

REPORT

to the

MINISTER FOR TRANSPORT

for the year ended 31 DECEMBER 2007

31 March, 2008

Commission for Aviation Regulation

3rd Floor

Alexandra House

Earlsfort Terrace

Dublin 2

Tel +353 (0) 1-6611700, Fax +353 (0) 1-6611269

e-mail: info@aviationreg.ie www.aviationreg.ie

TABLE OF CONTENTS

FOREWORD	4
PRICE REGULATION	6
THE COMMISSION'S ROLE	6
AIRPORT CHARGES	6
AVIATION TERMINAL SERVICES CHARGES	9
CAPEX GUIDANCE	10
PRICE CAPS COMPLIANCE	10
Access to Installation Fees	11
Work Programme for 2008.	11
LICENSING AND APPROVALS	14
AIR CARRIER LICENSING	14
THE COMMISSION'S ROLE	14
LICENSING ACTIVITY AND COMPLIANCE	14
OTHER DEVELOPMENTS	15
Work Programme for 2008	
GROUNDHANDLING APPROVALS	17
THE COMMISSION'S ROLE	17
APPROVALS AND COMPLIANCE	17
OTHER DEVELOPMENTS	20
Work Programme for 2008	
TRAVEL TRADE LICENSING	21
THE COMMISSION'S ROLE	21
LICENSING ACTIVITY AND COMPLIANCE	21
Illegal Trading	22
ADMINISTERING THE BOND	23
REDUCING COMPLIANCE COSTS	23
Work Programme for 2008	23

CONSUMER PROTECTION - AIR PASSENGER RIGHTS	24
THE COMMISSION'S ROLE	24
TOTAL COMPLAINTS RECEIVED	25
Types of Complaints Received	25
RESOLUTION OF COMPLAINTS	26
Other Work	26
Work Programme for 2008.	27
SLOT ALLOCATION	28
THE COMMISSION'S ROLE	28
DESIGNATION OF DUBLIN AIRPORT AS COORDINATED	28
ENFORCEMENT ACTIONS BY THE COORDINATOR	28
Work Programme for 2008.	29
GENERAL, LEGAL AND ADMINISTRATIVE FUNCTIONS	30
Change Management	30
Transparency	31
Staffing Costs	31
USE OF OUTSIDE CONSULTANTS	32
Audit Committee	32
Administrative Obligations	33
FINANCIAL	35
Levy	35
2006 FINANCIAL STATEMENTS	35
Draft 2007 Financial Statements	36
APPENDIX I - COMMISSION PAPERS ISSUED IN 2007	41

FOREWORD

This Report presents an account of the work of the Commission for Aviation Regulation in 2007 and an indication of its 2008 work programme.

The Commission's principal functions are setting a price cap on certain charges levied on airlines at Dublin Airport by the Dublin Airport Authority (DAA) and separately setting a cap on the charges levied by the Irish Aviation Authority (IAA) on airlines using Dublin, Cork and Shannon airports. In 2007, both price caps were the subjects of in-depth analyses.

In the case of airport charges, arising from the submission to the Commission by the DAA of a greatly revised and expanded capital investment plan, the Commission reviewed the prevailing (2006-2009) price cap, culminating in a Determination issued on 20 July 2007. The Commission has also been pleased to provide advice to the Department of Transport on the possible implications of a proposed new European Commission (EC) Airport Charges Directive on the way that airport charges are regulated in the State.

The first price cap control period governing the aviation terminal service charges that the IAA may charge came to an end in March 2007. In that month the Commission set a new price cap to apply until end 2011.

Aside from the periodic setting of regulatory price caps, in 2007 the office continued:

- to license companies in the travel trade, aviation and airport ground-handling sectors
- to undertake a consumer protection role in regard to passenger rights, and
- to oversee the operation of the runway slot allocation system at Dublin Airport.

The Commission also continued the work started in 2006 to review our own structures, operational practices and financial arrangements. Initially, this focused on our licensing and consumer protection roles; the resulting changes were implemented during 2007 and reduced the budget of the Commission compared to what would have otherwise been necessary. The Commission's restructuring will continue.

