



## ***European Aviation Safety Agency***

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### THE MANAGEMENT BOARD

- Having regard to Regulation (EC) N° 1592/2002<sup>1</sup> on common rules in the field of civil aviation and establishing a European Aviation Safety Agency, and in particular to its article 48.5
- Having regard to Regulation (EC/EURATOM) N° 2342/2002<sup>2</sup> on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC/EURATOM) N° 1605/2002 on the Financial regulation applicable to the general budget of the European Communities, and in particular to its Article 27;
- Considering the need to transmit the preliminary draft budget to the relevant services of the European Commission and, for information, to the European Parliament;
- Knowing that the 2006 draft budget will be submitted to the Management Board for final adoption meeting, taking into account the EU contribution to be decided by the European Parliament at its December plenary session.

has decided to adopt the preliminary draft budget for the year 2006, together with the establishment plan, as set up in the documents annexed.

Done at Cologne,

The Chairman  
Thilo Schmidt

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<sup>1</sup> Official Journal L 240, 7.9.2002, p. 1.

<sup>2</sup> Official Journal L 357, 31.12.2002, p. 72.

## **Outline of the Work programme and Estimate of Revenue and Expenditure for the financial year 2006**

### **Section 1: Outline of the Agency's work programme for 2006**

The year 2004 was mainly devoted to the establishment of the Agency in order to start fulfilling its missions on its own, and building its international image. In addition, and despite the very early stage of its development, the Agency prepared the extension of its remit according to the Basic Regulation.

Even if the expected growth of the Agency is still dramatic during the year 2005 (the staff is doubling), this is a year of stabilisation and improvement of all the processes already in place in the Agency.

2006 will be essential for the internalisation of certification tasks and for the preparation of Agency new tasks (Operations, Flight Crew Licensing, third countries aircraft) in Rulemaking and Quality and Standardisation.

## **The Office of the Executive Director**

### **Brief summary of milestones achieved (2004)**

- Recruitment of 10 people and setting up of the Communication team, and the Safety Analysis and Research basis.
- Management of the move from Brussels to Cologne
- Adoption of the fees and charges Commission Regulation: drafting and discussion of the related tariffs.
- Elaboration and discussion of the outsourcing contracts with NAAs ( 2 contracts signed)
- Building up of international relationships with notably the Federal Aviation Administration and the Interstate Aviation Committee (Community of Independent States) and with Brazil, Canada.

### **Brief summary of milestones expected (2005)**

- Recruitment of 4 persons, and setting up of a Risk Management function.
- Adoption of the Fees and Charges Commission Regulation tariffs, which allow the Agency to charge the industry, and monitoring of its implementation.
- Finalisation of the outsourcing contracts with the NAAs.
- Development of the Safety Analysis and Research function with the setting up of an internal Safety Committee, the production of the first annual Safety report and the start of common work with the Commission and National Aviation Authorities.
- Development of external and internal communications (information, image campaign in the press, intranet, etc.).
- Organisation of the International Safety Conference in Cologne in June 2005.

### **Outline work programme for 2006**

- Recruitment of 8 people, mainly in the Safety Analysis and Research office.
- Evaluation of the Agency according to the Article 51 of the Basic Regulation.
- Deepening of the Safety Analysis tasks: databases, safety plan, support to the internal Safety Committee.
- Risk assessment will begin its first full year programme of audits.
- Deepening of international relationships.

## **The Certification directorate**

### **Brief summary of milestones achieved (2004)**

- After successful hiring of 31 persons, including the first project certification managers and specialists, the initial set up of the directorate was organised, and all managers are in place.
- The Certification directorate (procedures have been elaborated
- The management of programmes is in place
- The type certification, supplemental type certification, equipment certification, design organisation approval programmes initiated by the National Airworthiness Authorities under the Joint Aviation Authorities system were taken under control by the Agency with no disruption. Some of them already directly involve EASA staff.
- The first project certification managers are in place

