adding 6% estimated increase in the second half of 2009 plus an additional 2% per year as from 2010. This is in line with contractual provisions prohibiting rent adjustments before 2009. Due to the increase in resources envisaged under the amendment to the Basic Regulation, title 2 has been revised upwards accordingly in these financial forecasts.

Note 4: Operational Cost (Title 3)

The forecast includes:

- Outsourcing to National Aviation Authorities
- Other operating expenses (direct costs, mainly outsourcing other than to NAAs)
- Meetings, translations, missions
- Depreciation
- Software development title 3
- Provision for depreciation and risks
- Financial charges title 3

Operational expenses are directly allocated to the cost centre of the organisational unit which authorises the expenses. At this stage the costs have been considered to stay stable for the whole period 2008-

2012. This includes also software development for operational activities (3 M€ per year).

The outsourcing cost for Products Certification activities has been supposed to vary inverse proportionally with the increase in headcount. The outsourcing budget has been reduced by 1.1 M€ in 2009 accordingly.

The outsourcing cost for Organisations Approvals has been reduced from 1,1 M€ from 2008 to 2009 taking into account the recruitment foreseen in the department during those years.

Note 5: Unchanged balance sheet figures

The balance sheet elements do not represent a forecast balance sheet for the Agency. 2006 has been taken as a basis for the elements, and those items which will not change structurally have been held at their 2006 values to demonstrate the structural changes to the Agency's balance sheet during the business plan period.

Note 6: Bank Balance

Under the current Fees and Charges Regulation the Agency receives its annual revenue from fees and charges in advance under a flat fee mechanism, commencing 1 June annually. This balance sheet element assumes all invoices issued from 1 June have been collected by 31 December. Thus the Agency's balance sheet structure from 2007 onwards is fundamentally changed in this regard.

Note 7: Deferred Revenues

If invoices are issued on 1 June 2008, relating to the year to 31 May 2009, it follows under accounting rules that the element relating to 1 January 2009 to 31 May 2009 must have been pre-paid by the applicant and is owed to them in the event that the work in 2009 is not done. This is a second structural change to the balance sheet, and the Agency will have significant levels of liability each year during the business plan period, in respect of pre-paid application fees.

Note 8: European contribution surplus

The "surplus of income over expenditure" in the European contribution area is not intended to be a surplus, but is a prudent assessment of activity to ensure the Agency can live within its

means. However, should any surplus be made, this must be repaid to the Commission under this heading.

Note 9: Retained Earnings

Under accounting conventions, all retained earnings are shown here, even if an element must be repaid to the Commission.

5.2 Key Assumptions supporting the financial projections

Reasonably certain assumptions

- Community competence for EU-OPS was established on 16th December 2006: the Agency supports the Commission for rulemaking and handling of exemptions, in particular as regards flight time limitation schemes
- The Agency has taken over from JAA all rulemaking and standardisation activities from 1st January 2007
- Community competence for air operations, pilot licensing and third country aircraft is established under Regulation 1592/2002 early in 2008. All related rulemaking activities are taken over
- Implementing rules for air operations and pilot licensing enter into force on 1st January 2009. The Agency takes over standardisation inspections and certification of foreign synthetic training devices, training organisations and aero-medical centres.
- Implementing rules (amended Part 21) for tasks linked to operations (OEB, MMEL) enter into force on 1st January 2009. The Agency takes over all related certification tasks.
- Implementing rules for third country aircraft enter into force on 1st January 2009. The Agency takes over all related approval tasks
- Community competence for the safety regulation of aerodromes and air navigation under Regulation 1592/2002 is established by mid-2010.
- Implementing rules for the safety regulation start being prepared in 2008 for entry into force on 1st October 2011. The Agency takes over the related standardisation tasks and some additional certification tasks for ANS tools of a pan-European dimension.

Possible extensions

Those extensions are not reflected in the Business Plan.

