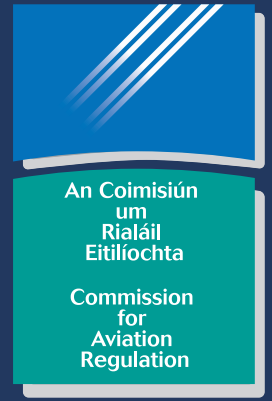


Commission for Aviation Regulation Annual Report



2019



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Foreword

The COVID-19 global pandemic is having a devastating impact on the global aviation and travel industries and on economic activity generally. In 2020, we will refocus our priorities and work programmes to ensure that we provide regulatory responses that both support the recovery of the industries that we regulate and ensure that the interests of passengers remain to the fore. Our revised work plan will include the possibility of at least one interim review of the price determination for Dublin Airport and a new performance plan for air navigation services under the single European Sky regulations. The rest of this report focuses on our work in 2019, we are separately engaging with stakeholders across a number of areas on our response to COVID-19.

On 24 October 2019, we published our Final Determination on the maximum level of airport charges at Dublin Airport for the period 1 January 2020 to 31 December 2024. The average base price for the period 2020-2024 is €7.87, an 11% reduction relative to the 2019 price cap of €8.81.

This decision was intended to allow Dublin Airport to provide passengers with a quality service while delivering key pieces of national infrastructure costing approximately €2.3bn, significantly increasing the capacity of the airport to allow for 40 million passengers per annum. Over the 5-year period, the price cap would have allowed Dublin Airport to collect €1.4bn from airport charges in advance of the COVID-19 impact. We also expected Dublin Airport to collect €1.4bn from commercial revenue sources such as retailing and carparks.

We worked with our Passenger Advisory Group to review existing quality of service measures at Dublin Airport. In response to the advice we received, we made changes to existing quality of service measures and introduced 10 new ones, many of which focus on the satisfaction of passengers requiring additional assistance.

In 2019 we received 1,940 passenger complaints against airlines which was 18% lower than in 2018. We welcomed new members to the team in Q2 2019 and this allowed us to remove a backlog of complaints that had built up.



Cathy Mannion
Commissioner

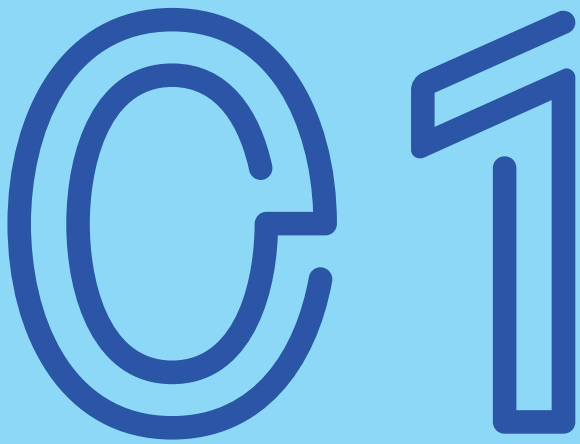
This helped us obtain €741,340 for passengers in 2019 which is a 61.6% uplift on 2018. This breaks down to €648,475 in compensation and €92,865 in refunds and reimbursements.

In 2019 we issued licences to and financially monitored 16 air carriers and 46 groundhandlers. While there was no significant increase compared to 2018, we have received an increasing number of queries from parties considering entering the Irish market as the implications for Irish-licensed airlines are clearer now that the UK will become a third country in January 2020. This will continue to feature in our workplans for the coming year.

In 2019, we licensed 211 tour operators and travel agents in the travel trade. Due to the introduction of new EU rules, 15 licensees exited our regime as they are from another Member State and are no longer required to hold an Irish approval to trade here.

Throughout the year we worked closely with the Department of Transport, Tourism and Sport, and our Irish Aviation Authority colleagues to progress the regulatory reform process which is expected to result in the publication of primary legislation during 2020. We will continue to progress this reform work in 2020.

With effect from January 2020, the Department of Transport, Tourism, and Sport has decided to designate the Commission as a National Supervisory Authority for the purposes of economic regulation of air navigation services under the Single European Sky regulations. We look forward to taking up this newly reassigned role.



About the Commission for Aviation Regulation



The Commission is Ireland's independent economic aviation regulator and was established in 2001. The Commission's responsibilities are outlined below.

Economic Regulation

- Sets and monitors a price cap limiting the revenue per passenger that daa can collect from airport charges at Dublin Airport.
- Ensures compliance with the European Airport Charges Directive (2009/12/EC), which sets out minimum standards in relation to consultation and non-discrimination in an airport's charging strategy.
- Approves, as required, the charges airports levy on airlines to fund services for passengers with reduced mobility.
- Approves fees charged by the airport authorities at Dublin, Cork and Shannon airports for access to installations needed to provide groundhandling services.
- Designates the scheduling status of Irish airports under the Slot Allocation Regulation, appointing a schedules facilitator or coordinator where necessary. Declares the coordination parameters for Coordinated airports- currently, Dublin Airport is Coordinated while the other Irish airports are Uncoordinated.
- With effect from 1 January 2020, the Department of Transport, Tourism, and Sport has designated the Commission as a National Supervisory Authority (NSA) for the purposes of economic regulation of air navigation services under the Single European Sky regulations.

Licensing and Approvals

- Licenses Irish-based air carriers transporting passengers, mail or cargo for remuneration and/or hire.
- Licenses travel agents and tour operators selling overseas travel.
- Administers a bonding scheme for travel agents and tour operators and processes claims if a travel agent or tour operator goes out of business.

- Investigates instances of alleged illegal trading and prosecutes where necessary.
- Grants approvals to companies engaged in groundhandling activities at Dublin, Cork and Shannon airports.

Air Passenger Rights

- Investigates complaints about flight cancellations, delays of at least two hours and instances of denied boarding or downgrading for all flights due to depart from Irish airports and for flights arriving into Irish airports from non-EU countries (if operated by EU-licensed carriers).
- Investigates complaints relating to the assistance received by passengers with reduced mobility when making a reservation, travelling through an airport within Ireland or boarding a flight leaving from an Irish airport.



Key Statistics

Travel Trade:



We licensed and bonded **211** travel firms.

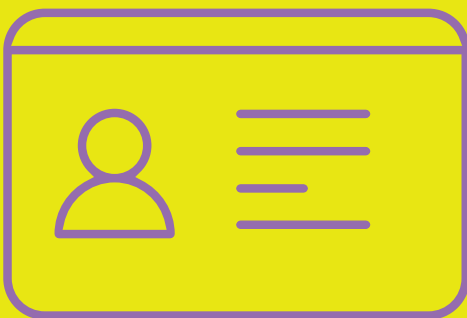
Air Passenger Rights/Persons with Reduced Mobility:



In 2019 we handled Air Passenger Rights queries from **4,682** individuals and helped some of them receive a total of €741,340 in compensation and expenses.

We investigated **12** submissions regarding the rights of persons with reduced mobility.

Air Carrier Licensing and Groundhandling:



We have approved **46** companies engaged in groundhandling activities.

We license **16** Irish-based air carriers.

Economic Regulation:



The 2019 Determination on Dublin Airport Charges includes allowances for a total of **€2.3bn** in investment in airport facilities over the period 2020-2024.



Economic Regulation



Adrian Corcoran

Director of Economic Regulation

Adrian Corcoran is the Director of Economic Regulation. He is responsible for the economic regulation of Dublin Airport, slot coordination and the approval of fees relating to access to installations and passengers with reduced mobility. He was appointed to this role in December 2014 after previously working as an Economist at the Commission. He holds a PhD in Economics.

Delivery against Strategic Plan

The key strategic goal for the economics section is to incentivise efficient, high-quality and safety conscious airport services. Central to achieving this goal are three objectives and several actions. Chart 1 illustrates the focus of our work in 2019 which included our three objectives and a general Commission objective.¹

Chart 1: Strategic Objectives We Worked On in 2019



The following paragraphs summarise the work undertaken in 2019 grouped by each of these objectives.

Set Efficient Charges at Dublin Airport

Set a price cap for Dublin Airport

On 24 October 2019, we published our Final Determination on the maximum level of airport charges at Dublin Airport for the period 1 January 2020 to 31 December 2024.

This report looks at the situation as it was in October 2019, however, the wide-ranging impact of COVID-19 means that many of the assumptions and expectations which underpin the 2019 Determination on airport charges are no longer reflective of reality.

The regulatory model used in the 2019 Determination is intended to allow for a reasonable degree of deviation (whether up or down) from ex-ante forecasts over the five-year period, without a requirement for an Interim Review. The current situation is not a reasonable degree of deviation from those forecasts. We will revisit these assumptions in the coming months and years. We intend to work with all stakeholders in a collaborative and proactive manner to review the 2019 Determination in light of COVID-19.

The 2019 Determination set the average base price for the period 2020-2024 at €7.87, an 11% reduction relative to the 2019 specific price cap of €8.81. In addition to the impacts of and review due to COVID-19 these price caps are likely to adjust over the period due to inflation, under collection, legislatively mandated costs and the attainment or otherwise of service quality targets and capital investment triggers.

¹ The appendix to this report summarises the work we have undertaken in 2019 and how this work aligns with our Strategic Plan 2017-2019.

Chart 2: 2019 Determination- Base Price Caps

	2020	2021	2022	2023	2024	Average
Maximum Revenue per Passenger	€7.50	€7.50	€7.88	€8.12	€8.32	€7.87

Our decision was intended to allow Dublin Airport to provide passengers with a quality service while delivering key pieces of national infrastructure costing approximately €2.3bn, which would significantly increase the capacity of the airport to allow for 40 million passengers per annum.

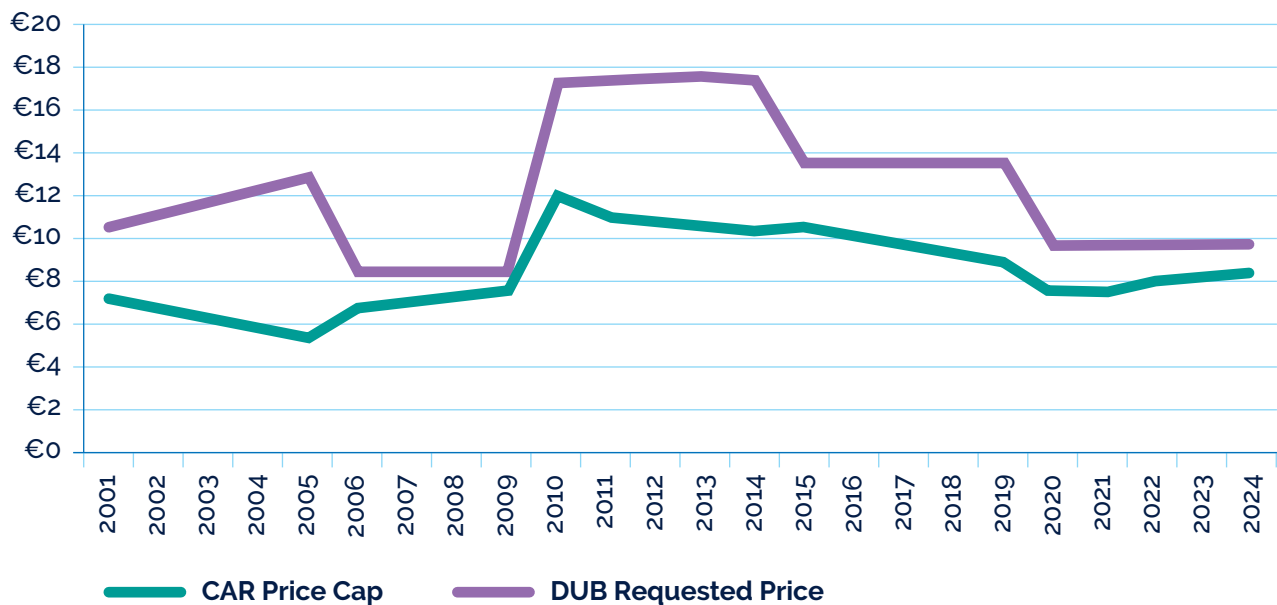
Over the 5-year period, the price cap was expected to allow Dublin Airport to collect €1.4bn from airport charges, while we also expected Dublin Airport to collect circa €1.4bn from commercial revenue sources such as retailing and carparks.

Setting a price cap is a significant undertaking, with consequences for the national economy.

Our approach to regulation has meant passengers and airlines have directly saved about €1.8bn from 2001 to 2019, with a further €320m expected between 2020 and 2024 in advance of COVID-19.

On the other hand, it is crucial that Dublin Airport can collect revenues sufficient to operate and develop the airport in the interests of airport users. This provides a significant economic benefit to the Irish economy as a whole, and the tourism and enterprise sectors in particular, with benefits arising from lower air fares due to both lower airport charges as well as increased airline competition, improved facilities, more seat supply and greater connectivity.

Chart 3: Direct Savings for Airport Users, 2001-2024



Source: CAR Determinations, daa submissions to CAR, real 2018 prices

As during previous Determinations, we exchanged information and consulted extensively with Dublin Airport, airlines and various stakeholders in arriving at this decision.

This time, we added new voices to the process by engaging directly with passenger representatives through the newly formed Passenger Advisory Group.

Interested parties had the opportunity to make submissions to two public consultations ahead of the Final Determination. First, in the 2018 Issues

Paper, we sought comment on how we should proceed in broad terms, specifically considering the regulatory policies we should adopt, the methodologies we should apply and the data sources we should use.

