

FOR PUBLICATION

**CIVIL AVIATION AUTHORITY
MINUTES OF 390TH BOARD MEETING HELD ON TUESDAY
26 SEPTEMBER 2006 AT 10.00 AM**

Present:

Sir Roy McNulty

Chairman

Mr J R Arscott

Dr C Bell

Mr M J Bell

Dr H Bush

Mr R T R Jackson

Mr J Keohane

AVM Moran

Capt R O Whitefield

Mr R J Britton

Secretary & Legal Adviser

In Attendance:

Miss C Brown

Director Corporate Communications

Mr M Smethers

Director European & International Strategy

Mr R Townsend

HR Director

I Minutes of the Previous Meeting and Matters Arising.

1. The Minutes of the Meeting held on 19 July 2006 were approved and signed. The Chairman confirmed that the letter to the Prime Minister from the Secretary of State for Transport attached to the Minutes was a public letter. On the action points arising:

- EASA Outsourcing – dealt with in Mr Smethers' Report.
- Health & Safety – Mr Townsend confirmed that non-executive Members would be included in any relevant training.
- Air Transport White Paper Review – Agenda item.

II **Chairman's Opening Remarks.**

2. The Chairman reported on the following matters:

- GA Conference – Gillian Merron MP, the Aviation Minister, is due to speak at the November Conference.

III **Directors' Reports:**

ERG – Doc 2006/84 by Dr Bush.

3. Dr Bush reported on the following highlights:

- Single European Sky – the Performance Review Commission is looking at SES and whether it is delivering efficiency improvements. An interim report has been prepared for the Commission. The material sent to a recent consultation will be circulated to Board Members who were invited to contribute comments. The final report is to be submitted to the Commission in December.

Action: Dr Bush

- Environment – ERPC is to consider the CAA's role and policy objectives in relation to aviation's contribution to global warming. Following the Committee's consideration, a report will be made to the Board.

Action: Dr Bush

Dr Bell informed the Board that the Government was considering creating an Office of Climate Change in which the FCO would have an important role. There was a need to connect into Government as a whole and not just DfT.

- Ownership and Control – productive discussions had been held between ERG and SRG on the safety considerations that arise. A discussion paper on ownership and control liberalisation is to be presented to ERPC with a view to publication.
- OFT Market Study into Airports – ERG are continuing to engage in discussions with the OFT's Airport Market Study Team.
- Airports Regulation – BAA's business plans are expected this week. Heathrow and Gatwick

airports have written requesting a temporary suspension of the element in the system of quality rebates relating to security queues for the five months August to December 2006. ERG will consult on the application before reaching a decision.

4. The Board noted the Report.

CPG – Doc 2006/85 by Mr Jackson.

5. Mr Jackson reported on the following highlights:

- Denied Boarding Compensation Regulation – the Commission hosted the third meeting of National Enforcement Bodies on 14 September. There has yet to be a prosecution of an airline in the EU. The Commission have appointed consultants to consider extending the scope of the Regulation. The consultants have met CPG. It was made clear that they should also see the relevant bodies in France, Germany and Poland. Any extension of the Regulation was unlikely to be welcomed by Member States.
- ATOL Failures – there has been an unusual number of failures in the high season reflecting very poor trading conditions caused by the World Cup, the UK's hot summer and on-going security scares. These are credible reasons which affected all companies including Tapestry Holidays, the failure of which will result in a call on the ATT of £2.5 million. Some 1,500 licences are to be renewed by the end of September.

6. The Board noted the Report.

SRG – Doc 2006/86 by Mr Bell.

7. Mr Bell reported on the following highlights:

- Meeting with Italian CAA – a productive meeting had been held on 15 September. There was considerable common ground on EASA particularly in relation to governance issues. Only one Italian had been employed by EASA. Cultural reasons were cited for the lack of interest.
- EASA – SRG will actively pursue the secondment of a CAA staff member from JAA to EASA to prepare aerodrome requirements.
- Type Approval for MT-03 Gyroplane – the first UK type approval for a factory built gyroplane has been issued which should enhance safety of these aircraft. All previous gyroplanes in the UK were amateur built from kits.
- US Flights Carrying Munitions of War – there had been considerable media and public

attention over the carriage of munitions of war from the USA to the State of Israel via Prestwick Airport on civil US registered aircraft chartered by the US Department of Defense. One operator, Kalitta Air, had failed to apply for the required exemption for the carriage of certain munitions of war. That company's approval to carry dangerous goods had been provisionally suspended pending the putting into place of suitable corrective actions to ensure that the correct procedures were followed. The alleged breach of civil aviation law has been reported to the Procurator Fiscal as set out in the Report from the Secretary.