### **Brief summary of milestones expected (2005)**

- Certificates will be issued by the Agency in all areas of competence, including environmental approvals.
- The directorate will implement its internal working procedures and amend them as necessary.
- To enable the Agency to publish itself all necessary Airworthiness Directives. A focal point will be hired and an airworthiness directives function will be set up according to the internal working procedures<sup>3</sup>
- The Agency will adopt formalised outsourcing arrangements with the National Airworthiness Authorities for the tasks where their assistance is necessary, and the Certification directorate will manage these contracts.
- The staffing level of the directorate will be increased from 31 to 100 (end 2005)
- Major certification programmes will be conducted, including :
  - near completion of A 380 programme with in-house specialists participation,
  - heavy involvement of in-house project certification managers and specialists in existing certification projects (Dassault 7X),
  - first projects (Supplemental Type Certificate, European Technical Standards Orders Approvals, simple Type Certificates) conducted entirely with in-house specialists and project certification managers.
- The transfer of the new member State products will be continued until the deadline of 28 March 2007.
- The fees and charges system will be implemented and validated.
- The certification directorate will provide technical expertise to the other directorates: assistance to rulemaking (participation in working groups) and to quality and standardisation directorate.

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<sup>3</sup> Airworthiness directives are actions mandated by the Agency to restore the airworthiness of a product during its life following the discovery of a problem affecting its airworthiness.

- A comprehensive certification database system will be designed and implemented in liaison with the information, communication and technology department.

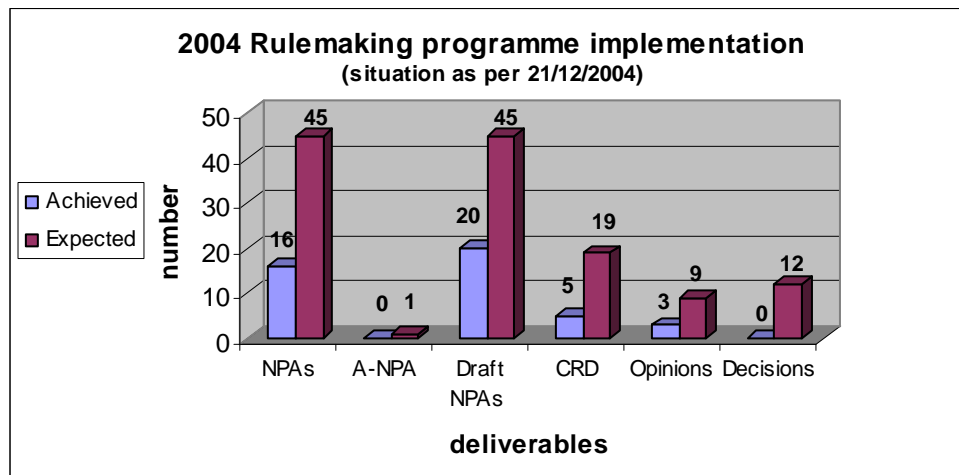
### **Outline work programme for 2006**

- Certificates will be issued by the Agency in all areas of competence.
- The implementation of the Airworthiness Directive Unit will be continued.
- The outsourcing arrangements with the National Airworthiness Authorities will be updated as necessary to match the assistance needs of the certification directorate.
- The staffing level will be increased from 100 to 200. Project certification managers, design organisation approval specialists and technical specialists in all disciplines will continue to be hired in order for the certification directorate to have all necessary competences in house, including flight test engineers or pilots, software certification specialists, albeit in limited numbers.
- According to its strategy, the certification directorate takes on all new type certificate projects for large products.
- Simultaneously, the EASA takes over the first post-type certificate activities for large project. These include approval of major design changes, repairs, supplemental type certificates and all actions prescribed in Part 21 to ensure the continued airworthiness of the product, including airworthiness review meetings, preparation of airworthiness directives...
- The design organisation approval concept will be further developed in order to reduce the involvement of the Agency in the approval of minor design changes and repairs across Europe.
- Major certification programmes will be conducted with in house staff, in particular :
  - completion of A380 type certification project. Starting of A380 post type certificate activities,
  - near completion of the Dassault 7X project,
  - large EASA involvement in Boeing 7E7 project.
- The EASA will be heavily involved in supplemental type certificate, equipment certification (ETSOA) projects conducted in-house.
- The transfer of the new member State products will be continued to fulfil the deadline of 28 March 2007.
- The certification directorate will provide technical expertise to the other Directorates: assistance to rulemaking (participation in working groups) and to quality and standardisation directorates.
- The strategy of the Agency will be adjusted taking the experience into account.
- The implementation of the databases and of the information technology systems will be pursued in liaison with the information, communication and technology department.

