

**MINUTES OF THE MEETING OF THE EASA MANAGEMENT BOARD
HELD ON
27 SEPTEMBER 2005
MB MEETING No. 03-2005**

O. LIST OF ATTENDEES

The following members or alternate members were present:

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|---------------------|----|-----------|----------------|
| AUSTRIA | Mr | Karl | PRACHNER |
| BELGIUM | Mr | Benoît | VAN NOTEN |
| CZECH REPUBLIC | Mr | Pavel | MATOUŠEK |
| DENMARK | Mr | Per | VEINGBERG |
| ESTONIA | Mr | Koit | KASKEL |
| FINLAND | Mr | Kim | SALONEN |
| FRANCE | Mr | Maxime | COFFIN |
| GERMANY | Mr | Thilo | SCHMIDT |
| GREECE | Mr | Ioannis | ANDRIANOPOULOS |
| ICELAND* | Mr | Pétur | MAACK |
| ITALY | Mr | Salvatore | SCIACCHITANO |
| LITHUANIA | Mr | Alvydas | SUMSKAS |
| MALTA | Mr | Joseph | SULTANA |
| NETHERLANDS | Mr | Jules | KNEEPKENS |
| NORWAY* | Mr | Otto | LAGHARUS |
| POLAND | Mr | Kryztof | KAPIS |
| PORTUGAL | Mr | Luis | COIMBRA |
| SLOVAK REPUBLIC | Mr | Maros | JANCULA |
| SPAIN | Mr | Luis | RODRIGUEZ GIL |
| SWEDEN | Ms | Kersti | KARLSSON |
| UNITED KINGDOM | Mr | Michael | SMETHERS |
| EUROPEAN COMMISSION | Mr | Zoltan | KAZATSAY |

* Norway and Iceland 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 incorporate the Basic Regulation and its implementing rules into Annex XIII to the EEA Agreement.

1. ADOPTION OF AGENDA

The agenda dated 12 September was unanimously adopted subject to one change. It was agreed that time being short, item 5 concerning the ENACT working group would not be discussed. There being no need for any decision by the Management Board on this, the Board was asked to note the contents of the report and risk register on this occasion.

One member expressed his dissatisfaction with the linguistic arrangements for the meeting, interpretation only being available to and from English, French and German.

2. ADOPTION OF MINUTES OF PREVIOUS MEETING

The minutes of the last meeting were adopted unchanged.

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.

Following the presentation, the Executive Director provided further information with regard to the dissemination of Airworthiness Directives, which would shortly be the subject of a communication from the Agency to the relevant focal points in NAAs. This letter would outline the approach to be taken by the Agency on this important issue. Questions were also forthcoming on the issue of the Agency's contacts and relations with Eurocontrol with regard to air traffic management regulation. The Executive Director emphasised the compatibility of this work with the overall objectives of the work programme and recent broader developments.

4. PROPOSAL FOR AMENDING 2005 AND 2006 BUDGETS

The Executive Director presented the issue on the basis of the explanatory note which had been circulated prior to the meeting. Following this, the discussion was divided into two parts: the first dealing with the proposed changes to the 2005 budget to take into account a lower-than forecast revenue from fees and charges, and the second with the proposed changes to the 2006 budget presented on the assumption that there would also be lower fee income for that year.

Concerning the 2005 budget, there was broad acceptance of the changes proposed by the Agency. Although the Agency had been able to identify cuts, it was explained that there would be some painful consequences, particularly with regard to delayed recruitment of certification experts. In addition, significant cuts were made in the areas of rulemaking and

standardisation activities. The Board adopted the amending 2005 budget presented.

Regarding the 2006 budget, the Commission stated that the supplement of 16 millions euros of EU contribution for 2006 can not be accepted today for various reasons. The main reason is the fact that a fully detailed and sound evidence both of these additional costs and of the fact that they can not be met by the Fees and Charges System has not been made. Such a justification is required also to fulfil the EU Institutions procedure for demanding an amendment to the Provisional Budget 2006. The Commission also drew the attention of the Board to the fact that 2006 is in principle the last year during which the EC contribution can be used to support EASA certification activities. It is therefore important to develop and implement the conditions to place the Agency's cost recovery system related to certification activities on a fully self sustainable base very rapidly. In this respect, an EU contribution for certification costs in 2006 not accompanied by justified structural or operational measures would only postpone the problem to the following year.