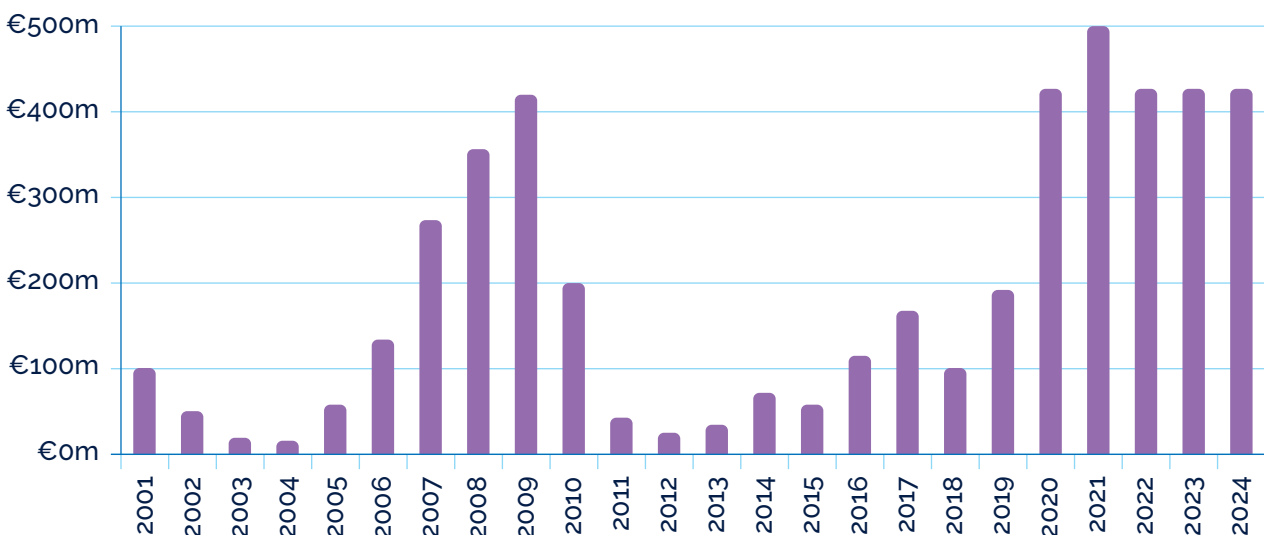
Second, in May 2019, we published a Draft Determination, through which we consulted on our detailed price cap proposals. Our proposals were informed by the five responses we received on the 2018 Issues Paper, as well as policy statements which the Department of Transport Tourism and Sports had notified us of in July 2018.

Following a two-month consultation period, we published the 38 submissions that we received in response to the Draft Determination. The Final Determination was informed by a detailed review of all submissions received and extensive discussions with stakeholders.

Regulate and monitor the cost-efficient provision of capital projects

The following chart demonstrates the scale of the capital investment programme allowed by the Commission over the period 2020-2024, relative to historic expenditure.

Chart 4: Outturn and Forecast Capital Expenditure at Dublin Airport



In the 2019 Determination, we introduced three new mechanisms to monitor and incentivise the cost-efficient provision of Capital Projects. Firstly, we introduced StageGate, a process designed to ensure business cases and project scope for certain key projects, currently estimated to cost a total of €1.3bn, remain optimal as design and costings become more certain. In 2020, we will engage with stakeholders to implement and commence the StageGate process.

Secondly, we introduced a financial incentive, in the form of price cap reductions, if Dublin Airport does not proceed with 8 major capital projects proposed for 2020-2024.

Through this incentive, we aim to encourage Dublin Airport to deliver these projects broadly in line with the timeline it set out in its investment programme, ensuring that airport users will not continue to pay for this infrastructure if it is not being delivered.

Thirdly, we will publish quarterly reports on the progress made by Dublin Airport in delivering the capital investment programme for 2020-2024 against scheduled timelines and spending levels. This builds on the current reporting of project delivery of the supplementary capital expenditure allowances which started in 2018.

In 2019, we continued to publish progress reports in relation to a programme of supplementary capital projects with a total cost allowance of €269.3m². These projects relate to stands (51% of the cost allowance), taxiways (31%) and passenger processing (19%). From 2020, we will publish reports on the progress made by Dublin Airport in relation to all ongoing projects. In these reports, Dublin Airport will set out spending levels as well as any changes relative to the timelines it set out in its regulatory propositions.

For example, the reports will identify which projects:

- **are expected to be delayed or fast-tracked**
- **had significant changes in project scope and/or estimated costs**
- **have been postponed or cancelled**
- **have been added**

Monitor compliance with the 2014 Determination

In 2019, we published quarterly results of quality of service monitoring in relation to security queue times, baggage handling facilities and passenger survey results.³ Dublin Airport met all twelve targets in 2019.

We will assess compliance with the 2019 price cap in early 2020.

Increase Stakeholder Involvement in Decision-Making

Encourage increased level of consultation and transparency on airport charges and infrastructure proposals

In 2018, we set out guidance which we expect Dublin Airport and airlines to follow for the annual consultation on the airport's "Charging Strategy". We define the Charging Strategy as all elements of charging arrangements which may affect airport charges paid by airport users. It includes the level and structure of the menu of charges, incentive schemes (rebates or discounts on charges), service level agreements, bilateral contracts,

and any terms and conditions attached to any of the elements.

Dublin Airport is expected to consult on all aspects of the Charging Strategy, while focusing on the justification of proposed changes or the introduction of new charges/schemes. Dublin Airport should justify any proposed changes based on the criteria in the Airport Charges Directive.

Evaluation of the 2019 Annual Consultation

In November, we observed the annual consultation of airport charges at Dublin Airport. Ahead of the consultation, Dublin Airport received 10 airline responses, which represented 80% of passenger traffic.

Examine how to better engage the passenger in the regulatory process

In 2018, we established a Passenger Advisory Group to improve our understanding of what is important to passengers at Dublin Airport. The Group is composed of organisations representing the diversity of passengers at Dublin Airport.



² www.aviationreg.ie/regulation-of-airport-charges-dublin-airport/compliance-papers.123.html

³ www.aviationreg.ie/regulation-of-airport-charges-dublin-airport/quality-of-service-.820.html

We met with this group five times between November 2018 and June 2019 to discuss their views on how passenger priorities should be addressed by the quality of service targets and relevant aspects of the Capital Investment Programme. The timeline for engagement with the group was linked to the 2019 Determination timeline, as illustrated below.

Chart 5: Interlinked PAG and 2019 Determination



In 2009, we originally introduced links between the price cap and 12 different quality of service measures. With the assistance of the Passenger Advisory Group, we reviewed these measures in 2019 and made some changes, increasing the total number of quality of service targets from 12 to 22. Examples of new measures include maximum wait times for passengers requiring assistance, and availability of lifts, escalators and travellers, while still retaining pre-existing measures such as those relating to security queues and baggage handling systems.

In previous years quality of service measures were applied to all passengers as one group. In the coming years, we will continue to look at all the experiences of all passengers but will also focus on those passengers who require additional assistance.

Promote Competition and Facilitate New Entry

Declare Coordination Parameters at Dublin Airport to optimise the use of infrastructure, facilitating new airline entrants

In May and September, we declared the coordination parameters for the Winter 2019 and Summer 2020 scheduling seasons, in line with the International Air Transport Association calendar for slot coordination. We allowed for some targeted, incremental increases in the number of aircraft which can operate at Dublin. Our approach, informed by simulation modelling, is to find an appropriate balance between facilitating new operations and ensuring that delivering the flight schedule is operationally feasible. This is a fine balance; over the last number of years, with the substantial growth in demand, Dublin Airport has become increasingly slot constrained as evidenced by Chart 6.

Chart 6: Increasing Runway Capacity Utilisation Rates

Utilisation rate - Busy hours (0500-1800 UTC)							
Month	2013	2014	2015	2016	2017	2018	2019
Jan	50.4%	54.2%	58.3%	63.4%	67.0%	70.4%	73.2%
Feb	51.8%	55.9%	61.4%	66.6%	68.7%	71.2%	76.1%
Mar	56.9%	58.0%	64.2%	71.3%	73.9%	74.4%	79.2%
Apr	62.7%	67.4%	72.9%	78.7%	81.7%	86.3%	88.7%
May	66.2%	71.0%	76.9%	83.6%	87.0%	91.8%	91.8%
Jun	70.4%	72.7%	83.9%	89.0%	92.1%	95.3%	94.8%
Jul	72.7%	74.5%	83.3%	89.7%	92.7%	95.5%	95.8%
Aug	71.6%	72.6%	80.5%	87.3%	91.3%	93.2%	95.0%
Sep	69.6%	72.8%	80.4%	86.3%	91.0%	93.6%	92.9%
Oct	65.0%	69.7%	76.5%	82.0%	84.5%	89.4%	86.9%
Nov	56.1%	61.7%	67.5%	70.5%	74.5%	78.7%	80.2%
Dec	54.5%	59.3%	65.3%	68.6%	71.6%	75.7%	80.4%
Average	62.3%	65.8%	72.6%	78.1%	81.3%	84.6%	86.2%

Source: Airport Coordination Limited (ACL)

Enforce sanctions for slot misuse

One new sanction was issued, to Ryanair, in relation to an operation without a slot. The total amount sanctioned was €3,000. An €8,200 sanction issued to Aer Lingus in 2018, in relation to off slot operations in 2018, was also closed out. In other cases, warnings issued by the Dublin Coordinator (ACL) were sufficient to improve slot adherence such that a financial sanction was not necessary.

Ensure fees charged to Groundhandlers are relevant, objective, transparent and non-discriminatory

In 2019, we updated fees, as required, according to new parameters such as the consumer price index and up-to-date passenger forecasts. We did not receive any requests for new approvals.

Regulation that Represents Best International Practice

Actively participate in the Thessaloniki Forum of European Airport Charges Regulators and the evaluation of the Airport Charges Directive

In November, the Thessaloniki Forum of European Airport Charges Regulators adopted and published two guidance reports written by working groups of the Forum. The first report provides recommendations on the range of remedial measures that could be made available to ISAs in seeking to address any risk of misuse or misuse of market power by operators. We chaired this working group. The second report provides recommendations on the use of benchmarking of airport charges in assessing the performance of airports. We participated in this working group.

Co-ordinate with other relevant agencies in relation to the regulation of Dublin Airport.

In 2019, we engaged with the Irish Aviation Authority (IAA) and the Irish Naturalisation and Immigration Service (INIS) in the process for regulating capital investment projects or quality of service levels at Dublin Airport.

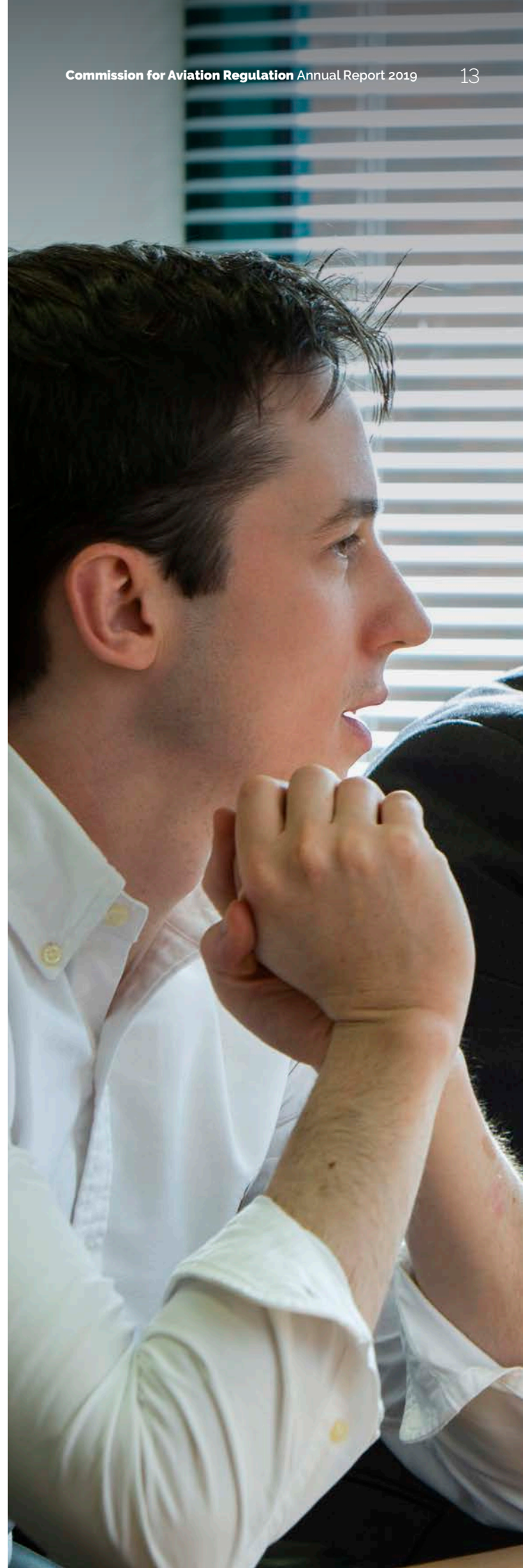
Looking Forward to 2020

We look forward to working with Dublin Airport in implementing and monitoring the requirements that we set out in the 2019 Determination. In particular, we look forward to engaging with all stakeholders through the StageGate process. We will also engage with the appeals process in relation to the 2019 Determination. We will need to work flexibly and collaboratively with stakeholders in responding to the challenges posed by COVID-19.

We will continue to declare the capacity at Dublin Airport in line with the timeline for coordination activities. We also intend to commence the process of analysis and engagement with stakeholders on the approach that we should take in declaring the capacity of the new North Runway, once it becomes operational.

With effect from 1 January 2020, the Department of Transport, Tourism, and Sport has decided to designate the Commission as a National Supervisory Authority (NSA) for the purposes of economic regulation of air navigation services under the Single European Sky regulations. We look forward to taking up this newly reassigned role.

In 2020, we look forward to continuing to participate in working groups of the Thessaloniki Forum. We will chair the working group tasked with producing a report on the issue of single or dual till regulation, and the cost allocation between commercial and aeronautical activities in the case of dual till. We will participate in a working group on the environmental modulation of airport charges.



C3

Air Carrier Licensing and Ground- handling Approvals



David Hodnett

Deputy Commissioner/Director of Legal Affairs

David Hodnett is the Commission's General Counsel and Deputy Commissioner. A solicitor, he joined the Commission in 2003. He is responsible for Legal Affairs, Air Carrier Licensing, Groundhandling Approval and Air Passenger Rights.

Licensing and approval regimes for air carriers and groundhandlers are administered in Ireland by the Commission. The table below summarises licensing and approval activity during 2019. During the year, licence and approval holders were monitored for compliance with the legislative regimes governing these sectors.