The Commission has also sought to reduce compliance costs. Among measures identified are simplified application forms, better engagement with regulated companies, greater computerisation of records, and developing a web interface for licensing and passenger complaints.

In 2007, after six years of operation, the Commission reviewed its own cost recovery mechanisms. The Commission found it necessary to amend the previous approach. The new arrangements seek to reduce the significant and unpredictable annual variations in individual levies and to ensure functional areas generate sufficient revenues to cover their costs. The most fundamental change is that the Commission now levies all airports. The airports pay a levy to cover the costs associated with the Commission's new consumer protection role, and to cover legal costs and other costs not directly attributed to the different functions the Commission performs. The Commission increased the fees charges to licensed air carriers and approved ground handlers.

There was a significant change in staff at the Commission in 2007: some contract staff moved to new employment and some seconded staff returned to the civil service, leading to the recruitment by the Commission of replacement staff. I take this opportunity to thank my former colleagues for their work, and to thank the current Commission staff for their contribution to the ongoing work of the Office. I would also like to thank the many other individuals and organisations that contributed to the work and to the decision-making processes of the Commission during the year.

I plan to continue to review on an ongoing basis the Commission's ability to meet its statutory functions and to deliver the services and obligations required of an independent State organisation.

Cathal Guiomard Commissioner

31 March 2008.

PRICE REGULATION

The Commission's Role

The Commission:

- sets a price cap limiting the total revenues per passenger that the DAA can collect from airport charges at Dublin airport;
- sets a price cap limiting the total revenues per tonne of maximum take-off weight (MTOW) that the IAA can collect from aviation terminal services charges at Cork, Dublin and Shannon airports; and
- has to approve any changes to the fees charged by the airport authorities at Cork, Dublin and Shannon airports for access to installations needed to provide ground handling services.

The Commission has no power to regulate other charges, including:

- car park charges at airports, and more generally non-aeronautical charges (except those levied for access to installations needed for ground handling services at Cork, Dublin and Shannon airports);
- en route air traffic charges the IAA sets; and
- charges at Knock, Kerry, Galway, Waterford, Donegal and Sligo airports.

Airport Charges

The Interim Review of the Determination governing airport charges at Dublin Airport was the most high profile price regulation work that the Commission undertook in 2007.

The decision to hold an Interim Review was made in December 2006 following a public consultation process. The Commission had concluded that the DAA's new capital investment plan, submitted to the Commission in October 2006, constituted the substantial grounds necessary to hold such a review. The original Determination had relied on a May 2005 capital investment plan that the DAA's newly appointed Board had subsequently indicated it intended to revise.

The Commission published a number of reports during the Interim Review. In February 2007 the Commission published a paper that outlined some of the main

issues associated with financing an investment of the size envisaged by the DAA: who should pay what, and who should assume what risks? Parties were invited to comment on the merits or otherwise of differential or peak pricing, the timing of payments, and even whether or not the proposed investment was necessary. At the same time, the Commission placed in the public domain the DAA's capital investment plans, as well as consultants' reports providing high-level reviews of the traffic forecast underpinning the proposed second terminal (which accounted for the largest share of the DAA's proposed capital expenditure) and a framework for conducting a cost-benefit analysis of investments in a new terminal and runway. Following publication, the Commission made a number of presentations to and attended meetings with interested parties. It subsequently received written submissions on the paper from ten parties; five parties also met with the Commission to discuss their submissions.

A draft determination for the Interim Review was published in May 2007. This followed careful consideration of the submissions made by interested parties and reports provided to the Commission by independent consultants including: a review of dedicated low cost airport passenger facilities; a review of the DAA's cost benchmarks of the main projects in their capital investment plan; a review of the DAA's capital investment plan; and a review of non-T2 construction uses. The Commission organised a workshop for the Airport Operators Committee to describe the key features of the financial modelling work that the Commission had relied upon in its draft determination. A simplified model, stripped of commercially sensitive data, was made available to interested parties. The Commission also met with the DAA, Ryanair, and the Irish Tourism Industry Confederation to discuss its findings. Publication of the draft determination initiated a month-long statutory consultation process in which nine interested parties submitted responses.