## The Rulemaking directorate

### **Brief summary of milestones achieved (2004)**

- The first 2004 rulemaking programme of the Agency was adopted on 30 March 2004. It contained 51 tasks, 17 being executed by 10 rulemaking groups, aiming at the continuation of tasks initiated by the JAA. Despite efforts made, implementation was low due to the slow hiring of staff and a too ambitious programme. Consequently, many 2004 tasks are reported to 2005. The graph below indicates the state of implementation by the end of the year



- One major achievement is the adoption of the Agency's opinion on the extension of the scope of the Basic Regulation to third country aircraft operated by third country operators, air operations and flight crew licensing.
- A service contract for the regulatory impact assessment of Part M was awarded in 2<sup>nd</sup> Q of 2004 with the view to support possible revisions in 2005.
- Launched a call for expression of interest to contract external experts to provide assistance to drafting groups and to support the Agency on his rulemaking activities.
- As transitional measure, support was provided by the JAA with own staff and external consultants.
- Organised a workshop to explain, and exchange with field personnel on, the content of Part 145.
- Provided administrative and logistical support for the organisation of 3 AGNA and 4 SSCC meetings and contributed with the necessary documentation (working papers, information notes, etc.)
- International co-operation activities concentrated on maintaining status quo with third countries for the certification of aeronautical products and the provision of maintenance services and therefore on:

- Concluding bilateral working arrangements with national civil aviation authorities (Canada, Brazil, Community of Independent States, Israel and China).
- Initiating contacts with Japan, Australia and New Zealand in the perspective of concluding similar arrangements.
- Supporting the Commission in its negotiations for the conclusion of bilateral agreements with Canada and the United States.

In parallel contacts were initiated with ICAO to discuss, in particular, practical arrangements for the involvement of the Agency in ICAO standards-setting activities. Little has been done with regard to assistance to third countries due to the lack of human resources and activity has been limited to the participation in a meeting on technical cooperation programme in South Asia (COSCAP).

- Continue to beef up the rulemaking team with total staff available today amounting to 14 persons.

### **Brief summary of milestones achieved (2005)**

- The report of 2004 rulemaking tasks has a knock-on effect on the 2005 rulemaking programme adopted in September 2004. Prioritisation for the execution of the revised consolidated 2005 rulemaking programme is needed. It is likely to contain 35 tasks, 9 being executed by rulemaking groups. It can be characterised as the continuation of tasks started in 2004, with the introduction of several new tasks, mostly affecting Airworthiness Certification Specifications (e.g. CS-25). The following may be highlighted as examples:
  - proposed amendments to Flight Guidance Systems criteria in CS-25,
  - proposed major revision to CS-Propeller to improve safety analysis and critical part criteria.
  - new tasks related to Implementing rules and Environmental certification specifications.
  - Improvement of the consistency of organisation approvals in Part-21 and Part-M;
  - clarification of concepts such as principal place of business in Maintenance Parts;
- incorporation in CS-34 (aircraft engine emissions and fuel renting) and CS-36 (Aircraft noise) of recent ICAO amendments to Annex 16.
- Continue the execution of the rulemaking tasks with Agency staff and external resources in the form of participation of national and industry experts in rulemaking groups. The reimbursement of travel expenses for national experts will have to be solved.
- Start work on the extension of the scope of the Basic Regulation to airport and ATM safety regulation with a view to support a possible legislative proposal in 2006.
- Adopt the 2006 rulemaking programme in September for inclusion in the final Agency 2006 work programme. In this context, work will be initiated with the SSCC, AGNA and foreign partners in February and supported by research activities and preliminary RIA.

Annex I : outline of the work programme

- Organise 2 workshops to explain, and exchange with field personnel on, the content of Parts 66/147 and Part M. Hold local workshops to continue facilitating the correct implementation of Part 145.
- Establish a short list of approved external experts that responded to the call for expression of interest and launch restricted call for tenders whenever the Directorate requires to contract external experts for support to its activities.
- International activities:
  - Develop and finalise if possible new working arrangements with Japan, New Zealand and Australia, as well as adapt that with China to additional products.
  - Initiate contacts with Singapore and South Korea.
  - Assist in the conclusion of the on-going negotiations with the United States and Canada leading to a formal bilateral agreement.
  - Develop a policy on the role and objectives of the Agency in the field of technical co-operation with third countries. As a first step, further support will be given to the Commission in the execution of its own technical co-operation activities (South-Asia, North Asia, ACSA...).
  - Intensify contacts with ICAO to promote Community standards and certification processes.
- Increase staffing levels as set out in the 2005 Establishment plan