Table 1: Number of Licences and Approvals 2019

	Air Carriers	Groundhandlers	
		Self-handlers	Third Party
Licence holders, 1 Jan 2019	16	9	36
New licences/ approvals	0	0	5
Licences revoked/ surrendered	0	0	1
Licence holders, 31 Dec 2019	16	9	40

Air Carrier Licensing

At the end of 2019, 16 Irish based air carriers were licensed by the Commission to engage in commercial air transport operations. This represented no change when compared to the previous year with the number of licensed air carriers remaining steady.

During the year, no new applications for an operating licence were received. One application (submitted in December 2018) remained in progress at the end of 2019. A full list of up to date operating licence holders is available on the Commission’s website.

During the year, all licence holders were subject to regular monitoring to ensure compliance with the relevant licensing legislation concerning financial fitness, insurance cover and ownership and control. We continued to closely monitor the financial situation of air carriers, particularly those in a weaker financial position, through the submission of more frequent financial data and regular meetings.

We also carried out compliance visits to two licensed air carriers during 2019.

Licences are subject to a review two years after they are first granted. In December 2019, one such review took place and this remained in progress at the year end with further information requirements arising. It is expected that the review will be closed out by the end of January 2020.

To provide a readily identifiable means of confirming an operator is licensed, small aircraft and helicopter operators were issued with licence discs to display in each of their registered aircraft as listed on their Air Operators Certificate issued by the Irish Aviation Authority.

Air Carrier Licence Disc



We received seven submissions during 2019 from Irish air carriers made under Article 8 (5) of the Licensing Regulation which requires the Commission to be notified in advance of any substantial changes in the scale of their activities,⁴ in advance of any intended mergers/acquisitions or where there is a change in ownership. In addition to the air carrier setting out the precise changes in detail, the Commission can require the submission of a revised business plan if the changes notified are deemed to have a significant bearing on the finances of an air carrier. Where changes relate to the operation of new aircraft, the Commission is required to examine insurance details to ensure they meet the relevant requirements and details of the method of acquisition (e.g. purchase/leasing) and the terms and conditions associated with the contract.

⁴ The relevant changes can include the operation of a new air service to a continent or world region not previously served, changes in the number of aircraft operated or their type or any other change in the scale of its activities.

Table 2 below shows a summary of the numbers of submissions considered under this Article in 2019 by type of notification:

Table 2: Article 8 (5) Submissions 2019

Article 8 (5) Notification Type	Number of submissions 2019
In advance of any substantial changes to scale of activities (includes changes in the type or number of aircraft used)	6
In advance of any intended mergers or acquisitions	0
Change in ownership and control	1

Brexit

In March 2019, Regulation (EU) 2019/502 of the European Parliament and of the Council on common rules ensuring basic air connectivity with regard to the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union was published. This Regulation laid down a temporary set of measures governing air transport between the Union and the United Kingdom of Great Britain and Northern Ireland ('United Kingdom') as part of the EU's contingency preparations for a "No Deal Brexit" scenario.

Article 7 of Regulation (EU) 2019/502 deals with the impact on compliance with ownership and control requirements due to the withdrawal of the United Kingdom from the Union and the recategorization of U.K. nationals as non-EU nationals. If no Withdrawal Agreement is ratified, then failure to comply with the ownership and control requirement will not affect the validity of the operating licence until the end of October 2020.

In this context, the Commission received plans for remedial action from various Irish licensed air carriers and assessed that the measures set out would result in compliance with the ownership and control requirements in accordance with the process set out under Article 7 of Regulation (EU) 2019/502, within the time limit provided. These assessments were provided to the European Commission in June 2019.

It being a contingency measure, Regulation (EU) 2019/502 ceases to apply if the E.U. member states and the U.K. ratify the Withdrawal Agreement. If the Withdrawal Agreement is ratified, the U.K. will then enter a transition period which is scheduled to end on 31st December 2020. Within a transition period, there will be no change in the application of relevant EU law and UK nationals will continue to be regarded as EU/EEA nationals for the purposes of ownership and control of EU Member states licensed air carriers.

The Commission will continue to engage with licence holders and stakeholders during 2020 in the context of licensing and approval implications as a result of Brexit.

IFRS 16

Following the issuing of a paper to Irish air carriers in November 2018 on the new leasing standard, IFRS 16, the Commission received assessments in mid-2019 from all Irish air carriers on the expected impact on the financial position and performance of the airlines as a result of the implementation of this new standard. The assessments were examined in the context of the Commission's role to monitor ongoing compliance with the financial fitness requirements under Regulation (EC) No 1008/2008 and further engagement will take place with relevant air carriers as appropriate. As part of this request for information, we also took the opportunity to update our records regarding the method of acquisition for each aircraft operated by Irish air carriers which relates to the core requirement on possession of aircraft for the granting and maintenance in force of an operating licence.

EC Evaluation of Regulation (EC) No 1008/2008

We continued to monitor the EC Evaluation of Regulation (EC) No 1008/2008 on common rules for the operation of air services in the Community. In July 2019, the EC published a Commission Staff Working Document on the Evaluation. In addition, we provided contributions as appropriate to the Department of Transport, Tourism and Sport in response to further questionnaires issued by the EC to support this piece of work.

Operating an Efficient Licensing System

In line with our strategic objectives as set out in the Commission's Strategic Plan for 2017-2019, we continued with a review of our systems and internal processes in order to achieve our objective of operating an efficient licensing system and to make sure we are being effective. As part of the action points identified for 2019 for this particular review, we worked to deliver a number of recommendations identified by a 2018 independent Audit of our Licensing processes. Work is continuing on this with a view to delivering the remaining recommendations in early 2020.

At the end of 2019, we again issued a compliance calendar to licence holders which highlights key compliance dates arising during the year in order to assist licence holders with the various information requirements arising during 2020. The compliance calendar was accompanied by a summary of all monitoring and compliance requirements which arise and expected information for each submission plus a reminder of the list of events which require prior approval from or notification to the Commission. The information summary sheet also includes the name of a contact person nominated by each company to liaise with the Commission on all compliance monitoring matters.

During 2019, we continued to work closely with the Irish Aviation Authority on air carrier licensing issues in accordance with our existing information sharing agreement. Plans to review this agreement have been superseded by progression of regulatory reform and the creation of a new aviation regulator.

Cooperation

The Commission participated in a workshop hosted by the UK Civil Aviation Authority in June 2019 for aviation licensing regulators. A key aim of this annual workshop is to promote a level playing field in the application of operating licence requirements within the European Union and to help give the industry confidence that such requirements are being fairly and consistently applied. It is also an opportunity to share experiences, develop best practice and to improve mutual working relationships. The workshop was attended by the European Commission and representatives from a number of other Member States.

In the context of an increasing number of air carriers who are part of Group structures with operating licences in a number of different Member States and building on previous engagement with our colleagues in other Member States on licensing issues, during 2019 we identified areas where we could work closer with our colleagues in the relevant authorities within each Member State. The areas relate to financial oversight and ownership and control in particular.

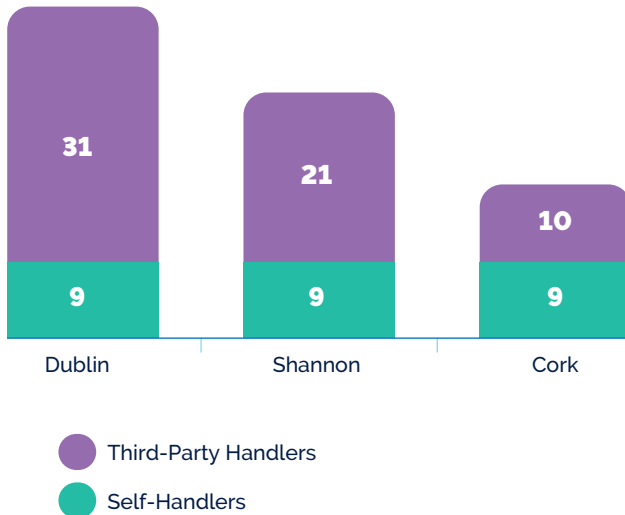
This is in line with some of the suggestions put forward as part of the EC Evaluation of Regulation (EC) No 1008/2008 relating to cooperation among relevant authorities within each Member State on issues such as financial oversight and also has regard to Article 26 of Regulation (EC) No 1008/2008 on Cooperation. A number of meetings/discussions were held in this regard with our colleagues in other Member States and we intend to further progress this initiative as appropriate.

Groundhandling Approvals

At the end of 2019, there were 9 approved self-handlers (i.e. where an airline chooses to provide groundhandling services for itself) and 40 approved suppliers of groundhandling services or third party handlers (i.e. a company engaged in the provision of groundhandling services, be it an airline or a dedicated groundhandling company). Of the approved self-handlers, 3 are also approved to provide groundhandling services to third parties. While the number of approved self-handlers remained steady during 2019 at 9 airlines, there was an increase in the number of approved suppliers of groundhandling services with 5 new approvals issued. A full list of approval holders is kept up to date on the Commission's website. Chart 7 presents an analysis of the numbers of approved self-handlers and suppliers of groundhandling services by airport.

Chart 7: Approved Handlers by Type and Airport 2019

Groundhandling Approvals 2019



During 2019, the Commission received eight applications for approval as a supplier of groundhandling services. Five new third-party handling approvals were issued to the following companies:

Company Name	Airport Location
Petrogas Group Limited	Dublin
Noonan Services Group Limited	Shannon
Empathy Aviation Limited	Dublin
Ferrari Logistics Ireland Limited	Dublin
ICTS (Ireland) Limited	Dublin and Shannon

The remaining three applications received were closed during the year. Two applications were closed in line with our guidance on applying for a groundhandling approval due to a lack of progress and one application was withdrawn by the applicant company.

The third-party handling approval held by ICTS (UK) Limited, a UK established company, was voluntarily surrendered during the year following the transfer of existing staff and contracts to Irish registered company, ICTS (Ireland) Limited.

The purpose of the transfer was to ensure consistency of operations in the context of Brexit. In accordance with Regulation 7 (2) of S.I. 505 of 1998, suppliers of groundhandling services at relevant Irish airports must be established in the Community in order to access the groundhandling market and qualify for a Groundhandling Approval.

During the year, the Commission examined and approved an application from Menzies Aviation (Ireland) Limited to add additional activities to their existing Approval. The Commission also approved Noonan Group Services Limited for the taking inhouse of certain groundhandling activities which had been subcontracted out to ICTS (UK) Limited by Noonan Group Services Limited at Shannon Airport.

The Commission received two additional amendment applications in late 2019 from existing third party approval holders for approval to engage in additional groundhandling activities/operate at a new airport location.

Both applications remained under consideration at the end of 2019 with further documentation awaited in one case and a detailed examination underway in the case of the other application.

Approvals are issued for a period of five years. The Commission renewed seven approvals in 2019 following successful completion of the renewal process.

Operating an Efficient Licensing System

During the year, all approval holders were subject to regular monitoring to ensure compliance with the relevant Regulations concerning financial fitness and insurance cover in particular.

One of our strategic goals is to focus on delivering safe and financially robust groundhandlers in Ireland. In order to achieve this, our objective is to focus on operating an efficient licensing system and to make sure we are being effective. During 2019, we worked to deliver a number of recommendations identified from a 2018 independent audit of our licensing processes. Work is continuing in this regard with a view to delivering on any remaining recommendations in early 2020.

We also carried out compliance visits to five approved groundhandling companies operating at Dublin and Shannon Airports.

At the end of 2019, we again issued a compliance calendar to approval holders which highlights key compliance dates arising during the year in order to assist approval holders with the various information requirements arising during 2020. The compliance calendar was accompanied by a summary of all monitoring and compliance requirements which arise and expected information for each submission plus a reminder of the list of events which require prior approval from or notification to the Commission. The information summary sheet also includes the name of a contact person nominated by each company to liaise with the Commission on all compliance monitoring matters.

In line with Regulation 18 of S.I. 505 of 1998, we examined the annual statistical returns submitted by Dublin, Cork and Shannon airports to ensure accuracy of information in respect of the number and names of self-handlers and suppliers of groundhandling services operating in the market. This annual check also involves checking the relevant companies operating in the market are approved for the correct categories of services they undertake.

Working with Airports

We continued to work with airports on groundhandling issues through regular meetings to facilitate information sharing and best practice regulation. During 2019, a new escalation process was agreed following a review of how relevant groundhandling objectives could be most efficiently achieved at Irish airports within the scope of the existing legislative and regulatory frameworks in place. This is a system whereby any non-compliance is detected and monitored in an efficient manner. Non-compliance is deemed as any breach of the Rules of Conduct as published by the airports, i.e. any event occurring which has a significant impact on the safe operations of the airport or consistent unsafe practices being undertaken by a groundhandler. If the airports are not satisfied that a groundhandler has made genuine attempts to address non-compliance, the matter is referred to the Commission in line with the escalation process agreed.

There will be an opportunity for the airport and the groundhandler to present their case to the Commission before a draft decision is made. In the event that the Commission is not satisfied with attempts made by the groundhandler to address the issue within 28 days, a final decision is made and the Grant of Approval withdrawn. A joint letter from the Airports and the Commission was issued to groundhandling Approval holders in July 2019 to introduce the new escalation process.

New EASA Basic Regulation (EU) 2018/1139

In September 2018, the new Regulation for EASA and the European aviation system (Regulation (EU) 2018/1139) entered into force. The new Regulation includes requirements for the safe provision of groundhandling services.

Work is underway at EASA level which will eventually result in the publication of implementing rules which groundhandlers will be required to comply with. The Irish Aviation Authority is the competent authority for the new Basic Regulation. The Commission and the Irish Aviation Authority will work together on this as it will be necessary to consider how the implementing rules once published will sit with the existing groundhandling regime in place in Ireland and the Approvals process administered by the the Commission. Further engagement on this is envisaged as part of our 2020 work plan in order to strengthen the regulatory framework for groundhandling and relevant stakeholders will be consulted and updated as appropriate.

Brexit

During the year, the Commission kept Groundhandling Approval holders up to date on the licensing implications as a result of Brexit and will continue to do so in 2020.

In 2019, the main area of concern was to identify any current Approval holders who are companies established in the UK. In accordance with Regulation 7 (2) of S.I. 505 of 1998, suppliers of groundhandling services at relevant Irish airports must be established in the Community in order to access the market and qualify for a Groundhandling Approval to provide groundhandling services in Ireland.

The companies impacted were identified and discussions opened on licensing requirements post Brexit.

