

EASA MANAGEMENT BOARD

MINUTES OF MEETING OF THE EASA MANAGEMENT BOARD

**HELD ON
30 MARCH 2004
MB MEETING N° 2-2004**

0. LIST OF PARTICIPANTS

The attending members or substitutes with voting rights were the following:

Austria:	Mr Karl PRACHNER
Belgium:	Mr Erik VAN NUFFEL
Denmark:	Mr Kurt LYKSTOFT LARSEN
Finland:	Mr Kim SALONEN
France:	Mr Michel WACHENHEIM
Germany:	Mr Thilo SCHMIDT
Italy:	Mr Salvatore SCIACCHITANO
Luxembourg:	Mr Henri KLEIN
Netherlands:	Mr Jules KNEEPKENS
Portugal:	Mr José E. DA COSTA QUEIROZ
Spain	MR LUIS RODRIGUEZ GIL
Sweden:	Mr Arne AXELSSON
United Kingdom:	Ms Patricia RICKETTS
European Commission:	Mr Rodrigo VILA DE BENAVENT

On the occasion of this first meeting of the Management Board held in Cologne, the deliberations were hosted in the Ratssaal of the City Hall of Cologne

1. AGENDA

The Management Board unanimously adopted the following agenda:

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| (1) | Adoption of the Agenda | For decision |
| (2) | Adoption of the minutes | For decision |
| (3) | Report from the Executive Director | For discussion |
| (4) | Decision on EASA 2005 draft preliminary budget | For decision |
| (5) | Adoption of the 2003 report of Activity | For decision |
| (6) | Regulation on fees and charges | For discussion |
| (7) | Certification procedures | For decision |
| (8) | AOB | |
| (a) | Composition of the ABIP - | For decision |
| (b) | Translation issues for operational documents | For discussion |
| (c) | Financial documents | For decision and discussion |
| (d) | Work Programme 2004 | For decision |
| (e) | Training issue | For discussion |

2. ADOPTION OF THE MINUTES

The minutes of the last meeting of the EASA Management Board (held on 3 February in Brussels) were adopted with the following modifications:

- Under item 3: last sentence – should read “*all changes proposed by the Commission at the meeting*”
- Under item 9: a mention will be made of the participation of Norway, Iceland and Switzerland to the AGNA.
- Under item 12a: the two last sentences shall read “*the Agency does not object to JAA members that are not part of the European Union to access these data under the same conditions as EU member States, ie for free.*”
- Under item 12c: The last words of the last sentence shall read as follows “ and that the Regulation to be adopted by the European Parliament and the Council will be drafted by the Commission.”

3. REPORT OF THE EXECUTIVE DIRECTOR

The Executive Director provided a report on implementation of the work programme covering all Agency activities.

(a) Outsourcing contracts

Progress was made on signature of outsourcing contracts as the contracts with Germany and Sweden were signed during the meeting, but some delays have been encountered with other countries.

(b) Certification activities

The major events of the Directorate were a DOA delivered to Austrian Airlines, and a type certificate for the Embraer 170 and Boeing 777 300CR. In addition, the certificate templates were finalised and the database is being set up.

Clarifications were queried on how the certification basis and continued airworthiness of aircraft from the accession countries would be dealt with. The ED explained that an inventory of aircraft designed in these countries was done and led to the identification of products which have been certified before 28 September 2003 by then Community Member States and of other products for which certification conditions by Accession States are not well known by the Agency. While the determination of the EASA reference type-certificate for the first category is relatively easy and will be done very quickly in the coming months, additional work is necessary to get a better understanding of the certification basis of the other products and to determine their EASA reference type-certificate. The Agency will do that work with the necessary urgency in cooperation with Accession States so that the question can be solved before the end of the transition period. As for third country aircraft, operated in Accession States as well as in some other European Union Member States a full review of their certification basis will also be needed in order to

determine their EASA reference type certificate. Pending such determination, all products, whether designed in a Member State or not, shall remain under the responsibility of the State of Registry.

Rulemaking activities

The rulemaking activities of the Agency are on track, and working arrangements with Canada and Brazil were signed. The work of this Directorate will now focus on drafting the Agency's consultation papers on Operations and Flight Crew Licensing.

(c) Delays in the implementation of the Quality and standardisation work programme

Unsurprisingly, the delay in appointing the Quality and Standardisation Director has generated some delays within the work programme of this directorate. Nevertheless, several actions have been initiated, and some training has already been carried out by the JAA on part 21.

(d) Recruitment and financial activities

The recruitment process for Agency's staff is now well on track, and several further waves of recruitment will be launched in the next months. The level of budget consumption reflects the growth of the Agency: lower level at the beginning of the year as there is less staff.

Important news was received from the Commission, concerning the issue of the Agency's potential liability in the case of air accidents. DG budget is investigating to what extent it may be possible for the necessary cover to be arranged at the level of the European Commission.

4. DECISION ON EASA 2005 DRAFT PRELIMINARY BUDGET

(a) Financial and budgetary report

As agreed during the previous meeting the Administrative Director of the Agency reported to the Board on the financial and budgetary situation of the Agency at the end of the first quarter of 2004.

The current situation is, unsurprisingly, one of uncertainty. The lack of revenue from fees and charges could jeopardise the activities and functioning of the Agency. The Commission nevertheless remains optimistic as regards to the adoption of the necessary Regulation.