**Outline work programme for 2006**

- Execution of the adopted 2006 rulemaking programme characterised again as the continuation of tasks aiming at improving the current legislation and its related implementing material (certification specifications and guidance material). Envisage reviewing the Basic Regulation and to correct deficiencies and suggest new certification processes. Accelerate work on the implementing rules for the extension of the Basic Regulation to third country aircraft, air operations and flight crew licensing provided the discussions in the EP and Council enter in their final phase. This includes the development of Commission implementing regulations on third country aircraft, operations by non-commercial aircraft and the establishment of a recreational private pilot licence. Intensify work for preparation of a legislative proposal for the regulation of airports and ATM safety.
- Involvement of other Directorates' staff and national experts in the rulemaking tasks, which affects the Directorates related mission expenses.
- Explanation of rules by the organisation of 2 workshops and participation to relevant aviation events (conferences/seminars).
- Preparatory work for the 2007 rulemaking programme covered essentially by preliminary regulatory impact assessments, dedicated studies and research activities, including the establishment of some rulemaking groups as appropriate.
- Continue to make use of external resources (call for expression of interest, JAA contract) to execute rulemaking tasks due the lack of qualified expertise or internal resources.
- Continue ongoing International co-operation activities primarily aiming at developing and concluding, in close co-operation with the Commission,



Annex I : outline of the work programme

new working arrangements and bilateral agreements with third countries to facilitate the free movement of aeronautical products and services. Funds are budgeted for the workshops/internship for delegates from developing countries.

- In view of the importance of the backlog from the JAA tasks and the need to develop new rules for the implementation of the extended Basic Regulation, significant additional resources are needed. While additional work in the field of airworthiness is to be covered by use of external expertise without increase in the permanent staffing of the Directorate, the Flight Standards need more staff to follow the developments in the JAA and prepare for the necessary Commission implementing rules with the help of the JAA and external consultants. In the same vein more staff is needed to co-ordinate with EUROCONTROL and JAA the preparation of the Agency's opinion on airport and ATM safety regulation.

## **The Quality & Standardisation directorate**

### **Brief summary of milestones achieved (2004)**

- Recruitment of Director + 7 persons
- Signature of a Working Arrangement with JAA on transfer of certain Standardisation co-ordination Activities from JAA to EASA
- Definition of Standardisation Policy and presentation to NAAs
- Building of a multi-task Standardisation data base of NAA Inspectors
- Definition of Continuing Airworthiness 2005 Standardisation Programme
- Letter to National Aviation Administrations reminding deadlines on POA
- Letter to National Aviation Administrations on eastern aircraft maintenance
- Initial activity on accreditation of Ireland and Poland for allocation of TC and STC tasks, for Ireland only STC tasks.
- Preparation of Federal Aviation Administration confidence building assessment forecast end of 01.2005.

### **Brief summary of milestones expected (2005)**

- Normal operation of Standardisation in Continued Airworthiness (18 countries to be visited, including Joint Aviation Authorities Full Members)
- Definition of 2005 Standardisation Programme on Initial Airworthiness
- Start and development of Initial Airworthiness Standardisation Programme
- Definition of Standardisation Programme 2006
- Further development of accreditation (Denmark, Ireland, Norway, and Poland).
- Issuance of an Accreditation Procedure
- Work on a draft Commission Regulation on Standardisation to be issued by the European Commission by end of March
- Headquarter assessment by the Federal Aviation Administration
- Coordination with European National Aviation Administrations for Federal Aviation Administration assessment
- Coordination with European National Aviation Administrations for Universal Safety Oversight Audit Programme from the International Civil Aviation Organisation
- Definition and Implementation of a Quality Management System in the Agency
- Starting of the internal audit activity and implementation of Quality Assurance Programme 2005
- Definition of a Training Policy
- Definition of a training programme for all Agency's technical personnel
- Outsourcing of training needs, if any
- Workshops and seminars on EU standardisation.