Cooperation

The Commission and the Aviation Security division of the Irish Aviation Authority meet on an annual basis to discuss areas of mutual interest and parts of our respective roles which overlap. During 2019, a closer working relationship was pursued in order to identify areas where we can work together going forward and in 2020 we will enhance this relationship further as we join together under one framework as the new aviation regulator.





Travel Trade Licensing



Josephine O'Reilly

Director of Finance and Travel Trade Licensing

Josephine O'Reilly is a member of the Association of Chartered Certified Accountants in Ireland. She joined the Commission in April 2001 and is Director of Finance and Travel Trade Licensing. She also provides support to the airline licensing and groundhandling areas.

What We Do

The Commission has many roles in this area, and this has changed during the year with the transposition of Directive (EU)2015/2302. Our updated roles are:

1. Licensing travel agents and tour operators, established in buying and selling overseas travel.
2. Administering a bonding scheme for travel agents and tour operators established in Ireland.
3. Ensuring organisers established within the EU, selling or offering for sale packages and linked travel arrangements in Ireland comply with the requirement to inform the Commission of the security they have in place.
4. Ensuring organisers established outside the EU, selling or offering for sale packages and linked travel arrangements in Ireland provide security for their Irish sales.
5. Administering the Travellers' Protection Fund (which was built up with a levy on passengers of tour operators between 1983 and 1987). This only applies for licensed travel agents and tour operators.
6. Processing claims for refunds and repatriation in the event of a regulated business being unable to meet its obligations.
7. Investigating instances of alleged illegal trading and, when necessary, prosecuting illegal traders.

Directive (EU) 2015/2302 on Package Holidays and Linked Travel Arrangements

The Minister for Transport, Tourism and Sport signed Statutory Instruments 80 and 105 of 2019 on 11th March 2019 and 26th March 2019 respectively, to give effect to the Directive.

Under the new legislation, all travel organisers established in Ireland are required to provide sufficient security to cover refunds and repatriation in the event of an insolvency in respect of package travel and linked travel arrangements sold or offered for sale in the EU. Irish established entities must also comply with the requirements under the Transport (Tour Operators and Travel Agents) Act, 1982 (as amended).

Travel organisers established outside of Ireland but within the EU are required to inform the Commission of the nature and amount of security for the protection of their customers with package travel or linked travel arrangements sold/offered for sale in Ireland.

Travel organisers established outside the EU are required to provide the Commission with evidence of security for the protection of their customers with package travel or linked travel arrangements sold/offered for sale in Ireland.

In summary, companies established outside Ireland do not need to apply for a licence from the Commission. These entities exit the Irish licensing regime but must provide the Commission with information on the insolvency arrangements that are in place to cover their sales in Ireland. For example, 45 of these entities were established in the UK and had ATOL cover in place. The Commission verified that ATOL covers Irish exposure. Another 8 entities were established elsewhere in the EU and informed the Commission of the nature and amount of security for relevant sales in Ireland. An additional 2 companies established outside the EU complied with this requirement.

We also received or verified security provided by 3 airlines established in Ireland in respect of the sale of linked travel arrangements in the EU.

Any Irish established licensed entities who sold package travel or linked travel arrangements, where the travel commenced in another Member State, provided additional security to the Commission for these sales.

During the year, we issued guidance to industry on the updated requirements as they have been transposed into Irish law. We updated this guidance as our understanding of the requirements developed during the year.

We updated all relevant forms with the new requirements during the year.

We attended a workshop on the Package Travel Directive at the European Commission in June. At this meeting, we discussed in detail: - interpretation and implementation of the Directive, insolvency issues, communication between central contact points and ways to improve information and enforcement.

As the central contact point for Ireland under the Directive, we have responded to queries from other Member States in respect of the security in place for entities in Ireland.

Entities Established in Ireland

Under the new arrangements, Irish established entities had a choice. They could be licensed and take part in the existing insolvency protection arrangements or they could choose to be unlicensed and provide adequate security to the Commission. All choose to remain licensed for sales of packages or linked travel arrangements that started in Ireland.

At the end of 2019, 211 travel firms were licensed by the Commission to operate as a travel agent or tour operator in Ireland.

Table 3: Number of Licences 2019

	Travel Agents	Tour Operators	Total
Licence holders, 1 Jan 2019	196	35	231
New Licences	9	1	10
Licences not renewed	25	5	30
Licence holders, 31 Dec 2019	180	31	211

During the year 30 firms exited our licensing regime. 15 of these were from other EU Member States (mainly UK) who did not renew their licence.

13 Irish licence holders exited the market during the year, for various reasons; 8 no longer generated licensable turnover as defined in legislation, 3 had their portfolios bought by other licence holders and 2 are no longer trading.

We issued licences to 10 new applicants. We received over 140 new licence enquiries during the year.



Chart 8: Licensed Travel Agents & Tour Operators, 2019



The number of licences has been reducing over the past few years.

Key Performance Indicators

We have two licensing rounds each year (May and November). The key performance indicators that apply to these rounds, yielded the following results in 2019: -

Table 4: 2019 Performance Indicators

KPI	Result
Respond to applicants within one week of initial contact	100%
Decision in Principle letter issued within one month of completed application submission date	100%
Licence issued within two weeks of Bond/ all documents received	99%
Annual accounts examined within six weeks of receipt	98%
Percentage of licensees' premises visited per annum (Including meetings at the Commission). Target 20% pa	115%

We increased our engagement with the industry this year. We reached our KPI of 50 meetings which equates to 23% of licence holders. This is an increase from 44 (20%) in 2018.

The focus for our meetings during the year has been to explain the new requirements, to ensure that the correct level of security is in place and to gain knowledge of the systems in place in each business.

Financial Monitoring

Each entity undergoes an assessment of its financial fitness as part of the licensing process and is also subject to ongoing monitoring. Bonding levels are also the subject of ongoing monitoring. We receive a combination of annual financial statements and management accounts on a quarterly, monthly or ad hoc basis. In 2019, we continued to review our licensing and monitoring frameworks to simplify the process where possible.

During the year, we increased our level of ongoing monitoring by requesting all licensed businesses to provide regular management accounts. This has been very beneficial and has resulted in a better alignment between bonding levels and licensable turnover.

We also assessed the financial fitness of entities that do not require to be licensed. This is a different level of monitoring given that these companies provide the Commission with full indemnity insurance for their Irish sales.

Monitoring Compliance

In 2019, we investigated ten complaints about possible unlicensed trading. We also carried out several visits to companies suspected of unlicensed trading.

Consumer Protection

Table 5: Licensable Turnover and Bonding

Licensed Entities	2019 (€m)		2018(€m)	
	Bond	PLTO ⁵	Bond	PLTO
Travel Agent (4%)	42	1,050	43	1,083
Tour Operator (10%)	16	165	19	180
Totals	58	1,215	62	1,263

Under current legislation, travel agents, tour operators, retailers and organisers are required to put in place consumer protection arrangements in the event of a collapse. However, the arrangements that apply are not uniform and consumers can have different levels of cover depending on what they purchase and from whom.

All licensees must provide the Commission with a bond and its value is calculated as a percentage of projected licensable turnover. Bonds are currently 4% for travel agents and 10% for tour operators. In the event of an insolvency, the Commission uses these bonds to provide refunds to relevant customers of the insolvent firm. If the bond does not cover the full cost of claims, the shortfall is taken from the Travellers' Protection Fund. This fund currently stands at €1.3m.

If a consumer buys from a firm established in another Member State, they are covered by the arrangements in place in that Member State. Companies established outside the EU provide the Commission with full indemnity insurance as their insolvency protection measure.

In 2017, the Commission started a review of the bonding arrangements in place and the operation of the Travellers' Protection Fund to ensure they continued to efficiently meet the objectives of the scheme and provide the travelling public with an appropriate level of protection. At the end of the first stage of this work, we concluded that the existing level of consumer protection may not be adequate and that changes to the scheme were required.

Following the transposition of the Directive into Irish law in March 2019, we looked at (a) measures that should be put in place to ensure consumers are provided with a sufficient level of financial security, (b) the appropriate means of replenishing and operating the Travellers' Protection Fund, (c) detailed implementation plans, and (d) any other matters that are relevant to ensuring continued effective consumer protections. We issued a report in August 2019 which assessed a number of reform options and a consultation paper.

Following this consultation, in late 2019, we issued Commission Paper 9/2019 Travel Trade Consumer Protection Measures - Advice to the Department of Transport, Tourism and Sport. We recommended that the existing arrangement of firm level bonds with a backup option should be retained – although with some changes.

Company Collapses

There were no company collapses in 2019. The Commission worked on paying out any remaining claims from 2018.

EGFATT

The Commission is a member of the European Guarantee Funds Association for Travel and Tourism (EGFATT). This is a Europe wide organisation that was set up in 2011 with the common goal to protect the travelling public against the financial insolvency of tour operators and travel agents and to share knowledge and best practice.

We hosted a general meeting of EGFATT in Dublin on 6th and 7th June. Members were updated on collapses in other Member States, the status of each fund and developments since the introduction of Directive 2105/2302.

Conferences

The Commission attended and presented at the ITAA Annual Conference in Cordoba, Spain on 18th October 2019. We provided an update on our licensing rounds, described the implications of the transposition of Directive 2105/2302 in Ireland and set out the up to date situation regarding its work with assisting the Department of Transport, Tourism and Sport in the review of consumer protection arrangements.

Other Activities

On 24th October we gave a presentation to Business & Tourism Law students of the Institute of Technology, Sligo. We detailed the various roles of the Commission for the students and set out the legal framework underpinning each role. This was a new venture for the team and was something we were delighted to do.

Looking Forward

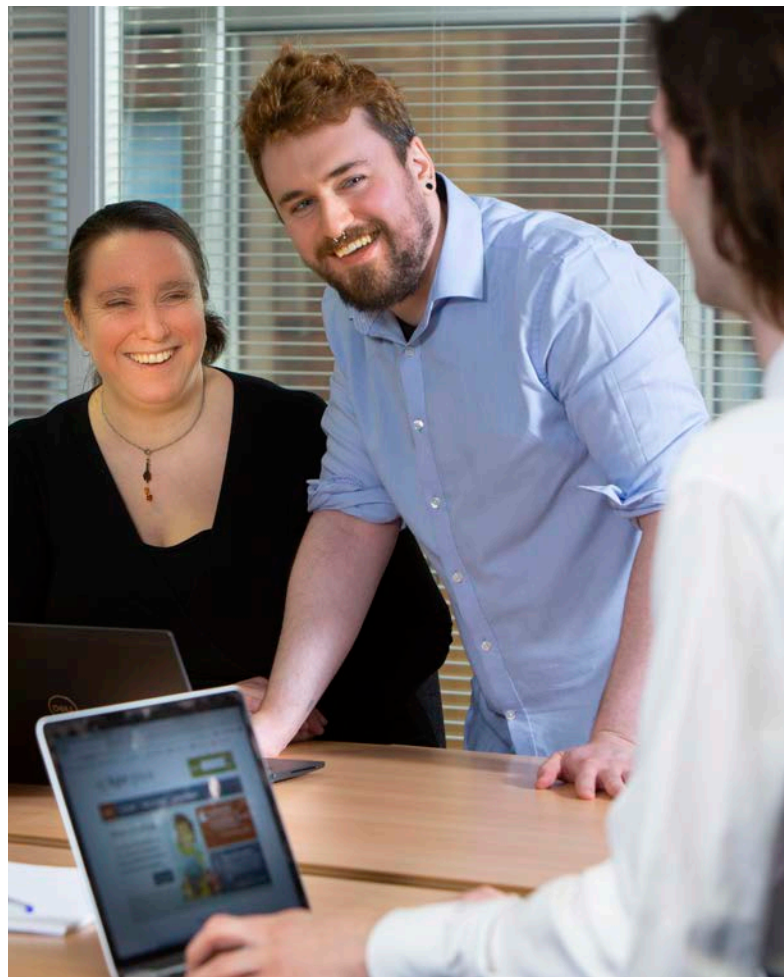
2020 will be another busy year for the team. We will oversee two licensing rounds and continue to ensure that organisers selling or offering for sale packages and linked travel arrangements in Ireland/EU have the requisite security in place. We will continue to work with stakeholders to investigate instances of alleged illegal trading. We will also continue our work in trying to simplify and streamline our processes and procedures.

We will work with the Department of Transport, Tourism and Sport in relation to their review of consumer protection arrangements. We will continue our efforts to increase stakeholder engagement.



C5

Air Passenger Rights



In 2019 the Commission received written complaints and queries from 4,682 individuals, an increase of a little over 4% on the number received in 2018. We also received 1,857 telephone calls from 1,609 individuals, a 32% decrease on last year. This was in part due to an improvement in investigation turnaround times and a reduction in the number of update requests. Modifications to our internal phone system and websites implemented in late 2018 facilitated a reduction in the number of non-function calls being received by the team.

Many of these contacts were requests for information on passenger rights and the complaint procedure. However, others were about subjects outside of our remit; e.g. baggage complaints, safety issues and pricing queries. Where possible we referred people to the appropriate authority competent to deal with their complaint.

We received a total of 1,940 complaints submitted via our two online complaint forms. Of these, 39 were submitted using the complaint form for Regulation 1107/2006 which relates to the rights of disabled persons and persons with reduced mobility when travelling by air.

Just 13 of these complaints were within the scope of the Regulation and 12 fell within our remit.

The remaining 1,901 complaints related to possible infringements of Regulation 261/2004. The Commission's remit extends to flights departing from Irish airports and flights arriving at Irish airports from outside the EU on EU licensed carriers only.

Cancellations, Delays, Denied Boarding and Downgrades

Of the 1,901 Regulation (EC) 261/2004 complaints (a decrease of 18% on 2018, but still substantially higher than in 2017) 206 related to flights departing from airports in other Member States or flights arriving into such airports from third (non-Member State) countries operated by Community-licensed carriers. These passengers were subsequently referred to the relevant enforcement body.

A further 75 complaints were found to be invalid as they were outside of the scope of the regulation and 60 of the complaints were duplicates.