The Executive Director should formally approach the Commission as soon as possible about an increase in the Community subsidy and report the position prior to the June Board meeting".

It was agreed that a revision of the Financial Regulation of the Agency should be launched, in order to adapt it to operational requirements, in particular by authorising a reserve account if possible

(b) Adoption of 2005 preliminary draft budget

The Agency presented a proposal for a 2005 draft preliminary budget to the Management Board. This document is based upon previous discussions held by the Board. The most important point of this new preliminary draft budget is that the subsidy requested from the EC general budget has been significantly increased.

It was recalled that in principle the charges collected by the Agency shall cover all certification-related expenses of the Agency, and that the subsidy is there only to ensure that there is no gap in the budget.

As the Agency will still be in a steep growth phase in 2005, the recruitment costs (which also include allowances and other associated costs) are still rather high.

5. ADOPTION OF THE 2003 REPORT OF ACTIVITY

The document presented by the Agency, including comments from several delegations, and as circulated at the Management Board Meeting, was adopted subject to some changes to be submitted by the Commission.

6. DISCUSSION ON THE REGULATION ON FEES AND CHARGES

The Management Board examined a draft Regulation on fees and charges presented by the Commission, drawn up as a result of a joint drafting and reflection process with the Agency. The principles underpinning the document had been agreed upon in previous discussions, and some further clarifications were incorporated in the text.

(a) Share of rulemaking activities to be covered by fees and charges

The possibility of funding some rulemaking activities related to certification via fees and charges collected by the Agency has been discussed on several occasions. It appears that certain member states traditionally consider these activities as an inherent duty of the State, and that they cannot be funded by fees, but the situation is different in other member states. The Board was reminded that the Agency was in the process of receiving information on the various systems currently in operation among the NAAs.

(b) Hourly rates vs. fixed fees per task

It was agreed that the question of whether to opt for fixed fees or hourly rates is difficult as there is a need to balance the need for transparency in charging with the ability of companies to pay for the full cost of the certification work carried out by the Agency. There was general agreement to go forward on the basis of a mixture of fixed fees for simpler tasks whilst charging hourly rates in addition where it was necessary to mobilise teams for more complex and long-term tasks.

(c) Cost of NAAs' services

The future Regulation on fees and charges shall apply to all applicants regardless of which NAA is contracted by the Agency to carry out the task in question and fees are paid to the Agency rather than the NAA. The Regulation shall not interfere with the

bilateral contractual relationships between NAAs and the Agency which will cover the amounts paid by the Agency for the respective NAA's services.

(d) The revision of the structure of the charge

According to Regulation 1592/2002, the Regulation on fees and charges and the level of the charges have to be adopted and modified by the Commission. The Agency being a de facto monopoly, it would not be fair that it fixes the levels of the charges itself.

(e) Fluctuation of demand and Agency's staff

The issue of fluctuating activity levels was also raised. It was agreed that charges shall not be used to pay for heavy structural costs, and the Agency's staff will remain at a level which guarantees against staff lack of activity in any circumstances, and the remaining work will be outsourced to NAA staff or external companies and qualified entities (subject to compatibility with the outsourcing guidelines).

Moreover, and as soon as the the Financial Regulation allow for it, reserves will also be set up in order to help managing fluctuation of the annual activity level.

(f) Audit of the functioning of the Agency

The Agency being liable for the collection and use of the fees and charges, it was agreed that an external audit could be envisaged, in addition to the work done by the Court of Auditors.

It was agreed that all delegations could provide comments on the body of the text in the next seven days and that the Commission would consequently modify its draft, and that the revised text would be submitted for comments to ABIP.

7. CERTIFICATION PROCEDURES

The document, as modified in order to take into account certain additional comments from ABIP, was adopted.

8. AOB

(a) Composition of the ABIP

The Management Board had received a request for enlarging the composition of the ABIP to new members. The Board feels that the current equilibrium within the ABIP reflects the variety of stakeholders regulated by the Agency. Therefore the Board is reluctant to modifying the composition of the ABIP in order to accommodate that specific request and decided not to accept it.

(b) Translation issues for operational documents

The Board discussed the subject of Airworthiness Directives and associated translation issues. The Discussion also turned to the sharing of responsibilities

between the Agency and NAAs on this subject. It was agreed that the Board will return to the subject on a future occasion, following a legal analysis of the situation.

(c) *Financial documents (WP7a –b-c)*

These were dealt with under point 4.

(d) *Work Programme 2004*

The Commission having issued its opinion on the Agency's work programme for 2004 , it was unanimously adopted by the Management Board.

(e) *Training*

A delegation raised the issue of establishing training centres for the Agency. The Management Board agreed that a first step would be to clearly identify the training needs, in order to define a training policy to be adopted by the Agency. The Agency will submit to the Board a working paper on the subject.

(f) *SAFA Programme*

The relationship between SAFA and the Agency was briefly discussed and it was agreed that this would be discussed at a future meeting of the Board.

(g) *Correspondence of ABIP*

The Management Board requested to be copied on any correspondence from / to ABIP

The outsourcing contracts with Germany and Sweden were signed on the occasion of this Board meeting.

The Management Board thanked Mr. Horst Busacker for his participation in the Management Board, and his fruitful contribution and wishes him a long and fruitful retirement.