- The Basic Regulation provisions on environmental protection are amended on 1st January 2010. The Agency finalises additional implementing rules
- New implementing rules for environmental protection enter into force on 1st January 2011. The Agency takes over additional standardisation tasks

5.3 Ratio analysis and Key Performance Indicators

1.	Expenditure as a percentage of revenue	**2008**	**2009**	**2010**	**2011**	**2012**
	- Product certification	99,20%	98,10%	96,85%	96,74%	96,27%
	- Organisation approvals	99,36%	101,49%	97,75%	97,33%	96,40%
	- EC contribution	94,98%	96,45%	96,03%	94,60%	97,01%
	- Total Agency	97,82%	98,06%	96,69%	96,02%	96,57%
2.	Staff costs as a percentage of total cost	**2008**	**2009**	**2010**	**2011**	**2012**
	- Product certification	49,39%	53,69%	54,14%	54,60%	54,80%
	- Organisation approvals	46,04%	54,22%	53,09%	53,54%	53,68%
	- EC contribution	57,36%	60,98%	61,91%	62,65%	63,70%
	- Total Agency	51,42%	56,21%	56,72%	57,42%	58,02%
3.	Fees and charges revenue as a percentage of total revenue	**2008**	**2009**	**2010**	**2011**	**2012**
		66,57%	66,08%	64,59%	62,47%	62,20%
4.	Commission contribution as a percentage of total revenue	**2008**	**2009**	**2010**	**2011**	**2012**
		33,43%	33,92%	35,41%	37,53%	37,80%

5.4 Sensitivity Analyses

1. Margin of Safety

The current margin of safety (ie the point at which a reduction in retained surpluses from fees and charges can no longer meet planned expenditure in that area) is:

	2008	2009	2010	2011	2012
Margin of safety (percentage of revenue)	1,06%	2,04%	3,92%	5,58%	7,49%

This demonstrates that the Agency will, over the business plan term, generate surpluses which will allow a margin of safety. Particularly in the early years, however, it is very vulnerable to a change in the levels of fees and charges achieved.

2. A 5 % reduction in fees and charges revenue due to cancelled projects

	2008	2009	2010	2011	2012
Impact on fees and charges surplus	(2.183.872)	(2.471.092)	(2.779.830)	(2.816.163)	(2.833.206)
Revised Fees and charges surplus	(1.719.393)	(1.926.058)	(1.611.151)	(1.852.936)	(2.181.307)
Revised retained surplus	**(1.719.393)**	**(3.645.451)**	**(5.256.602)**	**(7.109.539)**	**(9.290.846)**

A 5% reduction in fees and charges revenue would result in a significant under-recovery of required cost. The remedial actions required would be:

- reduction in Agency costs to meet the revised level of activity; and / or
- revision of the fees and charges Regulation to increase costs for the revised level of activity

Note: EC "surplus" cannot be used to meet this deficit and is not shown in retained surplus as it must be returned each year.

3. A 1% reduction in fees and charges revenue due to productivity improvements not being achieved

	2008	2009	2010	2011	2012
Impact on fees and charges surplus	(436.774)	(494.218)	(555.966)	(563.233)	(566.641)
Revised Fees and charges surplus	27.704	50.816	612.712	399.994	85.258
Revised retained surplus	**27.704**	**78.520**	**691.233**	**1.091.226**	**1.176.484**

A 1% reduction in fees and charges revenue would reduce the surplus to the point where the Agency is only achieving marginal break-even status on its fees and charges-based work. The remedial actions required would be to reduce cost levels in 2008 and 2009 to hold to the revised revenue levels.

Note: EC "surplus" cannot be used to meet this deficit and is not shown in retained surplus as it must be returned each year.

4. A 3% reduction in EC contribution due to budget constraints

	2008	2009	2010	2011	2012
Impact on EC Contribution surplus	(959.400)	(1.058.661)	(1.154.704)	(1.271.559)	(1.295.352)
Revised EC Contribution surplus	689.055	299.763	522.413	1.269.088	394.616
Potential return to Commission	**689.055**	**299.763**	**522.413**	**1.269.088**	**394.616**

A 3% reduction in EC contribution revenue would result in a reduced "surplus", bringing it to the point at which the Agency's planned phasing of the take-on of staff would be critical.

5. A 1% increase in real terms in staff costs

	2008	2009	2010	2011	2012
Impact on fees and charges surplus	(169.567)	(198.077)	(222.992)	(233.267)	(247.860)
Revised Fees and charges surplus	294.912	346.957	945.687	729.959	404.039
Impact on EC Contribution surplus	(174.076)	(207.217)	(228.404)	(250.385)	(265.663)
Revised EC Contribution surplus	1.474.379	1.151.207	1.448.713	2.290.262	1.424.305
Revised retained surplus	**294.912**	**641.869**	**1.587.555**	**2.317.514**	**2.721.554**

A 1% real-terms increase in staff costs would not of itself jeaopardise the financial position of the Agency

The impact of growth has not been modelled above. Initial Agency calculations indicate that a growth in the activities which attract fees and charges will have no financial impact since the increase in cost will be met by increased fees and charges revenue. However, two areas of concern remain; firstly, the current Staff Policy Plan does not allow the recruitment of new staff, even if those staff are to be funded by fees and charges. Therefore the Agency must anticipate growth significantly in advance to ensure the Staff Policy Plan contains those growth requirements. Secondly, growth in the tasks to be funded by EC contribution must be identified well in advance for the same reason.