The remaining 1,560 complaints were valid complaints that required full investigation by the Commission. Of these complaints, 1,212 have been concluded, 348 remain under investigation, of which 46 are pending enforcement proceedings and 127 are on hold while we wait for further information from the passenger. A breakdown of the outcomes in the 1,212 concluded cases is presented in Table 6.

Table 6: Air Passenger Complaints by Type

Type of Complaint	Number of Valid Complaints	%
Cancellation	519	33
Long delay	962	62
Denied boarding	76	5
Downgrading	3	0
Upgrading	0	0
Total	1,560	100

279 of these cases were either withdrawn due to lack of supporting evidence (226) or were not sustained (53) as investigation revealed that the circumstances of the disruption were not within the scope of the Regulation.

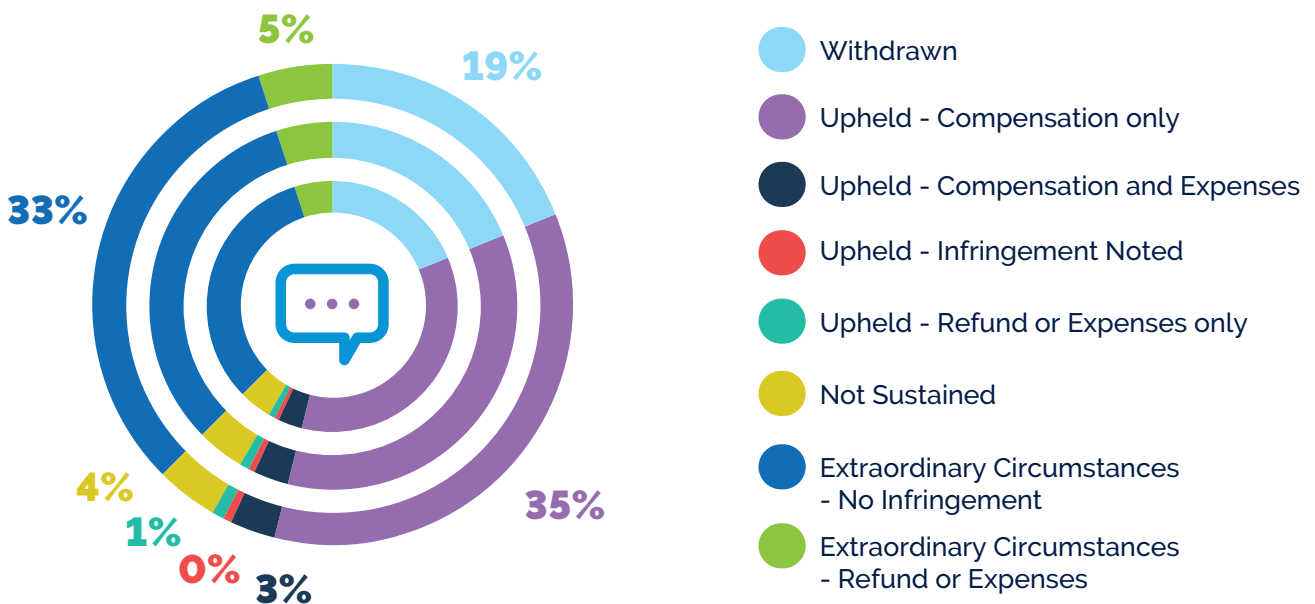
In 453 cases the disruption was found to be caused by extraordinary circumstances outside the control of the airline, and it was considered that reasonable measures were taken by the airline to avoid the flight disruption. This meant that affected passengers were not entitled to compensation.

In 461 cases our investigation concluded that compensation was payable, and it was paid to the passenger. In 31 of these cases the passenger also received reimbursement of expenses and in a further 73 cases the customer received a refund of the cost of their ticket or expenses but was not entitled to compensation.

In an additional 5 cases involving lack of provision of required information no money was due to passengers, but an infringement of the regulation was noted against the airline.

The Commission has obtained €741,340 for passengers who submitted complaints in 2019: €648,475 in compensation and €92,865 in refunds and reimbursements.

Chart 9: Outcomes of Concluded Air Passenger Complaints in 2019 as of 02/01/2020



Complaints by Air Carrier

Complaints were investigated against 56 different airlines during the year. Aer Lingus were the subject of 31% of these complaints (485), Ryanair accounted for 28% (433) and Norwegian 4% (62). Vueling, KLM, Lufthansa and TUI each accounted for a further 3% of complaints.

Of the 1,212 concluded investigations 650 or 44% were upheld with the remaining 56% not sustained.

The percentage of concluded cases upheld for the airlines mentioned above varied with Vueling (67%), Norwegian (60%), KLM (55%) and Aer Lingus (55%) exceeding the average and TUI (36%), Ryanair (29%) and Lufthansa (27%) slightly below average.

Of the 348 complaints that remained under investigation at year end a total of 80 (23%) are against Aer Lingus and 63 (18%) are against Ryanair.

Table 7 below provides some comparison information for all airlines against whom we received 10 or more complaints.

Table 7: Investigation Outcome by Airline

Airline	Total Complaints 2019	Proportion of Complaints (%)	No of Complaints Concluded	No of Complaints Upheld	Complaints Upheld Against Airline (%)	Complaints Not Sustained
Aer Lingus	485	31%	405	221	55%	184
Ryanair	433	28%	370	106	29%	264
Norwegian Airlines	62	4%	48	29	60%	19
Vueling	43	3%	30	20	67%	10
KLM	43	3%	33	18	55%	15
Lufthansa	43	3%	33	9	27%	24
TUI	42	3%	33	12	36%	21
ASL Airlines	34	2%	0	0	0%	0
United Airlines	33	2%	19	10	53%	9
American Airlines	31	2%	21	9	43%	12
Swiss Airlines	30	2%	26	17	65%	9
Turkish Airlines	27	2%	21	2	10%	19
Iberia	24	2%	21	18	86%	3
British Airways	23	1%	18	8	44%	10
TAP Portugal	19	1%	11	7	64%	4
Air France	17	1%	13	8	62%	5
Air Canada	15	1%	12	8	67%	4
Ernest Airlines	14	1%	5	3	60%	2
SAS	14	1%	11	5	45%	6
Delta	10	1%	7	2	29%	5
Air Arabia	10	1%	2	0	0%	2
Others (35 airlines)	108	7%	73	27	37%	46
Totals	1,560	100%	1,212	539	44%	673

Persons with Reduced Mobility

A total of 26 of the 39 complaints submitted using the Regulation (EC) 1107/2006 complaint form concerned issues which could not be addressed under that regulation. The remaining 13, were valid complaints which required investigation. One of these complaints was forwarded to the National Enforcement Body in another Member State as it fell under their remit.

The issues raised in the remaining 12, which related to incidents which occurred at Irish airports or during flights that departed from an Irish airport, were varied and included:

- Airline seating policies where passengers booked seats and were subsequently told that they could not use their booked seats, or, were moved at the time of boarding.
- The lack of public availability, in accessible format, of the safety rules and policies applied by airlines to the carriage of disabled persons and persons with reduced mobility, including those relating to carriage of medical and mobility equipment and seating policies.
- Lack of consistency in communication and application of airline policies and rules.

- The quality of the assistance received in boarding and disembarking aircraft.
- The quality of the assistance received at the airport, including during check in and through security.
- The quality of assistance, as set out in the Regulation, provided to passengers whose mobility equipment was damaged.

Ten of the complaints have been concluded with infringement of the regulation noted in all cases. Most have already been resolved with airlines/airports agreeing to take remedial action and the Commission will be monitoring closely to ensure ongoing compliance.

Other Work

During the year we carried out an inspection of all Irish airports from which scheduled passenger flights depart. The purpose of these inspections is to:

- monitor the provision of assistance to persons with reduced mobility by airport management bodies in accordance with Regulation 1107/2006;
- assess the accessibility of the airport and ensure that passengers can easily find and access the assistance service, and
- ensure that air carriers display the text set out in Regulation 261/2004 at their check-in desks and kiosks and, also, provide correct information to passengers affected by long flight delays, cancellations and instances of denied boarding.

We made some changes to our inspection process. Also, for the first time, we were joined in the inspections by members of the public who are regular users of the assistance provided under Regulation 1107/2006, as well as some representatives from a number of disability advocacy groups.

The contribution, particularly from the individuals who regularly use the services, to these inspections was invaluable to the Commission and to the airports. With the benefit of their experience and feedback, changes will be made at several Irish airports to improve the experience for passengers with disabilities and reduced mobility. We plan to continue to work closely with service users in future.

We also attended and participated in meetings nationally and internationally relating to both regulations, including those organised by the European Commission, the European Civil Aviation Conference and the Department of Transport, Tourism and Sport.

In May 2019, the Commission directed Ryanair to pay compensation to five passengers whose flights were cancelled due to Ryanair pilot strikes in July 2018. Ryanair appealed this decision by way of an application for Judicial Review. The matter was listed for hearing before the High Court on 21 January 2020.



Corporate Services



Brian Higgins

Director of Corporate Services

Brian Higgins is a Fellow of the Chartered Institute for Personnel and Development and joined the Commission in July 2016 as Director of Corporate Services following an HR and Operational career in manufacturing, finance and aviation. He is responsible for HR, corporate governance, health and safety, facilities, ICT management and public relations.

Human Resources

The Commission employed an average of 22 full-time equivalent staff in 2019 (see appendix). Staff members are paid at rates that compare directly with Public Service posts and all rates have been sanctioned by the Department of Public Expenditure and Reform. Flexibility in our organisation structure and job roles has been and will continue to be the cornerstone of our service delivery.

Actions in support of our strategic objective to achieve a regulatory framework that represents best international practice have seen us align and implement learning /development and workforce plans based on an analysis of the skill and competency requirements of the Commission. With our Strategic Plan in place, we submitted a Work Force Plan to the Department of Transport, Tourism and Sport for additional resources in order to ensure our ability to deliver on this plan.

The first stage of this plan has been implemented and the second is expected in mid-2020. These roles are essential to ensure delivery of our objective for both stakeholders and the travelling public. Additional HR initiatives implemented in 2019 included programmes surrounding International Women's Day and World Mental Health Day, and staff teambuilding activities. Corporate Services will continue to develop and implement strategic HR practices in support of the Commission's strategic goals.

Superannuation Schemes

The Commission operates two pension schemes. A defined benefit scheme was established under the Aviation Regulation Act, 2001. The Single Public Service Pension Scheme applies to all new employees from 1st January 2013 (unless otherwise permitted to join the Commission's defined benefit scheme).

Both pension schemes are administered in accordance with legislative requirements and the current active employees are divided 60/40 between SPSPS and DB schemes, respectively.

Health and Safety

In pursuance of a proactive approach to health and safety, we undertake regular hazard analysis and reviews of our Safety Statement, evacuation procedures, and workplace environment particularly during the last year as the fabric of the building was extensively modified by our landlord. We continue to encourage all staff to become involved in promoting safe practices at work and have completed training programmes in all aspects of manual handling, ergonomic, VDU assessment, fire safety and first aid (including AED defibrillator training) and will continue to do so in the future. We introduced the first phase of our Wellness Plan including promoting healthy eating habits and mental health awareness, which will be developed further in 2020. Health and Safety is overseen from within the Corporate Services function with responsibilities dedicated at both managerial and officer level, to ensure compliance in accordance with our safety statement and legislative requirements.

Outsourcing and Procurement

As in previous years, we continued to outsource non-core administrative functions relating to internal audit, disaster recovery, media relations, IT support and payroll. By evaluating and emphasising quality service delivery and effective cost management the Corporate Services team reduced expenditure in several operational areas. In addition to this, we pursue best value practices in all aspects of our procurement, utilising OGP services, e-tendering and competitive pricing as appropriate. A review of the Commission's Procurement policies and procedures was initiated in 2019 and will be implemented in early 2020. During the year, Corporate Services facilitated an ICT upgrade including a migration to remote servers (Cloud Computing) and a phased transfer to mobile hardware to facilitate portability, flexible working practices and additional efficiencies with respect to disaster recovery.

The Commission intends to pursue further ICT upgrades in 2020 in order to promote effective service delivery, removal of redundant components and to ensure our platform is ready for integration into the new aviation regulator in support of our Strategic Plan.

Official Languages Act, 2003

The Commission for Aviation Regulation is listed as a public body in the First Schedule of the Official Languages Act, 2003, meaning that we are required to prepare and implement Language Schemes detailing how we will improve Irish language service provision over an agreed time period. The Commission's first three-year Language Scheme concluded in August 2019. Following a public consultation, the Commission's second Language Scheme was formally approved by the Minister of State at the Department of Culture, Heritage and the Gaeltacht, and is now in effect. We look forward to implementing the various aspects of the new Scheme in 2020 and beyond.

Facilities

We continued to implement our policy to reduce energy consumption by powering off lights and equipment when not in use. Our energy consumption under the SEAI report is more efficient than baseline and on track for our 2020 target with a green status and savings since baseline of 29%. The Commission continues to procure from third-party suppliers who demonstrate capabilities in recycling, environmentally-friendly products, and energy saving where possible. We also work in conjunction with our Landlord to pursue improvements in the areas of environmental sustainability, such as the implementation of a recycling facility for all tenants to allow for the orderly segregation of waste in early 2020. We also encourage the use of public transport, re-usable products, and sustainable waste disposal. The Commission made a formal Statement to the Minister in 2019 regarding waste disposal, food waste, and recycling in response to the Department of Transport, Tourism and Sport request for statement on resource efficiency. An action of note was the formal discontinuation of single-use plastics.

General Data Protection

In 2018 we appointed and registered our Data Protection Officer with the Data Protection Commissioner's office in line with our responsibilities under the General Data Protection Regulations 2018. Our Data Protection Officer facilitates and monitors compliance with the GDPR, ensuring that the rights of the Commission's data subjects are upheld. The Commission's staff have received training in the principles of the General Data Protection Regulation in order that the Commission carries out its obligations to the data subject to a high standard.

Corporate Governance

The Commission remains committed to maintaining the highest standards of corporate governance. It complies with the Code of Practice for the Governance of State Bodies 2016, where applicable for an organisation of its size. The Commissioner, as accountable person, is responsible to the Minister for Transport, Tourism and Sport for good corporate governance and in support of this we reviewed and implemented an oversight agreement with the Department of Transport, Tourism and Sport in June 2019.