- Approval of Aeromedical Examiners – the Medical Department have issued a new policy for the approval of AMEs based on a points system relating to qualification and experience, general medicine, aviation medicine and flying experience. AMEs will now be free to conduct their medical examinations at any UK location with the appropriate facilities and equipment rather than being limited to a particular location. The abolition of the restriction on practice movement should keep down the cost of medical examination.
8. The Board noted the Report.

DAP – Doc 2006/87 by Mr Arscott.

9. Mr Arscott reported on the following highlights:
- Single European Sky – the Charging Regulation will be presented to the next Single Sky Committee Meeting on 29 September. The Regulation is in as good a shape as reasonably practicable. There is a proposal to extend SES concepts to the lower airspace notwithstanding that none of the current airspace concepts are mature or implemented. Accordingly, the proposal is considered to be far too premature and needs watching very carefully. The Chairman requested that this matter be put on the Agenda for APC and a briefing paper prepared.

Action: Mr Arscott

Waterfront are organising a meeting with MEPs in November with the objective of raising awareness in the European Parliament of CAA concerns about current institutional developments.

- Airspace Change Process Consultation – 73 responses have been received which were mainly supportive. Critical comments came from NATS, BAA and BATA who complained that the process did not facilitate their business objectives. It has been concluded that there is no

need for a further round of consultation. Work has begun on reconciling the competing priorities. It is intended to publish the revised arrangements in March 2007.

- NOTA Phase 2 – changes have been notified to come into effect on 26 October.
- Heathrow Mixed Mode – NATS have discussed possibilities relating to the separation standards they propose. A formal safety case will be submitted. The Chairman asked Mr Bell to place this item on the next SPC agenda.

Action: Mr Bell

- Greater London Assembly – the Assembly's Environment Committee will publish its report on helicopter noise over Central London at a public session on 16 October. It is likely to call for further restrictions on helicopter flights.
- Tall Buildings Policy – the 12 week consultation period closed on 8 September. Replies were received from the Department for Communities and Local Government (which said it had no responsibility for the matter), the City of Westminster, London City Airport and BAA. The comments were largely supportive. The policy statement will now be incorporated into CAP 738 Aerodrome Safeguarding. Consideration will be given to extending the policy to include other urban centres with tall buildings.
- Mode S RIA – the 12 week public consultation finished on 29 August. 3,000 individual responses have been received from across GA with the majority coming from the gliding and paragliding communities. The debate will centre on safety benefits versus costs to the GA community.

10. The Board noted the Report.

September Audit Committee – Report by Mr Mountford.

11. The Board noted the Report.

IV Legal Report – Doc 2006/88 by the Secretary.

The Queen on the Application of Islamic Human Rights Commission v CAA and Secretary of State for the Foreign and Commonwealth Office and Secretary of State for Defence

12. The High Court dismissed an application by the IHRC for a declaration that the actions of the CAA in granting permissions, approvals and exemptions under the Air Navigation Order in respect of the transport of munitions of war through UK airspace to the State of Israel was unlawful. An Emergency Injunction seeking to prohibit CAA from granting any further permissions, approvals or

exemptions for the carriage of munitions of war to Israel was similarly dismissed. Costs of the action were awarded to the CAA.

CAAPS – Appointment of Trustee

13. The Board, in its capacity as Principal Employer of CAAPS, resolved to reappoint Edward Walker to be a NATS Member Trustee for the period 1 October 2006 to 30 September 2009. A copy of the Resolution is attached to these Minutes.

CAAMS

14. Following discussion, the Board decided that it would not be appropriate to publish Terms of Reference.

15. The Board noted the Report.

V Finance Report – 5 Months Ended 31 August 2006 – Doc 2006/89 by

Miss Jesnick.