The Commission published its final Determination in July 2007, having carefully considered all the submissions received. The Interim Review resulted in *no* change to the existing price cap governing airport charges at Dublin Airport, despite the substantial increase in the DAA's investment plans. Nevertheless, the Commission was satisfied that most of the estimated costs in the DAA's CIP were reasonable and the projects met user needs, in particular the need to ease congestion at the airport.

"The interim review was a transparent, well consulted process, with an outcome adequately supported by input from industry experts and key stakeholders. It provided clarity on the level of investments at Dublin Airport in the 2006 – 2009 that can be included in the RAB, on the pricing structures at the airport through 2009, and a clear indication of the regulator's approach for the next determination.

Standard and Poors 25 January 2008

The interim review contained three policy measures that the Commission believes protect the interest of users, while still providing the DAA with the incentive to undertake necessary investment.

- Users will only have to pay for the costs of the second terminal once it opens.
 The Commission has proposed the use of "triggers", only allowing the costs of
 T2 to enter into the calculations for the price cap once T2 achieves operational readiness.
- Users will be asked to contribute equally to the costs of the new facility, rather than users in the early years being asked to pay more. The Commission proposed to unitise the charges necessary to recover the costs of T2 (depreciation plus a return on capital). This approach recognised that passenger numbers are likely to be greater in later years, and that the accounting convention of straight-line depreciation was not necessarily appropriate for the purposes of setting prices to recover the costs of an investment.
- Users will be protected from having to pay should T2 prove to be larger than was needed. Following careful analysis, the Commission concluded that the proposed T2 was larger than might be necessary. The DAA, rather than users, will assume this risk. A two-box approach was adopted for recovery of the costs of T2. Only if passenger numbers using the two terminals exceed 33 million passengers per annum will the DAA be able to recover the full costs of the investment; otherwise the DAA will only be able to recover some of the costs.

In September 2007, Ryanair initiated a Judicial Review of the Interim Review, raising the question of whether the Commission is entitled to make regulatory commitments about remunerating current capital expenditure in future regulatory periods. A ruling by the Commercial Court is expected in April 2008.

During 2007 the European Commission revisited the issue of developing a common approach to the regulation of airport charges across the Member States. This was an issue dating back to the 1990s. In 2007 a draft directive for discussion was produced. The Commission for Aviation Regulation has provided advice and assistance to the Department of Transport on the implications of different proposals for the regulatory environment governing Ireland's airports.

Aviation Terminal Services Charges

In March 2007 the Commission published a final Determination on the maximum level of aviation terminal service charges that the IAA may impose. This is the second Determination for aviation terminal service charges that the Commission has made. It will remain in force until 31 December 2011.

Work on the second Determination had commenced in 2006, when the Commission published issues and process papers in October 2006 followed by a draft Determination in December 2006. In 2007 the Commission considered responses it had received following publication of its draft Determination as it finalised the price cap that would apply.

The final Determination contained two significant changes relating to the form of the price cap. First, the Commission revised the price-cap formula to reduce the commercial risks facing the IAA should traffic outturns deviate from the central forecast used when setting the price cap. Second, the Commission made the level of the price cap conditional on the IAA building new ATC towers at Cork and Dublin Airports. Should these towers become operational during the current regulatory period, these milestones will result in an increase in the price cap. This protects users from having to pay higher charges until such time as the IAA is ready to start providing users with the benefits associated with these investments. The Commission also indicated that it expected to see evidence that the IAA consulted with users about its investment plans. To date, the Commission has not received

any indication of when the milestones will be reached at either Cork or Dublin airports. During consultation for the 2007 Determination, the IAA anticipated that the Cork ATC tower will be completed in 2009.