Transparency

The Commission carries out its functions as transparently as possible. All documents relating to consultations are published on our website (a list for 2019 is included in the appendix to this report). Since March 2012, the Commission has published quarterly notes on our website detailing its purchase orders for amounts in excess of €20,000. The Commission received 9 Freedom of Information requests, 3 Data Protection requests, and answered 19 Parliamentary Questions during the year.

Table 8: Summary of Corporate Governance

Commission Code of Contact	There is a code of conduct for Commission employees.
Investment Appraisal	The Commission did not incur any capital expenditure in 2019 coming within the scope of the activities envisaged in the Department's 2005's Guidelines for the Appraisal and Management of Capital Expenditure Proposals in the Public Sector.
Remuneration of Senior Management and Directors' Fees	The HR section of this document sets out the information in this area. The payment of director fees does not apply.
Reporting Arrangements	The Commission prepares reports for the Minister for Transport, Tourism and Sport as required. The Commission has a fully developed accounting system, provided detailed monthly management and financial reports to senior management. We adopt Financial Reporting Standards 102 for our accounting. We calculate our accounts on an accrual accounting system, except where specified in the notes to the financial statements. These statements are audited by the Comptroller and Auditor General. The Commission has taken measures to comply with the obligation to keep proper books of accounts. These are kept at its sole office.
Strategic and Corporate Planning	The Commission's functions and responsibilities are set out in the Aviation Act 2001, the State Airports Act 2004, the Aviation Act 2006 and the State Airports (Shannon Group) Act 2014 together with various Statutory Instruments. The Commission reports annually to the Minister for Transport, Tourism and Sport on the manner in which its functions have been discharged in the previous year have been. Since early 2017, the Commission has its Strategic Plan 2017-2019.
Travel Policy	The Commission complies with Governmental travel policy requirements.
Disclosure of Interests	The Commission, its staff and all consultants and advisers are required to comply with the relevant disclosure requirements arising out of Section 18 of the Ethics in Public Office Act 1995 and Sections 17-18 of the Aviation Regulation Act, 2001.
Risk Management	The Commission maintains a risk register which is regularly reviewed by senior management and works with the audit committee to manage risks.

Regulatory Reform

During 2019, the Commission worked with the Department of Transport, Tourism and Sport and the Irish Aviation Authority to progress the regulatory reform process which will result in the merger of the Commission and the Safety Regulation Division of the Irish Aviation Authority.

Key achievements during 2019 were the advancement of legislation in order to establish the new regulatory authority which is expected to be published in June 2020, the initiation of the process for recruitment of a Chief Executive designate and the drafting of a high level organisation structure and budget to develop and oversee the implementation plan for establishment of the new regulator by year end 2020.

Looking Forward

We will continue to ensure the organisation structure, systems and processes are fully aligned with our strategic objectives to deliver efficient and effective service to our stakeholders particularly the travelling public. We will continue to work with the Department of Transport, Tourism and Sport and our Irish Aviation Authority colleagues on the regulatory reform project in 2020.

We will continue to facilitate innovation in our process and methodology ensuring the correct job roles, knowledge and expertise are recruited, developed and retained in order to support a regulatory framework that represents best international practice in support of our strategies and objectives.



Financial Information



Net Income rose by 30% in 2019 to €4.36m. This was driven mainly by two factors. Firstly, whole time equivalent staff numbers increased from 17 in 2018 to 22 in 2019. Secondly, we had an increased need for external consultancy support regarding the 2019 Airport Charges Determination, the Package Travel Directive and the continued review of current insolvency protection arrangements in the travel trade industry.

Thankfully, we had no collapses in the travel trade sector during the year and this is evidenced in the reduced amount of other income, which reflects our recovery of our costs for this work. In 2019, we settled any remaining claims from 2018 only.

Overall expenditure rose by 27% in the year to €4.36m. This is in line with our projected spend and resulted in a deficit of €0.01m for the year. Staff costs rose by 11% with the increase in WTE staff numbers of 5. Economic Consultancy costs increased substantially during the year, with total spend of €1.4m. €1.25m of this related to work on the 2019 Airport Charges Determination. This budget will decrease for 2020. Legal fees increased during the year and mostly related to Brexit and Airport Charges Determination related advice. Audit Fees reduced in line with expectations as the number of audits reduced (with additional audits being performed in 2018).

The Statement of Financial Position shows that the level of travel trade cash bonds stands at €18.7m at the end of the year. This is a reduction of €0.96m in the year. This is due to a mixture of travel agents and tour operators replacing their cash bond with an insurance bond, travel trade business established outside of Ireland now being covered in their country of establishment and travel trade net business closures.

The deficit on the Commission's retirement scheme has increased to €1.15m as at 31/12/2019 from €0.9m as at 31/12/19. The principal factor behind the movement relates to actuarial changes in assumptions during the year; there was a fall in the discount rate of 0.9% resulting in a higher liability valuation at the Balance Sheet date. This was offset somewhat by a reduction in inflation expectation of 0.2% in the year. The liability on the SPSPS scheme stood at €210k at year end.

Statement of Internal Control

The Commissioner for Aviation Regulation has overall responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016). The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it.

In order to discharge this responsibility in a manner that ensures compliance with legislation and regulations, the Commissioner has established an organisational structure with clear operating and reporting procedures, lines of responsibility, authorisation limits, segregation of duties and delegated authority.

The Commission also has an internal audit function that is outsourced. The work of internal audit is informed by analysis of the risks to which the Commission is exposed, and annual internal audit plans are based on this analysis and agreed with the ARC. All internal audit reports are presented to the ARC.

The Commission has developed a risk management policy which sets its risk appetite, outlines the risk management processes in place and details the roles and responsibilities of staff in relation to risk.

The Commissioner has confirmed, in the Draft Financial Statements for the year to 31 December 2019 that the Commission conducted a review of the effectiveness of the system of internal financial control and risk management.

Internal Audit

BDO Ireland are the Commission's internal auditors and their contract runs to 18th June 2020. The internal auditor operates under the guidance of an external Audit and Risk Committee. In 2019, the internal auditors performed 3 audits:

- Management Information Systems Review
- Crisis Management Review
- Statement of Internal Control and Risk Management Review

Audit and Risk Committee

The Commission has an Audit and Risk Committee which operates under a written charter approved by the Commissioner and which consists of three external members, with financial and audit expertise, one of whom is the Chair. At each meeting the Committee was updated by the Commissioner on the Commission's activities, ongoing work and key issues. Key management staff attended meetings as required and where appropriate. The independent internal auditors also attended meetings on a regular basis to update the Committee on the audit plan and related audit reports. The Audit and Risk Committee's annual report for 2019 did not raise any issues with the Commission's system of internal control.

Prompt Payment of Accounts

The Commission acknowledges its responsibility for ensuring compliance, in all material respects, with the provisions of the European Communities (Late Payments in Commercial Transactions) Regulations, 2002 ("the Regulations"). Procedures have been put in place to identify the dates upon which invoices fall due for payment and to ensure that payments are made by such dates. Such procedures provide reasonable assurance against material non-compliance with the Regulations. The payment policy is to comply with the requirements of the Regulations.

Procurement

The Commission's procurement procedures comply with national and, where applicable, EU guidelines and directives. The value of the majority of the contracts is such that national guidelines tend to apply. The Commission has a procurement plan, setting out the areas in which it expects to tender for services.

Disposal of Assets and Access to Assets by Third Parties

The Commission has no assets of the scale and value envisaged under the guidelines (€150,000). No significant asset disposals took place during 2019.

Investment Appraisal

The Commission did not incur any significant capital expenditure in 2019 coming within the scope of the activities envisaged in the Department's 2005 Guidelines for the Appraisal and Management of Capital Expenditure Proposals in the Public Sector.

Tax Compliance

The Commission is liable to pay PAYE, VAT and PSWT. The Commission has submitted all relevant tax returns for 2019 and is fully tax compliant.

Levy

Under Section 23 of the Aviation Regulation Act 2001, the Commission may make regulations that impose a levy to meet properly incurred expenses in discharging its functions. The levy is payable by such classes of undertakings as may be specified by the Commission.

On 11th December 2019, the Commission made S.I. 675 of 2019 imposing the Levy for 2020. The Commission expects to receive revenues of €3.3m from the levy in 2020.

Levy income fluctuates in line with expected expenditure needs and cashflow requirements. Licence Fee income has remained static over the year. Other Income is comprised of Interest income and Income from the Travellers' Protection Fund. The former moves in line with deposits and interest rates each year. The latter relates to instances where the Commission incurs expenditure in the administration of the Travellers' Protection Fund and Bond Accounts and recoups these costs from the fund or bond accounts. In 2019, there were no company collapses so the Commission only dealt with remaining claims from 2018. We reclaimed the costs of dealing with those remaining claims and administering the fund from the bond and fund respectively.

Table 9: Levy Income 2018-2019

Levy	2019	2018	% Change
Levy	4,246,389	3,190,624	33.1%
Licence Fees	136,653	137,578	(0.7%)
Other Income	7,939	28,016	(71.7%)
Total	4,390,981	3,356,218	30.8%

Financial Statements

On 1st March 2019, the draft financial statements for 2018 were submitted to the Comptroller and Auditor General for audit. On 2nd July 2019, on completion of the audit, they were submitted to the Minister for Transport, Tourism and Sport. They were laid before the Houses of the Oireachtas on 8th October 2019 and are available on the Commission's website.

Draft financial statements for the year ended 31 December 2019 have been prepared and were submitted for audit to the Comptroller and Auditor General on 28th February 2020. An extract from these draft statements is provided below. The statement of accounting policies and the notes to the financial statements, which are not presented below but will be part of the final published accounts, form an integral part of the financial statements.

Draft Statement of Income & Expenditure for the year ended 31 December 2019

	2019 € '000	2018 € '000
Income		
Levy Income	4,246	3,191
Licence Fees	137	137
Other	8	28
Gross Income	4,391	3,356
Transfer (to)/from Capital Account	(44)	(15)
Net Income	4,347	3,340
Expenditure		
Staff Costs	1,528	1,372
Pension Costs	286	324
Consultancy	1,385	614
Legal Fees	110	43
Rent	280	280
Schedules Facilitation	221	221
Operating Expenses	546	576
	4,357	3,430
Operating (Deficit)	(10)	(89)

Draft Statement of Comprehensive Income for the year ended 31 December 2019

	2019 € '000	2018 € '000
Operating (Deficit)	(10)	(89)
Experience gains/(losses) arising on retirement benefit scheme liabilities	(2)	143
Actuarial gains (losses) on scheme assets	577	(406)
Changes in assumptions underlying the present value of the retirement benefit scheme liabilities	(798)	292
Transfers in for prior service	-	-
Actuarial gain/(loss)	(223)	30
Experience gains/(losses) SPSPS	(7)	1
Changes in assumptions SPSPS	(39)	10
Adjustment to deferred in funding	(46)	11
Total Recognised Gains/(Losses) relating to the Financial Year	(233)	(60)

Draft Statement of Financial Position as at 31 December 2019

	2019 € '000	2018 € '000
Property Plant and Equipment		
Property, Plant and Equipment	75	32
Current Assets		
Cash and Cash Equivalents	19,509	20,825
Long Term Deposits	1,000	518
Receivables and Prepayments	232	302
	20,741	21,645
Creditors (Amounts falling due within one year)		
Payables and Accruals	(227)	(207)
Cash Bond Accounts	(18,750)	(19,696)
	(18,977)	(19,903)
Net Current Assets	1,764	1,742
Total Assets less Current Liabilities	1,840	1,773
Net Retirement Benefit Liability	(1,155)	(899)
Net Assets including Retirement Benefit Liability	685	874
Representing		
Income & Expenditure Account	1,764	1,742
Capital Account	75	32
Retirement Benefit Reserve	(1,155)	(899)
	685	874

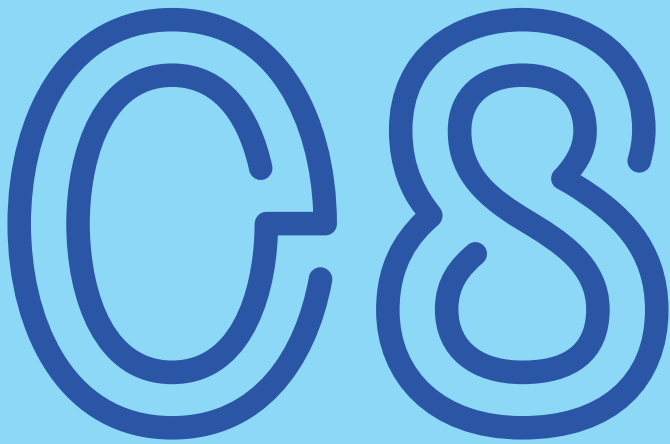
Draft Statement of Changes in Reserves and Capital Account as at 31 December 2019

	Income & Expenditure Account	Capital Account	Retirement Benefit Reserve	Total
Balance as at 1 January 2018	1,781	16	(878)	918
Operating Deficit	(89)	-	-	(89)
Movement during the year	-	15	-	15
Actuarial Gain	-	-	30	30
Transfer	(50)	-	(50)	-
Balance as at 31 December 2018	1,742	31	(899)	874
Balance as at 1 January 2019	1,742	31	(899)	874
Operating Deficit	(10)	-	-	(10)
Movement during the year	-	44	-	44
Actuarial Gain/(Loss)	-	-	(223)	(223)
Transfer	32	-	(32)	-
Balance as at 31 December 2019	1,764	75	(1,155)	685

Draft Statement of Cashflows for year ended 31 December 2019

	2019 € '000	2018 € '000
Net cash flows from operating activities		
Surplus/(Deficit) on Income and Expenditure	(10)	(89)
Difference between Retirement Benefit Cost and Employer Contribution	32	50
Depreciation	11	7
Bank Interest received net of bank charges paid	-	(1)
Amortisation of capital asset	44	15
Decrease/(Increase) in Receivables	77	(110)
Decrease/(Increase) in Prepayments	(7)	(15)
(Decrease)/Increase in Payables	12	(82)
(Decrease)/Increase in Accruals	8	(71)
Net Cash (Outflow) From Operating Activities	167	(296)
Cash flows from Financing Activities		
Bank Interest	-	-
Bank Charges Paid	(1)	(1)
Payments to Acquire Tangible Fixed Assets	(54)	(22)
Net Cash Flows from Financing Activities	(55)	(23)
Cash flows from Investing activities		
(Decrease)/Increase in Cash Bond Accounts & TPF	(946)	363
Decrease/(Increase) in Funds on Term Deposit	(482)	-
Net cash flows from Investing activities	(1,428)	363
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,316)	44
Cash and cash equivalents at 1 January	20,825	20,781
Cash and cash equivalents at 31 December	19,509	20,825

Numbers rounded independently, may not sum to total.