16. On behalf of Miss Jesnick, the Chairman reported that the CAA's financial position was healthy.

17. The Board noted the Report.

VI Human Resources Report – Doc 2006/90 by Mr Townsend.

18. Mr Townsend reported on the following highlights:

- Health & Safety – a draft workplace health, safety and welfare audit check list for directors was tabled. Following discussion, it was decided that while visible leadership of health and safety was important, particularly in the case of operational SRG staff, the proposed approach was not appropriate for directors who were not themselves expert in this area. The Chairman requested that a fresh paper be brought to the Board next month.

Action: Mr Townsend

- CAA Grading Structure – this major piece of work has now been successfully completed. Of the 260 staff affected, only eight have problems which are yet to be resolved.
- Age Discrimination – the new age discrimination laws take effect on 1 October. There has been extensive briefing to managers about its impact on CAA.

19. The Board noted the Report.

VII European and International Strategy Report – Doc 2006/91 by Mr Smethers.

20. Mr Smethers reported on the following highlights:

- EASA – the Agency is three years old this week. On the subject of outsourcing which was raised at the July meeting, it is clear that the Agency's perceptions have changed over the last 12 months. It has failed to meet its recruitment target this year and is 30 staff short. The Agency is now talking of indefinite outsourcing of up to 20% of its activities. The most sensible approach to deal with this problem is to contract with NAAs rather than to establish its own local offices.

M Goudou has put proposals to restructure the Agency to the Management Board to strengthen project management of certification tasks and internal business planning. There is debate about whether a new directorate should be established for this purpose.

The Commission has voiced a proposal that members of the Management Board should be appointed by the Commission rather than Member States. The Commission is concerned that the performance of some Member States is not up to standard. While the proposal will be resisted, the CAA needs to be cautious about how it might develop. A paper is being prepared for SPC on the issues coming out of the working group.

Action: Mr Smethers

- Brussels Conference – the debate had moved on since the Edinburgh Conference in November 2005. There was reasonable consensus on –
- Methodology of regulation in the form of RIAs etc.
- Unanimity on where EASA should go in terms of functions, rulemaking and standardisation on safety matters only.
- Slightly less unanimity on the future of Eurocontrol. However, there was agreement that it should be a body of technical excellence and technical provision but not an air navigation service provider.

In discussion, it was not understood what Commissioner Barrot meant about a ten-fold increase in safety. Mr Bell was asked to find out what he meant. [Secretary's Note: the words have been deleted from the published version of M Barrot's speech.]

The Chairman commented that this Conference was in effect the middle of a conversation started by the Edinburgh Conference. Further serious dialogue is needed to round up the issues and another Conference would be well worth having to try to reach some sensible conclusions. Dr Bush said that an issue arising from the Conference was the separation of safety from economic regulation. This could be a theme in the forthcoming Transport Select

Committee Report and needed to be watched carefully.

- Board Workshop – this is being arranged for February with the help of the National School of Government. Arrangements are being made to invite Sir John Mogg to speak.
21. The Board noted the Report.

VIII Air Transport White Paper Review – Doc 2006/92 by Dr Bush.

22. Dr Bush presented the Paper setting out the work programme which is to deliver papers on the issues around South East airport development, South East airspace and the environment. The papers aim to set out for Government those issues that CAA considers must be taken into account before their progress report on the Air Transport White Paper is published. The papers are currently in draft form and the aim is to submit them to the October meeting of the Board.

Action: Dr Bush

23. Dr Bush commented that the relationship between the environment and new runways is becoming increasingly difficult. The science on global warming is becoming clearer, the public are far more aware of the issue and political parties are taking a more environmental stance.

24. The Board confirmed that it was content with the approach being taken.

IX Any Other Business.

(i) Agenda Plan Update.

25. Add –

October 2006 – Health & Safety.

February 2007 – Board Workshop.

March 2007 – Board ‘Thinkpiece’.

May 2007 – Board Risk Workshop.

September 2007 – Board ‘Thinkpiece’.

December 2007 – Board ‘Thinkpiece’.

(ii) SRG Charges 2007/2008.

26. Mr Britton referred to the consultation document on SRG’s charges for 2007/2008 which had been fully endorsed by SPC. Copies are available from the Secretary.

The next Meeting of the Authority will be at 10.30am on Wednesday 18 October in Conference Room 1 CAA House