### **Outline work programme for 2006**

Annex I : outline of the work programme

- Initial Airworthiness inspections of 13 NAAs (8 for Production Standardisation and 5 for Certification Accreditation to allow outsourcing by CF of certification work to NAAs).
- Continued Airworthiness inspections (Standardisation) of 13 National Aviation Administrations (including 54 undertakings). In both fields (initial airworthiness and Continuing Airworthiness), emphasis will be put on those tasks which remain the responsibility of the National Aviation Administrations.
- Special Cases inspections (International Agreements or Arrangements and new Joint Aviation Authorities member states) of 5 National Aviation Administrations.
- Implementation of Quality Assurance Programme 2006. (Emphasis will be put on Safety as final "product" of the Agency).
- Training of technical experts throughout Europe
- Recruitment of one additional standardisation coordinator for the double task Initial and Continuing Airworthiness.
- In-house and/or External Training will be conducted according to the policy defined in 2005. (They will reflect the strategy of the Agency and – as much as possible – cater for the joint needs of the Authorities and the Industry).
- Studies and investigations of technical capabilities available in the new Member States. This could be funded by separate contribution from the European Community over and above the general European Community's subsidy.

## **The Administrative Directorate**

### **Brief summary of milestones achieved (2004)**

- Set up the basic administrative infrastructure in Brussels to manage the routine business of resource planning, budget execution, and administration of human resources.
- At the same time, installed the comprehensive facilities and technical infrastructure at the permanent site in Cologne ready for the relocation at the beginning of November.
- Completed the recruitment of the 95 positions available in the establishment plan for the year.
- Did take in use the temporary centralised financial management system and workflows in preparation of the more developed and decentralised system that would better reflect the spirit of the financial regulation and system of internal controls
- Did put in place the basic implementing rules for the new Staff Regulations (missions, recruitment, transition period grading of staff)
- Gave legal advice to the Rulemaking and other operational directorates - in particular for the extension of the EASA basic regulation into Flight Operations and Flight Crew Licensing - and supported the negotiations for the establishment of the headquarters in Cologne and formulation of the basic staff and financial policies.

### **Brief summary of milestones expected (2005)**

- Invest more time in improving internal controls in the administrative infrastructure, with emphasis on good financial management. This will include training on financial management and procurement in order to implement the decentralised financial management system where the budget responsibility lies with the operational management
- Take in use a transition period system for managing fees and charges
- Move to accrual accounting from the previous cash based accounting, take in use a complete inventory system, move to electronic banking
- Complete the policy framework needed to manage its human resources. In particular, working with the Quality and Standardisation Directorate it will design a staff development policy and appropriate training programmes for the staff.
- Adopt the complete set of the implementing rules for the new Staff Regulations
- Take in use fully electronic missions and holiday management
- Develop an e-recruitment tool in order to cope the increasing annual recruitment numbers
- Establish the Staff Committee
- Introduce the Performance Assessment System
- Have the basic Health and Safety procedures in place and the relevant organisation trained

Annex I : outline of the work programme

- Prioritise secure IT systems to support the business of the operations Directorates, aiming for a formal certification of these systems by the end of the year.
- Have developed the Terms of Reference for the Data Management Systems development for the core business processes (certification, rule making and standardisation)
- Give support for the further enhancement of the WEB-based IT-environment, including the first intra- and extranet solutions
- Prepare and take over another 4 floors in the Köln Triangle building to house its growing staff.
- Continue to give legal advice to the Rulemaking and other operational directorates, and on several issues related to the establishment of a safe working and IT-environment.
- Establishment of the secretariat for the Board of Appeals
- Recruit 105 new staff, of which 2/3 for the Certification Directorate
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**Outline work programme for 2006**

- Continue heavy investment for establishment of a full range of databases- and other IT-systems for the core business Directorates. Top priorities will be full implementation of a document management system, together with an upgrade of the associated storage capacity, and an integrated application to manage administrative data and transactions (certification, rule making, safety analysis and standardisation).
- Continue further development of the intranet and extranet solutions to the internal and external interest groups
- Have the first versions of electronic sale of complementary products in use
- Complete the recruitment of a further 128 temporary agents, bringing the total to around 328 (if the OPS and Licensing tasks will be transferred to the Agency starting in Mid-2006, the total will increase up to 345).
- Continue support to the technical training programmes and have a fully developed training programme on general core skills (IT, languages, management skills, project management and team work), including the skills development in the areas of EU administrative procedures to further strengthen the internal control capacity in all directorates of the Agency
- Develop the career planning and personnel services up to the level required by the staff complement of over 300 staff by the end of the year
- Review and strengthen its compliance with applicable health and safety regulations, taking into account the strong growth of the staff
- Reinforce the procedures to manage the treasury linked to fee income from certification activities, and consolidate the agency approach to accrual-based accounting (with additional treasury management team in the Finance Department)
- Continue to give legal advice to the Rulemaking and other operational directorates, and on various administrative issues, like the provisions related to the storage and use of electronic information.
- Take over the remaining 3 floors allocated to it in the Köln Triangle building.