Appendix

**Delivery of the 2019
Work Plan against Key
Performance Indicators**

**Commission Papers
and Other Documents
Published in 2019**

**Key Performance
Indicators**

2020 Work Plan



Delivery of the 2019 Work Plan against Key Performance Indicators

Strategic Goal 1:

Efficient, High-Quality and Safety Conscious Airport Services

Objective 1: Set efficient charges at Dublin Airport

Actions	2019 Key Performance Indicator	2019 Delivery
Set a price cap for Dublin Airport for the next regulatory period and consider other regulatory approaches consistent with legislation.	Publish the Determination in September.	In October 2019, we set the maximum level of airport charges at Dublin Airport for the period 2020-2024, following an extensive consultation process through which we considered a range of approaches and a range of ways to implement these approaches. ⁶
Regulate and monitor the cost-efficient provision of capital projects.	Publish quarterly reports.	In the 2019 Determination, we introduced three new mechanisms to regulate and monitor the cost-efficient provision of capital projects: <ol style="list-style-type: none"> 1. The StageGate process for key capital projects. 2. Remuneration tied to the delivery of certain capital projects. 3. Quarterly reporting requirements for capital projects.
Monitor the compliance of airport charges and the quality of service measures at Dublin Airport.	Publish quarterly quality of service reports.	We published the quality of service reports on time for Q1-Q3 2019. As per the 2014 Determination, we monitored twelve targets related to security queue times, baggage handling facilities and passenger survey results. Dublin Airport met all targets in this period.

⁶ www.aviationreg.ie/_fileupload/2019%20Determination/Final%20Determination/2020-2024%20Determination.pdf

Objective 2: Increase stakeholder involvement in decision-making		
Actions	2019 Key Performance Indicator	2019 Delivery
Continue to encourage increased level of consultation on charges and infrastructure.	Review existing arrangements and implement improvements.	In 2019, we observed the annual consultation on 2020 airport charges in compliance with our role as the Irish Independent Supervisory Authority under the Airport Charges Directive.
Continue to examine how to better engage the passenger in the regulatory process.	Review existing arrangement and implement improvements.	We established a Passenger Advisory Group in 2018 and met with this group five times from November 2018 to June 2019. We worked with the group to review existing quality of service measures at Dublin Airport and to consider ways in which these could be improved. With the assistance of the group, we reviewed and amended most of the existing measures and introduced 10 new ones. Many new measures focus on the satisfaction of passengers requiring additional assistance.
Objective 3: Promote competition and facilitate new entry		
Actions	2019 Key Performance Indicator	2019 Delivery
Declare slot-coordination parameters at Dublin Airport.	Publish parameter decisions.	We published Draft and Final Decisions for Winter 2019 and Summer 2020 in line with the International Air Transport Association timeline for slot coordination. We allowed for targeted, incremental increases in the number of aircraft which can operate at Dublin Airport.
Enforce sanctions for airlines misusing a slot.	Publish information.	One new sanction was issued, to Ryanair, in relation to an operation without a slot. The total amount sanctioned was €3,000. A sanction of €8,200 issued to Aer Lingus in relation to off-slot operations in 2018 was closed out.

Strategic Goal 2: Safe and Financially Robust Airlines and Groundhandlers

Objective 1: Operate an efficient licensing system

Actions	2019 Key Performance Indicator	2019 Delivery
Keep our systems and internal processes under review; to reflect best practice.	Amend existing processes as necessary.	Audit on the current processes and structures in place for licensing completed in 2018.
Review timelines for responses, processes for licence issues, reviews, renewals, withdrawals or revocations.	Amend existing processes as necessary.	Internal review completed and improvements implemented.
Further coordinate processes with the Irish Aviation Authority in our respective roles of issuing licences to airlines and review our information-sharing arrangements.	Update our licensing process and our information-sharing arrangement.	Increased interaction with Irish Aviation Authority' in relation to our respective roles. The draft Memorandum of Understanding superseded by regulatory reform work.
Explore how relevant groundhandling objectives could be most efficiently achieved at Irish airports within the scope of the existing legislative and regulatory frameworks.	Complete review and publish updated regulatory approach.	A new escalation process agreed with Airports to improve monitoring arrangements and enforcement of compliance with the Rules of Conduct.

Strategic Goal 3: Financially Strong Tour Operators and Travel Agents

Objective 1: Implement requirements of the Package Travel Directive

Actions	2019 Key Performance Indicator	2019 Delivery
<p>Identify and implement changes to the licensing process to reflect the requirements of the 2015 Package Travel Directive.</p>	<p>Implement revised requirements, guidelines, forms and processes.</p>	<p>Directive (EU) 2015/2302 on package travel and linked travel arrangements was transposed into Irish legislation by the Minister for Transport, Tourism and Sport through Statutory Instruments 80 and 105 of 2019, signed on 11th March 2019 and 26th March 2019, respectively.</p> <p>The Commission issued updated guidance on the regulatory requirements in May and October this year. This has brought about many changes to the regulatory regime and the Commission has engaged with the industry on an ongoing basis on these requirements. Only Irish established businesses can now be licensed and only for the elements of their business that still meet the definition of overseas travel contract under the Transport (Tour Operators and Travel Agents) Act, 1982. For businesses that have sales that do not meet this definition but for which they do need to provide security under the updated 1995 Act, the Commission has agreed that a suitable insurance policy be put in place for this exposure.</p> <p>For businesses that are not licensed but who do need to either inform/provide evidence to the Commission, we have put processes in place for this. We have met with 50 businesses during the year and have used these meetings to focus on explaining the new requirements.</p> <p>We have also presented to the industry, detailing the regulatory changes, at the ITAA annual conference.</p> <p>We have updated our forms to take account of new requirements e.g. new form for entities who are not applying for a licence. We have agreed policy wordings with insurance providers to cover exposure not included in the definition of an overseas travel contract. We have worked on updating our website to reflect the new requirements with a view to this going live in Q1 2020.</p>

Objective 2: Provide adequate protection to travelling public		
Actions	2019 Key Performance Indicator	2019 Delivery
Advise the Department of Transport, Tourism and Sport on the appropriate insolvency protection arrangements that are consistent with the requirements of the Package Travel Directive.	Provide report to the Department of Transport, Tourism and Sport.	<p>We published a report setting out our advice to the Department of Transport, Tourism and Sport in relation to travel trade consumer protection measures. This concluded our consultation with industry on the adequacy of consumer protection arrangements in place.</p> <p>In the second phase of this work (undertaken in 2019) we met with industry in May when we held a workshop to discuss the various options emerging. We published an interim report, for consultation, in August. We received 15 responses to the consultation paper. We issued the final report and responses received alongside our advice paper.</p>
Implement insolvency protection arrangements in line with Government policy.	Review and amend existing arrangements, in consultation with stakeholders.	We investigated 11 cases of possible illegal trading during the year and settled any claims outstanding from business failures in 2018.

Strategic Goal 4: Robust Framework to Enforce Passenger Rights

Objective 1: Deal with passenger complaints effectively, efficiently and fairly

Actions	2019 Key Performance Indicator	2019 Delivery
Engage with stakeholders to ensure efficient complaint handling process for passengers.	Publish complaint handling process.	<p>In mid-2018 we made changes to the complaint system to make it more difficult to submit invalid (non-function, non-Irish) complaints using the online form for EC261/2004. This has increased the number of invalid complaints being submitted using the form for EC1107/2006 but has reduced overall the volume of non-relevant complaints being submitted.</p> <p>We made some small changes to the information on our websites and the means by which complaints can be submitted which help to ensure that passengers are better informed before submitting a complaint. We have also been engaging actively with other National Enforcement Bodies, industry and other interested agencies (e.g. ECC, Citizens Advice and CCPC) to ensure that they are providing accurate information.</p>
Ensure that complaints are dealt with in a timely	Regularly monitor rate of dealing with complaints and take corrective action as required.	In 2019, we undertook a six-month project (involving a team of full-time temporary staff) to investigate and eliminate our backlog of cases. This was successful and we can now start investigating new complaints shortly after we receive them.

Objective 2: Increase travelling public's awareness of air passenger rights		
Actions	2019 Key Performance Indicator	2019 Delivery
Develop a communications plan, including a review of our websites, to increase awareness of passenger rights.	Develop an awareness programme.	Our primary focus has been on industry (airports and airlines) and specific audiences, primarily passengers of reduced mobility to whom EC 1107/2006 is relevant. We plan to do more work on our communications plan in 2020.

Strategic Goal 5: Regulation that Represents Best International Practice

Objective 1: Operate efficient systems		
Actions	2019 Key Performance Indicator	2019 Delivery
Review systems for licensing Airlines, Groundhandlers, Tour Operators and Travel Agents to ensure best practice.	Update licensing systems as necessary.	We have carried out a review and streamlined/simplified travel trade, air carrier and groundhandling processes. We have also undertaken some preparatory work to move to a digital processing system as part of the regulatory reform project.
Benchmark ourselves against others to ensure best practice in enforcing and promoting passenger rights and airline compliance.	Update processes as necessary.	We have made system and process changes and together with additional resource allocation we have reduced claims processing to within KPI limits and removed backlogs. This has allowed an increase in compliance visits.
Implement general data protection regulation requirements.	Have compliant systems in place.	Systems in place to ensure ongoing compliance with GDPR requirements including the drafting of Article 30 Register of Processing Activities.

Objective 2: Consult effectively with stakeholders		
Actions	2019 Key Performance Indicator	2019 Delivery
Encourage increased level of consultation on charges and infrastructure.	Implement plan.	In 2019, we engaged extensively with stakeholders in relation to the 2019 Determination, both by means of public consultations and follow-up meetings with stakeholders. We also convened the Passenger Advisory Group five times between November 2018 and June 2019.
Actively participate in the Thessaloniki Forum of European Airport Charges Regulators and the evaluation of the Airport Charges Directive.	Input to working group and forum meetings and report on progress.	In 2019, we chaired the working group of the Forum on the remedies available to ISAs (Independent Supervisory Authorities) to address potential misuse of Significant Market Power by airports. We also participated in the working group on benchmarking airport charges.
Co-ordinate with other relevant agencies in relation to the regulation of Dublin Airport.	Share information with the Irish Aviation Authority and INIS (as required) in the process for regulating Dublin Airport.	In 2019, we have engaged with the Irish Aviation Authority and INIS in relation to regulating capital investment projects or quality of service levels at Dublin Airport.
Keep up-to-date and provide information to stakeholders (including the impact of Brexit on aviation) in a timely manner.	Provide updates as necessary.	Ongoing.

Objective 3: Maintain a skilled and motivated staff		
Actions	2019 Key Performance Indicator	2019 Delivery
Align resource education and development plans with our Strategic Plan and put in place a Learning and Development Programme based on an analysis of the skill and competency requirements.	Implement 2019 training plan.	Organisational development and organisation wide programmes support the Strategic Plan.
Continue to use our Performance Management Development System to ensure best business practice.	Conduct goal setting, interim and annual progress review.	We publish a learning and development plan on an annual basis to meet personal and organisational needs in support of the Strategic Plan and monitor its implementation monthly.
Review organisational resilience	Follow up on recommendations.	We continue to use PMDS as an effective method for goal setting, identification of development needs, interim and full year performance review to facilitate continuous improvement, knowledge development and retention.
Objective 4: Support the implementation of the national policy statement on airport charges regulation		
Actions	2019 Key Performance Indicator	2019 Delivery
Implement the Department of Transport, Tourism and Sport decisions on the economic regulatory framework.	Amend existing practices and procedures to reflect the Department of Transport, Tourism and Sport decisions.	Attended the Joint Oireachtas Committee on Transport pre-legislative scrutiny of the proposed Aviation Regulation (Amendment) Bill, 2019
Work with the Department of Transport, Tourism and Sport and the Irish Aviation Authority to complete the regulatory reform.	Implement arrangements in a timely manner.	Participated in the working group involving the Department of Transport, Tourism and Sport and Irish Aviation Authority to develop the Heads of the proposed Air Navigation and Transport Bill 2019 which sets out the framework for regulatory reform

Commission Papers and Other Documents Published in 2019

January	CN1/2019	Timeline for Winter 2019 and Summer 2020 Coordination Parameters Decisions for Dublin Airport
		May 2019 Travel Agent & Tour Operator Licence application information
February		Capital Investment Programme 2020 + Submitted by Dublin Airport
		Documents from 7 February Meeting with the Passenger Advisory Group
March		Documents from 7 March Meeting with the Passenger Advisory Group
	CN2/2019	Clarifications on secondary slot trading and slot series misuse
April	CP1/2019	Draft Decision on Winter 2019 Coordination Parameters at Dublin Airport
May	CP2/2019	Final Decision on Winter 2019 Coordination Parameters at Dublin Airport
	CP3/2019	Draft Determination on the Maximum Level of Airport Charges at Dublin Airport 2020-2024 and associated reports
		Documents from 30 May Meeting with the Passenger Advisory Group
June		Updated Guidance to Industry on Directive (EU) 2015/2302
	CP4/2019	StageGate Process Consultation and associated report
July		Documents of 27 June Meeting with the Passenger Advisory Group
		Submissions in response to the Draft Determination (CP3/2019)
September	CN2/2019	November 2019 Travel Agent & Tour Operator Licence application information
	CP5/2019	Consultation: Travel Trade Consumer Protection Measure-Phase 2
	CP6/2019	Draft Decision on Summer 2020 Coordination Parameters at Dublin Airport
October	CP7/2019	Decision on Summer 2020 Coordination Parameters at Dublin Airport
	CP8/2019	Final Determination on the Maximum Level of Airport Charges at Dublin Airport 2020-2024 and associated reports
November		Commission Publishes updated Guidance to Industry on Directive (EU) 2015/2302
	CN3/2019	Timeline for Winter 2020 and Summer 2021 Coordination Parameters decisions at Dublin Airport
		Dublin Airport Regulatory Accounts for 2018
		Q4 (2018) Dublin Airport Capital Projects Delivery report
		Q1 Dublin Airport Capital Projects Delivery report
		Q2 Dublin Airport Capital Projects Delivery report
		Q3 Dublin Airport Capital Projects Delivery report
		2018 - Q4 Quality of Service Report
		2019 - Q1 Quality of Service Report
	2019 - Q2 Quality of Service Report	
December		2019 - Q3 Quality of Service Report
	CP9/2019	Travel Trade Consumer Protection Measures, Advice to the Department of Transport Tourism and Sport

Key Performance Indicators

Performance Indicator	2019	2018
Travel Trade Licensing⁷		
Respond to applicants within one week of initial contact	99.6%	94%
Decision in Principle letter issued within one month of completed application submission date	100%	95%
Licence issued within two weeks of bond/all documents received	98.7%	94%
Annual accounts examined within six weeks of receipt	98%	73%
Number of licensees' premises visited (target: visit 20% pa)	115%	100%
Travel Trade Claims and Repatriations		
Number of claims received following collapses	n/a	
Number of claims processed within two months	n/a	185
Number of claims processed within four months	n/a	279
Number of claims processed within six months	n/a	279
Administration costs as a percentage of total claims costs	n/a	12%
Number of passengers repatriated	n/a	200
Passengers awaiting repatriation after scheduled return date	n/a	-
Passengers awaiting repatriation for more than a week	n/a	-
Consumer Protection <i>(cases submitted between 1 July 2018 and 30 June 2019)</i>		
Preliminary reviews of complaints completed within a week	100%	100%
Complaints referred to another NEB within a month of receipt	78%	45%
Investigations completed within three months of receipt	57%	19%
Investigations completed within seven months of receipt	96%	59%
Number of airport inspections	7	2

⁷ Multiple communications were received in respect of many of these queries/complaints.

