

**DRAFT MINUTES OF THE MEETING OF THE EASA MANAGEMENT
BOARD HELD ON 16 MARCH 2006
AND SUMMARY OF DECISIONS TAKEN
MB MEETING No. 01-2006**

0. LIST OF ATTENDEES

The following full members or respective alternates were present:

BELGIUM	MR	BENOÎT	VAN NOTEN
CZECH REPUBLIC	MR	JINDŘICH	PLOCH
DENMARK	MR	PER	VEINGBERG
ESTONIA	MR	KOIT	KASKEL
FINLAND	MR	KIM	SALONEN
FRANCE	MR	MAXIME	COFFIN
GERMANY	MR	THILO	SCHMIDT
GREECE	MR	ANTON	KOUTSOUDAKIS
HUNGARY	MR	ZOLTÁN	SZEKELY
ICELAND*	MR	PÉTUR	MAACK
IRELAND	MR	ROBIN	McKAY
ITALY	MR	DANIELE	CARRABBA
LITHUANIA	MR	ROMUALDAS	ARMANAVIČIUS
LUXEMBOURG	MR	HENRI	KLEIN
MALTA	MR	ANTHONY	GATT
NETHERLANDS	MR	JULES	KNEEPKENS
NORWAY*	MR	OTTO	LAGARHUS
POLAND	MR	RYSZARD	JAXA-MALACHOWSKI
PORTUGAL	MR	LUIS	COIMBRA
SWEDEN	MR	NILS GUNNAR	BILLINGER
UNITED KINGDOM	MR	MICHAEL	SMETHERS
EUROPEAN COMMISSION	MR	ZOLTÁN	KAZATSAY

* Norway, Iceland and Liechtenstein participate in the Agency (and are hence members of the Management Board without voting rights) under article 55 of Regulation 1592/2002 as a result of Decisions No 179/2004, No 15/2005 and 16/2005 of the EEA Joint Committee which incorporates the Basic Regulation and its implementing rules into Annex XIII to the EEA Agreement.

SUMMARY OF DECISIONS

At its meeting held on 16 March 2006, the Management Board:

- adopted the agenda (document MB 01-2006 WP01);
- adopted the minutes of the meeting 04-2005 held on 13 December 2005 (document MB 01-2006 WP02);
- adopted an amending budget for 2006 (Management Board Decision 02-2006);
- approved in principle the Agency's 2007 preliminary draft budget;
- adopted a Decision on the arrangements for the remuneration and other compensation of the Chairperson and Members of the Agency's Board of Appeal (Management Board Decision 03-2006);
- decided to admit the European Low Fares Airline Association as a member of the EASA Advisory Board (Management Board Decision 04-2006); and
- decided to hold its next meetings on 26 April 2006 and 2 June 2006.

1. ADOPTION OF AGENDA

The following agenda was proposed:

1. Adoption of the Agenda
2. Adoption of the minutes of meeting 04-2005
3. Report of the Executive Director
4. Draft final report on external evaluation of management of EASA certification activities
5. Article 51 external evaluation of 1592/2002 – nomination of Management Board steering group
6. Adoption of 2007 preliminary draft budget
7. Amending 2006 budget
8. Report on implementation of EASA/NAA Certification Working Group (ENACT) recommendations and certification transition risks register
9. Report on establishment of EASA Board of Appeal and decision on payment of Board members
10. Any Other Business:
 - Composition of the Advisory Board
 - Meeting dates 2006

It was adopted subject to the following modification:

- It was agreed that the discussion on the amending 2006 budget (item 7) would be discussed before item 6 (Adoption of 2007 preliminary draft budget).

2. ADOPTION OF MINUTES OF PREVIOUS MEETING

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

- The Member from the Netherlands asked the Agency to check that his comments on the draft minutes had been fully taken into account.
- An erroneous reference to article 5 of the Basic Regulation was corrected on page 9.

3. REPORT OF THE EXECUTIVE DIRECTOR

The Executive Director provided a full report on the main Agency activities and events occurring since the last meeting of the Management Board. The report gave rise to a number of follow up questions from members.