Capex Guidance

The Commission is keen to foster a regulatory environment that encourages the regulated companies (the DAA and the IAA) to develop efficient capital investment programmes. Robust and transparent consultation with users prior to investing is the best basis for ensuring that such programmes deliver services users value sufficiently. The Commission considers that it is better to reach a situation where the regulatory debate centres on what potential there is for the regulated entities to realise efficiency savings, rather than assessing whether or not individual investment projects are warranted. The greater the degree that regulated companies and their users can agree on investment needs, the less the requirement for the Commission to engage in costly and administratively burdensome analysis of capital expenditure plans.

To facilitate this aim, in November 2007 the Commission published a discussion paper providing guidance on the general framework and standard of consultation that ought to take place between the regulated companies and their users concerning investment plans. The Commission intends to monitor the implementation of the proposed process and will encourage all parties to participate fully and actively.

Price Caps Compliance

In December 2007 the Commission published its annual compliance statements for both the DAA and the IAA. These exercises allow the Commission to satisfy itself that the regulated entities are complying with the price caps that the Commission sets.

The DAA complied with the 2006 price cap governing airport charges. Its average revenue per passenger from these charges was 0.14 below the price cap of 6.20. The compliance statement also calculated the 2008 price cap of 7.38, which is based on the consumer price index, the relevant 'X' factor, the Commission's actual

and budgeted costs, relevant interest rates and a correction term based on the under-recovery of airport charges during 2006.

The IAA has also complied with its price caps. The Commission published a provisional compliance statement for the first regulatory period of the IAA's current determination (26 March to 31 December 2007), and confirmed that the IAA had complied with the first Determination's price cap. The compliance statement also included the provisional price cap on aviation terminal services charges for 2008: €2.28 per tonne of maximum take-off weight (MTOW).

Access to Installation Fees

In 2007, the Commission received just one application to amend the fees charged for access to an airport installation required for groundhandling. On 15 March 2007, the DAA sought approval for a revised charge of €0.30 per embarking passenger for the Common User Technology Equipment (CUTE) at Shannon Airport effective from 15 May 2007. The Commission published Commission Notice 4/2007 approving this request on 10 May 2007.

At Dublin Airport, the Commission responded to possible confusion about the regulatory environment by offering to meet with AOC members to clarify the interaction between the regulated aeronautical airport charges and access to installation charges, such as check-in desk rental fees. The Commission gave a presentation to the AOC to explain its role and its approach towards applications for access to installation fees which is distinct from the setting of a price cap on airport charges for the price-regulated period.

The Commission met with the DAA in 2007 to discuss the Commission's suggested approach towards consultation with users on access to installations fees.

Work Programme for 2008.

Preparing for the next Determination governing airport charges at Dublin Airport (due to take effect in January 2010) will be the main focus of the Commission's work relating to price regulation. The Commission intends to publish an Issues Paper in October 2008, for which it will invite comments from interested parties before

publishing a draft Determination in Spring 2009. Prior to publishing the Issues Paper, the Commission plans to undertake work looking at

- how best to have regard to the quality of service provided at Dublin Airport when setting a price cap;
- whether and how to revise the current price cap calculations to include rolling schemes (providing enhanced incentives should the regulated entity's costs not accord with those allowed at the time the price cap was set); and
- the best method of estimating the cost of capital.

The Commission anticipates that it will be asked to approve changes to access-to-installation fees for ground handlers at Dublin Airport. The Commission will only approve the new charges if it is satisfied that the fees are relevant, objective, transparent and non-discriminatory.

The Commission will also monitor both the DAA and IAA to ensure that they have complied with the current caps governing airport charges and aviation terminal service charges.