2020 Work Plan

Strategic Goal 1: Efficient, High-Quality and Safety Conscious Airport and Air Navigation Services

Objective 1	2020 Priorities	Key Performance Indicator
Set efficient charges at Dublin Airport.	Consult on the appropriate price regulation response to COVID-19. Initiate any processes deemed appropriate following industry consultation and engagement.	Collaborative and proactive engagement. Responsive effective solutions.
	Consult on the decisions of the 2020 Aviation Appeals Panel and decide if the 2019 Determination is to be varied in response.	Confirm or vary the 2019 Determination in line with statutory timelines.
	Monitor the price cap limiting the revenue per passenger that daa can collect from airport charges at Dublin Airport	Publish price cap statements.
	Ensure compliance with the European Airport Charges Directive, which sets out minimum standards in relation to consultation and non-discrimination.	Work with Dublin Airport in relation to a thorough assessment of its pricing structure, including Dublin Airport's plans to develop noise and environmental charging as an element of that structure.
	Regulate and monitor the cost-efficient provision of capital projects.	Publish quarterly reports on progress against timelines made by Dublin Airport on all outstanding allowed projects, as well as expenditure.
	Monitor the compliance of airport charges and the quality of service measures at Dublin Airport.	Publish quarterly results in relation to the 22 quality of service targets.
Objective 2	2020 Priorities	Key Performance Indicator
Increase stakeholder involvement in decision-making	Encourage increased level of consultation on charges and infrastructure.	Implement the StageGate process for capital investment projects and work with Dublin Airport in relation to its pricing structure.
		Publish a decision on guidelines for annual consultations on airport charges.

Objective 3	2020 Priorities	Key Performance Indicator
Promote competition and facilitate new entry	Declare slot-coordination parameters at Dublin Airport.	Conduct analysis and engage with stakeholders on the approach we should take in declaring the capacity of the new North Runway. Publish slot parameter decisions for Winter 2020 and Summer 2021.
	Enforce sanctions for airlines misusing a slot.	Report slot misuse sanctions.
Objective 4	2020 Priorities	Key Performance Indicator
Performance and Charging regulation under the Single European Sky Scheme	In relation to the regulation of charges for air navigation service providers, the work plan will depend on the decisions of the Single Sky Committee, but is likely to include the preparation of a new performance plan for Ireland for the RP3 period to 2024.	Conduct analysis, engage with stakeholders, and prepare a revised performance plan as required.
	Monitor compliance of en route and terminal actual versus determined costs for 2019 (Reference Period 2) and intended unit rates for 2021 (RP3)	Conduct analysis and comply with monitoring obligations.

Strategic Goal 2: Safe and Financially Robust Airlines and Groundhandlers

Objective 1	2020 Priorities	Key Performance Indicator
Operate an efficient licensing system	Deliver the remainder of the recommendations arising from a 2018 audit of our licensing processes in order to ensure the most efficient licensing system.	Implementation of the recommendations identified.
	Work closely with the Irish Aviation Authority and the relevant stakeholders in relation to how the implementing rules for the safe provision of groundhandling services under the new EASA Regulation will align with the with the existing Commission approval process in place.	Develop guidelines and enforcement process for non-compliance
	Continue to work with airports to develop a more robust regulatory framework to support groundhandler compliance with Rules of Conduct.	Delivery of items identified to ensure appropriate enforcement compliance with the Rules of Conduct.
	Continue to engage with licence holders and stakeholders in the context of licensing and approval implications as a result of Brexit.	Continuation of compliance with licensing requirements by licence holders.
	Strengthen arrangements with European colleagues to underpin air carrier monitoring	Enter into cooperation agreements with relevant parties.

Strategic Goal 3: Financially Strong Tour Operators and Travel Agents

Objective 1	2020 Priorities	Key Performance Indicator
Implement requirements of the Transport (Tour Operators and Travel Agents) Act, 1982 and the Package Holidays and Travel Trade Act, 1995.	Continue to work closely with stakeholders to implement all necessary arrangements and ensure industry's understanding of these requirements. Improve the Commission's understanding of the market.	Number of entities visited. Number of industry meetings.
	Ongoing review of current processes and procedures.	
	Issue licences in accordance with Irish legislation.	Percentage of applicants responded to in 7 days. Percentage of decision in principle letters issued. Number of licenses issued within 2 weeks.
	Monitor security arrangements that are in place.	Continue to apply monitoring regime.
Objective 2	2020 Priorities	Key Performance Indicator
Provide adequate protection to the travelling public.	Implement current legislative insolvency measures	Implement arrangements..
	Work with the Department of Transport, Tourism and Sport to strengthen consumer protection arrangements.	Input to policy developments and implement any necessary new arrangements.
	Investigate cases of alleged illegal trading.	Report on cases investigated.

Strategic Goal 4: Robust Framework to Enforce Passenger Rights

Objective 1	2020 Priorities	Key Performance Indicator
Deal with passenger complaints efficiently, effectively and fairly	Initiate investigations in a timely manner.	Preliminary review of complaints within one week - target 85%.
	Pursue investigations with airlines in line with agreed response timeframes.	80% of investigations completed within 3 months. 95% of investigations completed within 7 months.
	Issue directions where airlines do not comply.	
	Inspect Irish Airports for compliance with both regulations.	100% of relevant airports in any given year.
Objective 2	2020 Priorities	Key Performance Indicator
Increase the travelling public's awareness of their rights	Develop and implement communications plan.	Implement communications plan.
Objective 3	2020 Priorities	Key Performance Indicator
Work to ensure greater industry compliance with the regulations, to reduce the volume of complaints requiring our intervention	Develop and implement plan for inspections, enforcement actions, visits and meetings.	Implement plan.

Strategic Goal 5: Regulation that Represents Best International Practice

Objective 1	2020 Priorities	Key Performance Indicator
Operate efficient and fit-for-purpose systems	Review and modify systems and processes to deliver best practice performance and customer service.	Collaborate with our colleagues in SRD to develop a digital platform that underpins best practice customer experience and service.
Objective 2	2020 Priorities	Key Performance Indicator
Consult effectively with stakeholders	Encourage increased level of consultation on charges and infrastructure.	Implement the StageGate process for capital investment projects and work with Dublin Airport in relation to its pricing structure.
	Participate in the Thessaloniki Forum of European Airport Charges Regulators	Chair the working group on regulatory till and contribute to the working paper on environmental modulation of airport charges.
	Co-ordinate with other relevant agencies in relation to the regulation of Dublin Airport.	Engage with and share information with relevant agencies, as required.
	Develop regulatory policy in preparation for our next Dublin Airport determination drawing from experience of other regulatory bodies.	Co-ordinate with other regulators in Ireland and in other Member States.

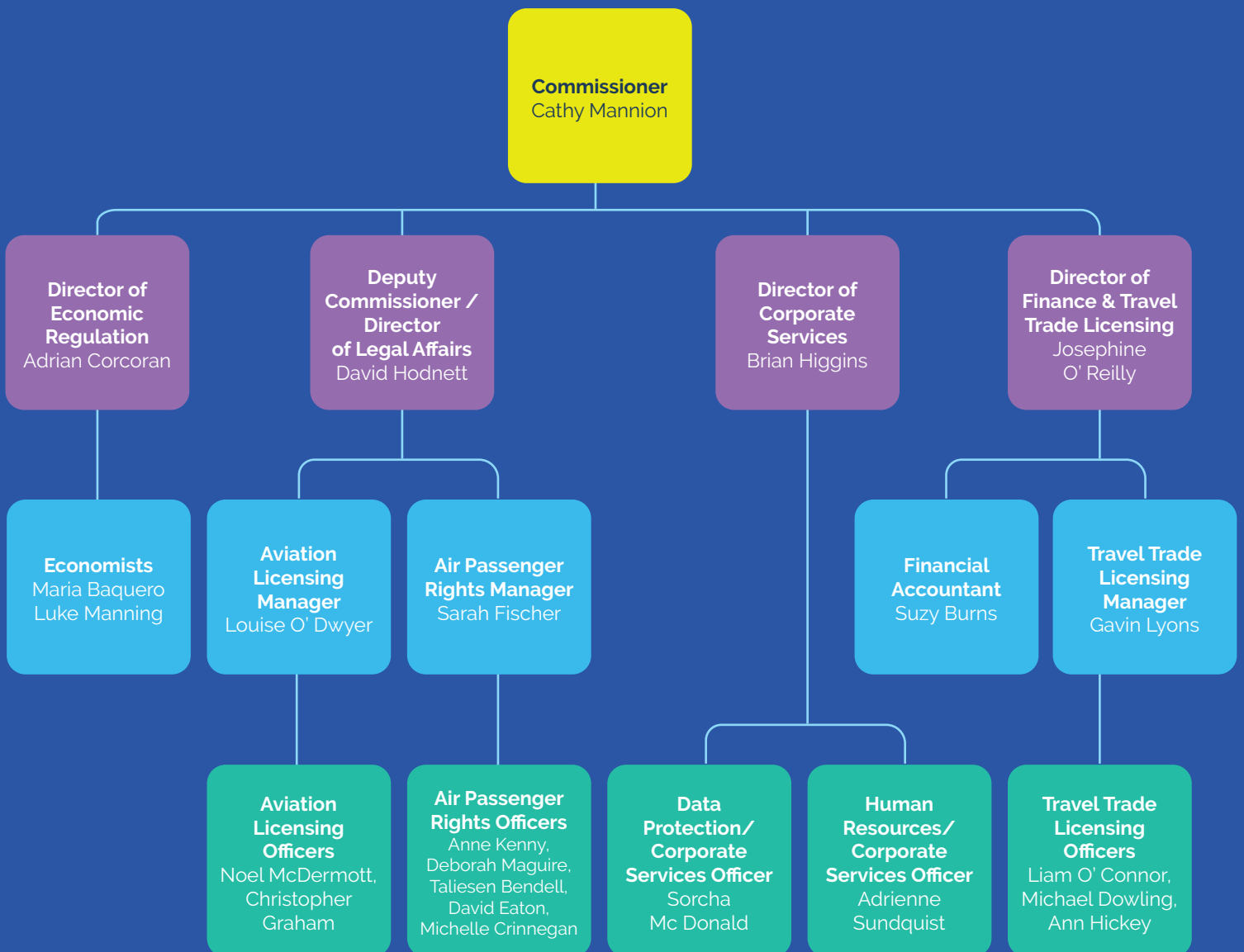
Objective 3	2020 Priorities	Key Performance Indicator
Maintain a skilled and motivated staff	Continue to align and deliver on learning and development actions in support of our Strategic Plan	Track Learning and Development Plan on a monthly basis.
	Following on from our review of organisation resilience, implement the 2nd phase of our work force plan.	Resources in place by Quarter 3

Objective 4	2020 Priorities	Key Performance Indicator
Adopt regulation that represents best international practice	Encourage increased level of consultation on charges and infrastructure.	Implement the StageGate process for capital investment projects and work with Dublin Airport in relation to its pricing structure.
	Participate in the Thessaloniki Forum of European Airport Charges Regulators	Chair the working group on regulatory till and contribute to the working paper on environmental modulation of airport charges.
	Co-ordinate with other relevant agencies in relation to the regulation of Dublin Airport.	Engage with and share information with relevant agencies, as required.
	Develop regulatory policy in preparation for our next Dublin Airport determination drawing from experience of other regulatory bodies.	Co-ordinate with other regulators in Ireland and in other Member States.
	Actively participate in the Thessaloniki Forum of European Airport Charges Regulators and the evaluation of the Airport Charges Directive	Contribute to setting guidelines for a better application of the Airport Charges Directive.
	Actively participate in the NSA Coordination Platform (NCP) that seeks a better implementation of the Single European Sky (SES).	Contribute to 1) EU discussions of relevant issues and solutions, 2) the identification of best practices to implement the SES and 3) the provision of mutual expert assistance between NSAs.

New Strategic Goal 6: Implement Economic Regulation of Air Navigation Services

Objective 1	2020 Priorities	Key Performance Indicator
Implement economic regulation of air navigation services	Take up the newly reassigned role of National Supervisory Authority (NSA) for the purposes of economic regulation of air navigation services under the Single European Sky regulations.	Successful transition and implementation of the Commission's role in this area.

Organisation Chart







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