## Section 2: Estimate of revenue and expenditure

According to Article 27 of the Agency's Financial Regulation, the Agency shall send to the Commission an estimate of its revenue and expenditure and the general supporting information underlying that estimate, together with its work programme, by 31 March at the latest.

A total amount of € 71,140,000 is required to finance the Agency's Work Plan activities.

The sources of revenue should consist of forecasted own revenue from Fees and Charges in the amount of € 46,500,000, a European Commission subsidy of € 22,000,000 subsidies from Government of the Federal Republic of Germany totalling € 1,200,000, contributions from Third Countries of € 1,150,000, and other income to the amount of € 290,000.

The above revenue figures are based on a cautious and detailed forecast of fees and charges receivable. It also represents an increase in the European Commission annual subsidy of € 3,070,000 compared to the 2005 level.

The Agency may also conclude agreements, which may result in additional income in 2006, for the implementation of specific technical cooperation and research programmes.

The total expenditure in 2006 is in balance with total income. Main expenditure items are the certification activities at € 21,000,000, total staff related costs at € 28,755,000 and the overall administrative expenditure, including office space and equipment at € 6,525,000. Other costs equal € 14,860,000.

To manage the 2006 Work Plan it is necessary to recruit 128 new temporary agents at different levels and, consequently, to increase the establishment plan for 2006 from 200 to 328 authorized posts.

The table in the following page provides summary figures for the main annual budget components from 2004 to 2006.

## COMPARISON OF THE ANNUAL BUDGETS (Version 1)

### INCOME

Titles		2004		2005		2006	
		€	-	€	% Var.	€	% Var.
T1	Fees and Charges	0	-	37,200,000	-	46,500,000	25
T2	EU Subsidy	11,050,000	-	18,930,000	71	22,000,000	16
T3	Third Countries	0	-	p.m.	-	1,150,000	-
T4	Other Contributions	0	-	1,177,025	-	1,200,000	2
T5	Admin Operations	287,413	-	49,975	-83	90,000	80
T6	Services Rendered	0	-	117,000	-	200,000	71
T7	Correction of BUD Imb	0	-	p.m.	-	p.m.	-
TOTAL		11,337,413	-	57,474,000	407	71,140,000	24

### EXPENDITURE

Titles		2004		2005		2006	
		€	-	€	% Var.	€	% Var.
T1	Staff	8,028,050	-	18,250,000	127	28,755,000	58
T2	Buildings, equipment	2,314,363	-	4,202,000	82	6,525,000	55
T3	Operating expenditure	995,000	-	35,022,000	3,420	35,860,000	2
T4	Special Op. Programmes	0	-	0	0	p.m.	-
TOTAL		11,337,413	-	57,474,000	407	71,140,000	24

## Annex 1: Establishment plan 2004/2005/2006

<b>ESTABLISHMENT PLAN FOR THE AGENCY</b>			
<b>2006</b>			
<b>TEMPORARY PERSONNEL</b>			
Category and grade	Year		
	2004	2005	2006
	Authorised	Authorised	Total
A*16	0	0	0
A*15	5	5	5
A*14	10	10	10
A*13	0	0	5
A*12	13	20	20
A*11	14	28	28
A*10	7	28	30
A*9	10	17	47
A*8	6	17	29
A*7	5	20	21
A*6	0	0	48
A*5	0	0	2
<b>Total grade A</b>	<b>70</b>	<b>145</b>	<b>245</b>
B*11	0	0	0
B*10	0	0	0
B*9	0	0	0
B*8	0	0	0
B*7	4	8	10
B*6	2	8	18
B*5	4	9	9
B*4	0	0	0
B*3	0	0	2
<b>Total grade B</b>	<b>10</b>	<b>25</b>	<b>39</b>
C*7	0	0	0
C*6	1	1	1
C*5	1	1	1
C*4	5	8	19
C*3	5	10	13
C*2	3	10	10
C*1	0	0	0
<b>Total grade C</b>	<b>15</b>	<b>30</b>	<b>44</b>
<b>Grand total</b>	<b>95</b>	<b>200</b>	<b>328</b>



## **Annex 2: Preliminary draft budget 2006**