Annex 1 - Staffing as per Staff Policy Plan 2008-2010

	2008	2009	2010
Executive Directorate			
ED Office	3	3	3
Communications	6	6	6
Safety analysis and research	15	19	19
Internal audit and quality	7	7	7
Policy officers + mail service	7	7	7
Legal	8	8	8
Plans and programmes	28	28	28
Total ED	74	78	78
Certification Directorate			
CD office	4	4	4
Policy and planning	4	4	4
Product	79	79	79
Experts	53	53	53
Flight standards	9	9	9
Total CD	149	149	149
Rulemaking Directorate			
RD office	2	2	2
Process support	9	10	11
International co-operation	9	10	11
Environmental protection	5	5	5
Flight standards	20	20	20
ATM / Aerodromes	5	6	7
Product safety	16	16	16
Total RD	66	69	72
Approvals and standardisation Directorate			
SD office	6	6	6
Standardisation	24	36	36
Organisations	57	57	57
Technical training	9	9	9
SAFA co-ordination	6	6	6
Third country operators + blacklist	4	6	6
Total SD	106	120	120
Administrative Directorate			
AD office	2	2	2
Finance	19	19	19
HR	11	12	12
ICT	18	21	21
Planning	3	3	3
Procurement	4	4	4
Total AD	57	61	61
TOTAL AGENCY	**452**	**477**	**480**

Annex 2 – Flight Standards development plan

The Flight standards department of the Certification directorate performs activities which complement airworthiness certification and are necessary for the operational use of the aircraft. At the present time, these tasks are not mandatory, and are carried out as a service to the industry. This will change in the future with a revision of the Basic Regulation.

This annex is organised as follows:

- the first section describes the present situation, the practical impact of the coming change in regulation and it contains a synthetic table with the present and future situations for these activities,
- the following sections address the different activities carried out by the flight standard department. They constitute specific business plans for each of the activities. Some of these sections are however only provisional and can only be definitively written when the NPA for the implementing rules governing the concerned activity is adopted,
- a dedicated section provides an estimate of the cost of the complete flight standards activities,
- a final section describes the related objectives and indicators for the flight standard department.

1- General policy for the flight standards department

1.1 Current situation

The Flight standards department performs currently the following activities as services provided to the industry:

- direct involvement in maintenance review board activities (MRB), on an industry voluntary basis, as MRB is a process owned by industry,
- high level coordination of the operational evaluation board (OEB), including master minimum equipment list (MMEL) and cabin crew activities. The concerned activities are carried out under the responsibility and according to the JAA processes.

The funding of these has to be obtained through direct contracts with the industry, or through the JAA. For this reason:

- MRB is developed as a self-funded activity, charged per the hour to the industry. The development plan for this activity is included as section **5.2** of this business plan
- the other activities, carried out under JAA responsibility and procedures, are funded according to these procedures. From 01/01/2007 on, the participation of Agency's staff as coordinators of those activities is funded by the industry, via a contractual arrangement between the Agency and the JAA T.

1.2 Changes in Regulations

The expected changes in the Basic Regulation and in the Implementing Rules will result in the following situation:

a- the approval of foreign synthetic training devices (FSTD) becomes a mandatory task to be carried out by the Agency. The funding of this task has to be found in a revised Fees and charges Regulation before the starting of implementation

b- the Implementing Rule (Commission regulation 1702/2003 - part 21) has to be modified to add the following tasks in parallel to the airworthiness certification process:

b.1 minimum syllabus of maintenance certifying staff type rating training (Cf. revised 1592, art. 5, para 2 (e) (iv))

b.2 minimum syllabus of maintenance pilot type rating and qualification of associated simulators (Cf. revised 1592, art. 5, para 2 (e) (v))

b.3 master minimum equipment list (MMEL) as appropriate (Cf. revised 1592, art. 5, para 2 (e) (vi))