The Commission also indicated that the options raised in the paper for different sources of financing for Agency activities could be looked at, in particular the possibility of subsidising the certification costs of small and medium-sized enterprises from the EC budget, although this would require a change in the Basic Regulation. The Commission requested that the work to identify the actual difference between fees charged and real costs met by the agency for each certification process be completed as soon as possible on the basis of the experience acquired by the application of the "Fees and Charges" Regulation. It also confirmed that it is prepared to participate fully in this work. On the basis of the results it will be possible to assess if and how the Regulation on Fees and Charges has to be amended.

The discussion continued on the issue of public funding for non-certification tasks. The Commission pointed out that there was clear commitment on the part of the EU to continue to finance regulatory activities and to increase this support as necessary to properly support the extension of the Agency's competence to Air Operations and Flight Crew Licensing. However, increasing the efficiency of the certification processes should be a constant and ongoing activity.

An exchange of differing views took place as to whether there should be any public support for certification tasks and to what extent the transfer to EASA of certain airworthiness tasks has taken place whilst the associated revenue streams (in terms of fee-payers) are separate and beyond EASA's reach. This was particularly the case with regards to the financing of continuing airworthiness activities.

There were differences of opinion as to the extent to which self-regulation could help to lower the cost of regulation for manufacturers and users of less complex aircraft. An alternative approach might be to enlarge the scope of Annex II to the Basic Regulation. Any solution or range of solutions to the problem of the cost of regulation should take into account the competitive position of industry in the EU compared to other regions. The Community's responsibility to ensure that the Agency operates in accordance with financial and administrative rules (e.g. HR-related) which take account of the Agency's nature and role was also stressed. The Commission indicated its willingness to discuss how an assessment of such rules might improve the viability of the Agency.

Members agreed that the current challenge was to establish exactly which activities were not covering their costs and which changes were necessary to reduce the bureaucratic workload of the fees and charges regulation. They also agreed that industry has to be protected against fees which are too high, even when these only reflect real costs.

It was agreed that the working group to be set up by the Agency to examine changes to the fees and charges Regulation would examine these issues. In the interests of transparency and efficiency, it was also agreed that the group would include members of the EASA Advisory Board. The Agency was asked to approach a small number of Member States for participation in the group. Representatives of the Commission would also take part.

In view of the need to explore the issue in greater depth and, in particular, identify changes to the fees and charges Regulation which could allow for an increase in income, it was agreed that the 2006 budget would be revisited at the next meeting based upon the findings of the fees and charges working group. The alternative solutions outlined by the Executive Director at the meeting and others identified by the working group would also be the subject of further discussion.

5. REPORT ON IMPLEMENTATION OF ENACT RECOMMENDATIONS AND CERTIFICATION TRANSITION RISKS REGISTER

The Board noted the report provided and draft register and agreed to return to this issue again at a future meeting.

6. EASA EXTERNAL TRAINING POLICY

The Board welcomed the informative presentation provided by the Agency on its proposed policy on external training.

7. PAPER ON THE EFFECTIVENESS OF THE MANAGEMENT BOARD

The paper presented by the Chair and Deputy Chair gave rise to a lively debate on the work of the Management Board. Whilst few members voiced their support for the proposals contained in the paper, a large number voiced their reservations over the possible loss of transparency and representativeness that would be brought about by a change in the Board's working methods. Some members believed that it was too early to judge the Board's effectiveness, particularly as the evaluation of the Agency due in 2006 would address this issue, but there was common view that meetings could be better-prepared which would increase the effectiveness of the Board's work.

The Commission pointed out that the issue of EASA governance will also be addressed in a future Commission proposal. The Commission drew attention to the EASA Regulation, indicating that the main competences of the Board cannot be delegated to sub-groups. The equal rights of each and every Board Member must be respected and ensured in the future. At the same time, any solution which placed an unjustified additional administrative burden on the Agency would put into question any hoped-for increase in the the effectiveness of the Board.

It was agreed that the Danish and Swedish delegations would draw up further proposals based on the paper presented and reactions expressed at the meeting. These proposals would be addressed in a future meeting of the Board

8. ADOPTION OF 2006 WORK PROGRAMME

The work programme, incorporating the changes suggested by the Commission, was adopted by the Board. It was noted that the Commission's request for an increase in the Agency's standardisation activity would necessitate an increase in the 2006 budget to cover the recruitment of additional inspectors at EASA, since the Regulation on standardisation to be adopted soon only provides for reimbursement of expenses to NAAs for standardisation tasks and not payment for time spent on these tasks by their experts, which might reduce the ability of NAAs to second temporary experts.

9. ANY OTHER BUSINESS

- The Executive Director informed the Board that a European city should be chosen soon for the 2007 Europe-US International Aviation Safety Conference. Members were asked to submit the names of possible candidate cities prior to the next meeting.
- It was agreed that the next meeting would be held on 13 December from 09.00 – 18.00.