In response to a question concerning quality management certification of the Agency, the Agency responded that the aim of the quality policy is to implement a quality management system meeting the standards set by the International Organisation for Standardisation, but that certification to this standard is not sought. The Agency also indicated that it is open to the idea of cooperating with national aviation authorities as the latter also seek to implement such systems in a way which allows for a close and integrated working partnership. In response to a further question, the Agency also indicated that certification of individual activities/processes (e.g. product certification) was also a possibility.

A question was also raised as to the outcome of the ICAO USOAP audit of the Agency in December 2005. The Agency undertook to send to members all related documentation.

In response to a question on changes to the outsourcing guidelines (and the possibility of outsourcing to qualified entities in particular) the Executive Director indicated that this issue would be tabled again for discussion at a future meeting.

One member also asked the Executive Director what the impact would be on the Agency of the likely delay in the adoption of the Regulation extending the scope of EASA's competence. The Agency responded that this was limited, given that the resources involved (in terms of experts) was very limited. The aim was merely to continue the level of work necessary to avoid a vacuum in the intervening period.

In response to a question on the meeting with air accident investigators, the Agency stressed that this was a purely coordinating activity, reflecting the Agency's role in such work as state of design for EU member states' and the clear separation of responsibilities between the Agency and such organisations.

4. DRAFT FINAL REPORT ON EXTERNAL EVALUATION OF MANAGEMENT OF EASA CERTIFICATION ACTIVITIES AND EXECUTIVE SUMMARY OF THE SCREENING OF THE EASA FINANCIAL TOOLS AND PROCEDURES CONDUCTED BY THE COMMISSION

The consultant presented the findings of this study, which had been distributed to members prior to the meeting.

Following the presentation, the consultant replied to a number of questions relating to the methodology followed and the results achieved.

It was agreed that the Agency would present a detailed action plan for the implementation of the study's findings for approval at the next meeting. This meeting would take place at the end of April.

Besides, the executive summary of the EASA financial tools and procedures conducted by the Commission was passed on to the Board, to be discussed at the next meeting.

5. ARTICLE 51 EXTERNAL EVALUATION OF REGULATION 1592/2002 – NOMINATION OF MANAGEMENT BOARD STEERING GROUP

The Agency proposed to the Board that a steering group be set up in order to manage this activity, given the Board's responsibility to commission this evaluation. This group would meet to prepare the work and draft terms of reference for presentation to the Board at the next meeting. Members from the Netherlands, Sweden, France, Italy and the European Commission volunteered to be members of this group.

The member from the Netherlands agreed to organise the first meeting of the group. It was agreed that the evaluation would draw upon, to the extent possible, the results of the Deloitte study.

6. AMENDING 2006 BUDGET

The member of the UK acted as spokesman of the preparatory meeting having taken place in Brussels the week before and summarised its conclusions.

The external evaluation confirmed that the financial difficulties are primarily attributable to the structural problems of the fees and charges regulation. The main solution to this structural problem is a fundamental reform of this regulation but a solution has to be found also in the short term under the premise to defend the credibility of EASA.

The proposed solution presents a plan in two phases, including contributions from all players:

– First amending budget 2006

This increase of the Certification activity appropriations (NAA subcontracting) from €7.3 million to €11.4 million would guarantee continued activities by the NAAs for the months of April and May:

	<u>€ million</u>
<u>A. Increased revenue</u>	+1.0

○ Additional budgetary surplus of 2005 ("Romero facility")	
○ Corrected estimate of the invoicing to the industry	+2.0
<u>B. Reduction in the expenditure in Title 3</u>	+3
○ Temporary reduction of the IT development costs	-1.1
<u>C. Availability of additional appropriations</u>	+3
○ Increase of the NAA subcontracting appropriations	+4,1

This first amending budget was adopted by the Board during the meeting

- Second amending budget 2006 needed to guarantee continued certification activity from June onwards

The above proposed amendment did add new appropriations of €3 million, as €1 million of the additional resources was "borrowed" from the ICT software and system development that is mission critical.