These activities were and are presently carried out in the JAA frame. Within the Agency, the first two (b.1 and b.2) fall under the operational evaluation board (OEB) activities, and the last (b.3) under MMEL. This change is the Basic Regulation will add an "operational" part to the airworthiness TC. This operational part is often referred to as the "operational TC" concept. The funding of those tasks has to be found in a revised Fees and charges Regulation before the starting of implementation

c- unless otherwise decided in the revision of the Implementing Rules referred to above, maintenance review board (MRB) activities should remain as they are, i.e. an independently funded service activity to the industry

d- unless otherwise decided in the revision of the Implementing Rules referred to above, cabin crew activity, presently carried out under the JAA frame, are to be progressively transferred from the JAA to the Flight standards department, as an independently funded service activity to the industry.

Simultaneously, the Fees and charges Regulation will need to be modified to provide the resources necessary for the implementation of these rules.

The changes are to take place over several years. The Implementing Rules will include a provision to guaranty that the Agency only takes over when it is ready, i.e; when funding is provided and when staff is in place. For sake of comprehension, the year initial implementation is "year 0". According to present plans, "year 0" is 2009. This will be a transition year during which the income from the modified fees and charges regulation will be used to hire the necessary internal staff whilst the bulk of the work is outsourced. In the following years, the share of internalisation will increase, to reach 50%.

1.3 Synthesis of changes to occur

The present situation and changes to occur in the following years are represented below:

Activity	Present status	Future status	Funding	Strategy
MRB	EASA, Service to industry	EASA, Service to industry[4]	Charges, planned in regulation 593/2007	Continue to develop as a service to industry
OEB/ minimum syllabus maint.	JAA	EASA, mandatory	Fees, revision of F&C regulation	TBD when NPA on part 21 has been defined
OEB/ minimum syllabus pilot training	JAA	EASA, mandatory	Fees, revision of F&C regulation	TBD when NPA on part 21 has been defined. Some anticipated hiring possible under JAA system
OEB/ MMEL	JAA & EASA co-ordination	EASA, mandatory	Fees, revision of F&C regulation	TBD when NPA on part 21 has been defined
OEB/ Cabin crew	JAA	EASA, service to industry	Charges, provision in F&C regulation	To be developed as a service activity, starting in 2008
FSTD	JAA	EASA, mandatory	Fees, revision of F&C regulation.	TBD when implementing rules have been defined

Note [4]: MRB could become a mandatory activity if decided during the change process for part 21 (CE regulation 1702/2003).

2- Maintenance review board (MRB) activity

2.1 *Introduction*

This paragraph describes the maintenance review board (MRB) activities carried out by a dedicated section within the Flight standards department of the certification directorate. It comprises a description of the MRB activity and an estimation of the resources planned.

2.2 *MRB activity description*

The end result of an MRB process is to propose an acceptable means of compliance to a part of the requirements contained in certification specification CS 25.1529 relative to "instructions for continued airworthiness". Other alternate means could be developed and proposed after demonstrating capability to achieve similar integrity. Therefore, and since it is an industry process based on a voluntary application, the Agency's involvement has to be considered as a certification related service.

MRB is an industry process

The responsibility of the MRB section within the Flight standards department in this context is to monitor the MRB projects by participation as per agreed international process and accepted by the applicant in order to be in a position to finally accept the maintenance review board report (MRBR) as a means to facilitate operational acceptances under the responsibility of Member States. The MRBR serves different purposes:

- from an airworthiness certification point of view, it is one element contributing to the instructions for continued airworthiness (ICA) which must be provided by the large aeroplane TC applicant under CS25.1529,
- from an operational point of view, this document is the basis on which the TC holder will develop its maintenance planning document (MPD), on which the operators will base their own maintenance programmes.

The MRB report is developed and accepted in a two step process:

- the TC holder develops a draft MRB report using an analytical method (MSG3). This constitutes the vast majority of the efforts necessary to develop the MRB report,

- then the TC holder, together with airlines and other interested parties, uses the maintenance review board process to receive formal acceptance of this MRB report confirming that the method used was in accordance with certain minimum standards and that the outcome is therefore considered to meet minimum criteria and regulation.

The MRB process is a process defined and owned by the industry. It is a review process by a board comprising representatives of three different bodies:

- the TC holder and OEM
- the operators
- the aviation Authorities of both the TC holder and the operators

According to this process, the draft MRB report produced by the Industry Steering committee (ISC) is reviewed, amended and finally accepted following a series of meetings, where the complete process is reviewed by the complete board.

Contrary to airworthiness certification activities, the complete process is reviewed by the Authorities, which is not the case in airworthiness certification activities where the review is often on a sampling basis. Furthermore, there is no involvement of the DOA of the TC holder. This working method, owned and required by industry, ensures that the Authority's involvement in this activity is maintained at the level determined and agreed with the applicant.

Independently self-funded activity

Finally, as the MRB is only one acceptable means of compliance with part of CS25.1529, and because the complete MRB process is owned by the industry, the complete activity is dissociated from airworthiness and environmental certification. It is a service to industry, funded under the provisions applicable to "charges" in the Fees and charges Regulations. The MRB charges are established as follows:

- all working hours, including travel time (including for trips within Europe) are charged,
- the hourly rate is calculated as an weighted average of Agency and suppliers (NAA) hourly rates. It was 180 €/hr for the period 01/01/2007 to 30/05/07
- real travel costs and subsistence are charged for all missions and travels, including the ones within the EASA Member States (for EASA staff only).

The new Fees and charges Regulation (CE regulation 593/2007) confirms this approach but increase the hourly fee to 225 €, starting on 01/06/07.

Independence from airworthiness certification activities

The acceptance of the MRBR as an acceptable means of compliance with part of airworthiness requirements (e.g. CS25.1529) is performed by the product department (PCM) within the frame of the type certification process. In this respect, the TC activities and the MRB activities are independent, carried out by different persons within the Agency, and funded according to different mechanisms.

2.3 Planned resources for the MRB section

It is proposed to hire MRB staff, as proposed below. 2008 onwards, the numbers are subject to the evolution of the market and of the signed contracts with the industry for the performance of MRB activities, as this staff must be autonomously funded.

EASA MRB section staffing	2008	2009	2010	2011	2012
EASA MRB section manager	1	1	1	1	1
EASA MRB section support	1	1	1	1	1
EASA MRB experts	6	6	6	6	6
Total EASA MRB section staff	8	8	8	8	8
MRB outsourced experts	6	6	6	6	6
Total MRB activity	14	14	14	14	14

3- Operational Evaluation Board activities

3.1 Introduction

This activity consists in the three following tasks, as introduced by the revised art. 5 of the amended Basic Regulation proposal:

- approval of the minimum syllabus of maintenance certifying staff type rating training
- approval of the minimum syllabus of maintenance pilot type rating and qualification of associated simulators
- approval of the master minimum equipment list (MMEL) as appropriate

3.2 Present status

This activity is currently carried out under the responsibility of the JAA system. The Agency however has some visibility on the activities carried out, but is not part in it, except for the involvement of the already hired head of MMEL section and the pilot training course manager.

The costs are fully recovered by the JAA from the applicants and used to pay for the consultants (mostly airline pilots) who carry out the activity. All the contracts and financial handling are concluded by the JAA using their administrative procedures.

The contract in place with the JAA enables:

- the Agency to recover the costs implied by the participation of its staff in the OEB activities (including MMEL)
- the JAA to be funded for the administrative management they perform for the Agency

3.2 Future status

According to art. 5 of the amended Basic Regulation, part 21 (implementing rule) will be changed to introduce the mandatory approval tasks described above, with adequate clauses detailing the procedures and the technical requirements for these approvals. These will ultimately determine the volume and time scale of the activity.

When this is achieved, the Agency will perform this activity in a similar manner to its other certification activities:

- the applications, fees and charges, certificates and more generally all administrative interfaces with the applicants will be managed by the Plans and programme department
- the technical investigation will be performed respectively under the responsibility of the OEB and MMEL sections of the Flight standards department. Based on the volume of activity, several OEB sections, dedicated to specific types of products could be implemented. It is anticipated that a maximum of 50% of the activity is performed by Agency staff, the rest being outsourced (NAA, consultants, qualified entities)
- all the costs will be recovered from the applicant as fees according to suitable clauses to be introduced in a revision of the Fees and charges regulation

- the Plans and programme department will handle all administrative matters related to the management of the outsourcing. The technical decisions will however remain within the Certification directorate,
- initial and on-going accreditation of the external providers will be performed by the Approvals and standardisation directorate.