This means that a further €12 million still needs to be found in savings and/or additional revenue. This gap is proposed to be covered by:

	<u>€ million</u>
<u>A. Increased revenue</u>	
○ Partial, temporary revision of the Fees and Charges	+5.0
○ Additional Community grant	+5.0
Additional revenue in total	+10.0
<u>B. Reduction in expenditure in Title 3</u>	
○ Discounts given by the NAAs	-2.0
<u>C. Availability of additional appropriations</u>	
○ Increase of the NAA subcontracting appropriations	+12.0

This would give the required total increase of €15 million for certification activities (€3 million plus €10 million of increased revenue and saving of €2 million through rebates from NAAs).

The Executive Director informed the Board that large companies in the sector appeared to be ready to accept an increase in their contribution.

The European Commission informed the Board of its plans vis-à-vis amending Regulation 488/2005 on fees and charges. A modification of the regulation would be ready at the beginning of April and presented to the EASA Committee in mid-April, with a view to it entering into force at the beginning of May.

The European Commission also pointed out that the additional Community grant could be agreed if EASA would adopt an action plan to comply with the recommendations made by the external consultant and would proceed with the 2006 recruitments in a compliant way with its commitment capabilities.

The National Authorities were invited by the Chairman of the Board to confirm before the next meeting their concrete contributions.

7. ADOPTION OF 2007 PRELIMINARY DRAFT BUDGET

The Agency presented the preliminary draft budget (PDB), which had been worked on by the joint Management Board/Advisory Board/Agency working group. Further comments had been received from the Advisory Board proper and responses thereto had been prepared by the Agency.

In response to several questions on the subject, the Agency reiterated the calendar for the adoption of the budget by the Community budgetary authority.

The PDB presented shows a shortfall (correction of budgetary imbalance) of €26.5 million and the Board was reminded that a Decision was required the same day on how to resolve this problem. The alternatives were either a cut in expenditure, or an increase in revenue (in the form of an increase in fee income or an increase in the grant from the European Community budget, or a combination of the two).

The European Commission stated that an increase in the Community grant of €3 million may be available in 2007, but that this could not be guaranteed. The Romero facility would not constitute an increase in resources, since increased commitment appropriations were required rather than payment appropriations.

The PDB was approved by the Board subject to a reserve on the part of the Commission concerning the change to T1 income shown in the revised draft. In addition it was agreed that the Decision adopting the PDB would mention that the PDB is adopted as is on the assumption that changes to the fees and charges Regulation will be sufficient to provide the necessary increase in income.

8. REPORT ON IMPLEMENTATION OF EASA/NAA CERTIFICATION TRANSITION WORKING GROUP (ENACT) RECOMMENDATIONS AND CERTIFICATION TRANSITION RISK REGISTER

The ENACT working group chairman provided the Management Board with an overview of changes to the risk register. In particular, he pointed out that the consistency of the report's conclusions with regard to the demand forecasts made by the external consultant would have to be checked. Attention was also drawn to the emerging risk regarding the Agency's ability to recruit experienced staff, which may have an impact on the scenario of proximity tasks to be carried out by NAAs. Welcoming the report, the Board stressed that with regard to risk R9 (the ability of the Agency to offer salaries sufficient to attract candidates with the necessary expertise), members of the Board should not waste any opportunity to stress this in any contacts they have with Members of the European Parliament. In this connection it was agreed that the Agency would circulate any written information it had to support this argument for use in such contacts.

The Board took note of the revised risk register presented by the Agency.

9. REPORT ON ESTABLISHMENT OF EASA BOARD OF APPEAL AND DECISION ON PAYMENT OF BOARD OF APPEAL MEMBERS

The Agency reported to the Board on progress made on establishing the Agency's Board of Appeal. A draft decision on payments to the Board was adopted.

10. ANY OTHER BUSINESS

- The Board discussed the application for membership of the EASA Advisory Board which had been received from the European Low Fares Airline Association. Given the growing importance of the sector represented by this association the Board agreed the application. It was also agreed that the Board would look again at the composition of the Advisory Board in the light of this decision and the previous requests which had been received since the establishment of the Advisory Body of Interested Parties in 2002. This would be done at a future meeting of the Board.
- It was agreed that the next meetings of the Board would be held on 26 April and 2 June, starting at 09.00 and finishing at 18.00.