3.4 Volume of activity and resources planned for OEB

Due to its potential high volume and aircraft type specificities, the present plans of the flight standards department are to split the OEB related activity among five dedicated sections:

- OEB large aircraft,
- OEB business jets,
- OEB general aviation (including very light jets),
- OEB rotorcraft,
- MMEL master minimum equipment list,
- TTC technical training courses (maintenance).

At the present time, in the absence of implementing rules on the subject, the volume of the activity and its timescale for implementation can only be estimated assuming the continuation of the JAA working methods and grandfathering being limited to the OEB activities presently carried out under the JAA frame (JOEB).

The volume of activity for OEB according to the new implementing rules is not yet defined, but will be known as soon as those rules are defined.

It is however possible to give indication of the volume of activity, based on the current JAA working methods. Indicative number of staff can also be derived. In the tables below Year 1 is the first year of implementation of the new regulations. It is supposed to be 2009.

Indicative staffing and workload for OEB large aircraft

The head of this section and the experts' positions in the plan below are to be part time positions, for active airline pilots. The volume of activity and staffing for OEB large aircraft can however be estimated as follows, taking into account a 50% outsourcing of the activity:

OEB LA activity	Year 1	Year 2	Year 3	Year 4	Year 5
Head of OEB LA section	0,5	0,5	0,5	0,5	0,5
Support OEB LA activity		1	1	1	1
EASA OEB LA experts	1,5	3,5	3,5	3,5	3,5
Total EASA staffing	2	5	5	5	5
Outsourced OEB LA experts	4	4	4	4	4
Total OEB LA activity	6	9	9	9	9

Indicative staffing and workload for OEB business jets

The head of this section and the experts' positions in the plan below are to be part time positions, for active pilots involved in business jets operations. The volume of activity and staffing for OEB business jets can however be estimated as follows, taking into account a 50% outsourcing of the activity:

OEB BJ activity	Year 1	Year 2	Year 3	Year 4	Year 5
Head of OEB BJ section	0,5	0,5	0,5	0,5	0,5
Support OEB BJ activity		1	1	1	1
EASA OEB BJ experts	1,5	3,5	3,5	3,5	3,5
Total EASA staffing OEB BJ	2	5	5	5	5
Outsourced OEB BJ experts	4	4	4	4	4
Total OEB BJ activity	6	9	9	9	9

Indicative staffing and workload for OEB general aviation

The head of this section and the experts' positions in the plan below are to be part time positions, for active pilots involved in general aviation (including very light jets) operations. The volume of activity and staffing for OEB general aviation can however be estimated as follows, taking into account a 50% outsourcing of the activity:

OEB GA activity	Year 1	Year 2	Year 3	Year 4	Year 5
Head of OEB GA section	0,5	0,5	0,5	0,5	0,5
Support OEB GA activity		1	1	1	1
EASA OEB GA experts		1,5	2,5	2,5	2,5
Total EASA staffing OEB GA	0,5	3	4	4	4
Outsourced OEB GA experts	1	2	3	3	3
Total OEB GA activity	1,5	5	7	7	7

Indicative staffing and workload for OEB rotorcraft

The head of this section and the experts' positions in the plan below are to be part time positions, for active pilots involved in rotorcraft operations. The volume of activity and staffing for OEB rotorcraft can however be estimated as follows, taking into account a 50% outsourcing of the activity:

OEB RC activity	Year 1	Year 2	Year 3	Year 4	Year 5
Head of OEB RC section	0,5	0,5	0,5	0,5	0,5
Support OEB RC activity		1	1	1	1
EASA OEB RC experts		2,5	2,5	2,5	2,5
Total EASA staffing OEB RC	0,5	4	4	4	4
Outsourced OEB RC experts	1	3	3	3	3
Total OEB RC activity	1,5	7	7	7	7

Indicative staffing and workload for MMEL

The volume of activity and staffing for MMEL can however be estimated as follows, taking into account a 50% outsourcing of the activity:

MMEL activity	Year 1	Year 2	Year 3	Year 4	Year 5
Head of MMEL section	1	1	1	1	1
Support MMEL activity	1	1	1	1	1
EASA MMEL experts	4	4	4	4	4
Total EASA staffing	6	6	6	6	6
Outsourced MMEL experts	4	4	4	4	4
Total MMEL activity	10	10	10	10	10

Indicative staffing and workload for technical training courses

The volume of activity and staffing for technical training courses (TTC) can however be estimated as follows, taking into account a 50% outsourcing of the activity:

TTC activity	Year 1	Year 2	Year 3	Year 4	Year 5
Head of TTC section	1	1	1	1	1
Support TTC activity	1	1	1	1	1
EASA TTC experts	4	4	4	4	4
Total EASA staffing TTC	6	6	6	6	6
Outsourced TTC experts	4	4	4	4	4
Total TTC activity	10	10	10	10	10

3.5 Cost and funding of the OEB activity

The estimated cost of the activity is in § 6. A specific revision of the Fees and charges Regulation has to be introduced before the requirement for approval of OEB related activities becomes mandatory to ensure the funding of these activities via a fees mechanism.

4- Cabin crew activity

4.1 Introduction

This activity consists in the review and approval of cabin crew training programmes developed by the type certificate holders for the benefit of their client airlines. These are in turn used by the airlines to satisfy any specific national requirement applicable to cabin crew.

4.2 Present status

This is a service activity, carried out at the request of TC holders, under the frame of the JAA. The costs are fully recovered by the JAA from the applicants and used to pay for the consultants who carry out the activity. All the contract and financial handling are concluded by the JAA using their administrative procedures. Through the hiring in early 2007 of a cabin crew section manager previously employed by the JAA, the Agency however has visibility on the activities performed under the frame of the JAA.

4.3 Future status

Unless otherwise decided in the revision of the implementing rules, cabin crew activity, presently carried out under the JAA frame, will be transferred to the flight standards department (C3) of the Agency as a non-mandatory independently funded service activity to the industry.

4.4 Volume of activity

As this activity is not to become mandatory, it can be developed as a service to the industry, in a similar manner to the MRB. A more detailed business plan needs to be produced, featuring a fail safe approach in three steps to guaranty the payment of the hired staff:

- step 1: market assessment,
- step 2: assessment of volumes of contracts signed with the industry,

- step 3: hiring of staff.

4.5 Estimated resources for CC activity

At the present time, this specific business plan is being prepared to describe the transfer of this activity from the JAA to the EASA frame. Preliminary estimations of the volume of activity and number of staff are in the following order of magnitude:

Cabin crew activity	Year 1	Year 2	Year 3	Year 4	Year 5
Head of cabin crew section	1	1	1	1	1
Support cabin crew activity					
EASA cabin crew experts	1	1	1	1	1
Outsourced cabin crew experts	1	1	1	1	1
Total cabin crew activity	3	3	3	3	3

4.6 Cost and funding of the CC activity

The estimated cost of the activity is in § 6. The funding of this activity is not yet planned in the existing regulation. It is however anticipated that it will be funded under charges.

5- Foreign synthetic training device activity

5.1 Introduction

This activity consists in the review and approval of the foreign (i.e. outside the territories of the EASA Member States) synthetic training devices (flight simulators).

5.2 Present status

This activity is presently partially carried out under the responsibility of the JAA system. The Agency however has some visibility on the activities carried out, but is not part in the missions. The costs are fully recovered by the JAA from the applicants and used to pay for the consultants (mostly airline pilots) which carry out the activity. All the contracts and financial handling are concluded by the JAA using their administrative procedures.

5.3 Future status

According to art 15a, para. 2 of the modified basic regulation, the Agency will issue certificates to the STDs located outside its member States. Implementing rules detailing the procedures and the technical requirements for these approvals still need to be defined. These will determine the volume of activity.

When this is achieved, the EASA will perform this activity in a similar manner to its other certification activities:

- the applications, fees and charges, certificates and more generally all administrative interfaces with the applicants will be managed by the Plans and programme department
- the technical investigation will be performed under the responsibility of the FSTD section of the flight standards department. It is anticipated that a maximum of 50% of the activity is performed by EASA own staff, the rest being outsourced (NAA, consultants, qualified entities)
- all the costs will be recovered as fees from the applicant according to suitable clauses to be introduced in a revision of the F&C regulation
- the Plans and programme department will handle all administrative matters related to the management of the outsourcing. The technical decisions will however remain within the certification directorate
- initial and on-going accreditation of the external providers will be performed by the Approval and standardisation directorate.

5.4 Estimated resources for FSTD activity

At the present time, in the absence of implementing rules on the subject, the volume of the activity and its timescale for implementation can only be estimated, assuming the continuation of the JAA working methods and grandfathering limited to current FSTD activities carried out in the JAA frame.

In addition, those figures may also be dependent on the conclusion of simulator implementation procedures (SIP) within a BASA.

FSTD activity	Year 1	Year 2	Year 3	Year 4	Year 5
Head of FSTD section	1	1	1	1	1
Support FSTD activity	1	1	1	1	1
EASA FSTD experts	1	5	5	5	5
FSTD pilot experts LA (1)		1	1	1	1
FSTD pilot experts BJ (1)		1	1	1	1
FSTD pilot experts RC (1)		1	1	1	1
Total EASA staffing FSTD	3	10	10	10	10
Outsourcing FSTD	1	8	8	8	8
Total FSTD activity	4	18	18	18	18

Note (1): equivalent full time as this position will be held by part time pilots.

5.5 Cost and funding of the FSTD activity

The estimated cost of the activity is in § 6. A specific revision of the fees and charges regulation has to be introduced before the requirement for approval of foreign STD becomes mandatory to ensure the funding of this activity via a fees mechanism. Due attention should be paid to the coverage of the travel and subsistence costs resulting form the travels outside of the EASA member States.

6- Staffing and cost of the flight standards activity

6.1 Summary of the estimated staffing for C3 department

Total Flight standards department	Year 1	Year 2	Year 3	Year 4	Year 5
Head of department	1	1	1	1	1
Manager	1	1	1	1	1
Support	2	2	2	2	2
OEB, MMEL, TTC & FSTD activities					
Managers	5	5	5	5	5
Support	3	7	7	7	7
Experts	12	27	28	28	28
MRB and CC activities					
Managers	7	7	7	7	7
Support	1	1	2	2	2
Experts	2	2	2	2	2
Total FS					
Managers	14	14	14	14	14
Support	6	10	11	11	11
Experts	14	29	30	30	30
Grand total EASA	34	53	55	55	55
Outsourcing					
Outsourcing OEB, MMEL, TTC & FSTD	19	29	30	30	30
Outsourcing MRB & CC	7	7	7	7	7
Total outsourcing FS	26	36	37	37	37

As already mentioned year 1 is supposed to be 2009.

As provided for in the Staff Policy Plan a few staff (9) are already in place in the Flight standards department mainly dealing with MRB.

Due to the development of the activity at the request of industry and as far as industry pay for them, it is the Agency intention to recruit some more staff (maximum 5) in 2008. It will help to prepare for the implementation of the new regulations.

6.2 Cost of the flight standards activities

The cost of flight standards activities are calculated using the costing elements as established in June 2007 for the products certification activities.

The costs are separated in two parts:

- cost of OEB, MMEL, TTC and FSTD, which are to become mandatory activities. As an approximation to simplify the calculation, the cost of the head of the directorate is added onto this activity
- cost of MRB and CC, which are to remain as service activities.

Budget for C3 flight standards	Year 1	Year 2	Year 3	Year 4	Year 5
Mandatory activities: OEB, FSTD, MMEL & TTC					
Total headcount OEB, FSTD, MMEL, TTC	24	43	44	44	44
Internal cost OEB, FSTD, MMEL, TTC	5206617	9782749	10204140	10579766	10936242
Head count external OEB, FSTD, MMEL, TTC	19	29	30	30	30
External cost OEB, FSTD, MMEL, TTC	3291305	5294844	5857311	5974457	6093946
Total cost OEB, FSTD, MMEL, TTC	8497923	15077593	16061451	16554223	17030189
Service activities: MRB & CC					
Total headcount MRB & CC	10	10	11	11	11
Internal cost MRB & CC	2169424	2275058	2551035	2644942	2734061
Head count external MRB & CC	7	7	7	7	7
External cost MRB & CC	1212586	1278066	1366706	1394040	1421921
Total cost MRB & CC	3382010	3553124	3917741	4038982	4155981

6.3 Changes to the F&C regulation to fund the new flight standards mandatory activities

The additional income from a revision in the fees and charges regulation to cover the mandatory flight standards activities (OEB, MMEL, FST and TTC) can be estimated at 17 M€ in 2012.

The current assumption is that this funding would start in 2009. Additional staff for the flight standards department would then be funded by two different means:

- before the new activities become mandatory and before the corresponding revision of the F&C, as a service to industry (i.e. by means of service contracts between the Agency and the industry requiring its services),
- after the new activities become mandatory by a revision of the fees and charges regulation.