Proposed timetable for the 2009 airport charges review		
August 2008	DAA to provide the Commission with up-to-date information on	
	the following:	
	 out-turn operating costs out-turn commercial revenues out-turn capital expenditure passenger numbers latest projections for each of these series to end 2009 list of capex projects due to commence after 2009 data showing the evolution of financial indicators since 2005 and any other information that the DAA thinks relevant when assessing questions relating to its ability to operate Dublin airport in a financially viable manner 	
	operate Bubini an pere in a initiality viable mainter	
October 2008	Commission to publish issues paper for the 2009 Determination.	
December 2008	Interested parties to submit responses to the issues paper.	
February 2009	DAA to provide the Commission with details of planned capital	
	projects for the post-2009 period, including costs and timing of	
	projects and evidence of user consultation or support.	
March 2009	DAA to provide the Commission with the latest version of its	
	financial model, incorporating the latest information on capex,	
	opex, passenger numbers and financial ratios.	
May 2009	Commission to publish draft determination.	
July 2009	Interested parties to submit representations on the draft	
	determination	
September 2009	Commission to publish final determination.	

This timetable is subject to change. The Commission will maintain an up-to-date timetable on its website.

LICENSING AND APPROVALS

AIR CARRIER LICENSING

The Commission's Role

The Commission is responsible for issuing the Air Carrier Operating Licence (ACOL). This permits the holder to engage in the carriage by air of passengers, mail and/or cargo for remuneration and/or hire. The Commission only licenses applicants whose principal place of business is in Ireland.

The Commission ensures that licensees meet relevant requirements regarding financial fitness and insurance cover.

The Commission is not responsible for safety regulation. Air carriers involved in commercial air transport operations also require an Air Operators Certificate (AOC) issued by the IAA.

Licensing Activity and Compliance

At the end of 2007, there were 18 Irish airlines licensed by the Commission. This was up two from the start of the year. The Commission issued three new licenses and revoked one operator's licence during the year. Two operators were subject to a five-year review of their licences – both retained their ACOL. All licence holders were subject to continued monitoring to ensure that they complied with the relevant legislation concerning insurance cover, ownership and control details, and financial viability.

Of the 18 licensed Irish airlines, 8 hold Category A licences which permit them to carry passengers, cargo and/or mail on aircraft with 20 seats or more. The remaining 10 operators hold Category B licences, permitting them to carry passengers, cargo and/or mail on aircraft with fewer than 20 seats and/or less than 10 tonnes MTOW. The following list details all licensed Irish airlines (both Category A and B) at 31 December 2007:

List of Licensed Irish Airlines at 31/12/07		
Category A	Category B	
Aer Lingus Ltd.	Airlink Airways Ltd.	
Air Contractors (Ireland) Ltd.	Celtic Helicopters Ltd.	
CityJet Ltd.	CHC (Ireland) Ltd.	
Comhfhorbairt (Gaillimh)	Executive Helicopter Maintenance Ltd.	
T/A Aer Arann		
Futura Gael	Gaelic Helicopters Ltd.	
Ryanair Ltd.	Galway Aviation Services Ltd.	
	T/A Aer Arann Islands	
Starair (Ireland) Ltd.	Irish Helicopters Ltd.	
Westair Aviation Ltd.	Premier Helicopters Ltd.	
	Sky West Aviation Ltd.	
	Visionair Ltd.	

Other Developments

Leasing of aircraft

To simplify the process associated with "wet leasing" aircraft registered outside the European Economic Area, the Commission developed a new leasing form. This form is available for download from the Commission's website. It details all the information the Commission requires to decide whether to grant a waiver allowing an Irish airline to wet lease such aircraft. The process is consequently more efficient, with less time spent by the Commission seeking additional information from the airline before a decision can be made.

Licence Disc Proposal

In late 2007, the Commission consulted with ACOL holders about the possibility of issuing a "licence disc" (a document produced by the Commission to be displayed on the aircraft of licence holders purely to inform users that the holder has a valid ACOL). Combined with an awareness campaign, the Commission's hope is that the public will be more aware of whether a carrier is licensed or not and also the risks of traveling with unlicensed operators. Feedback from the industry about the licence-disk proposal was supportive. The Commission will start issuing them in 2008.

Third Air Package Review

The EC is currently in the process of finalising a draft regulation to revise and consolidate Regulations No 2407/92 on licensing, 2408/92 on access to routes and 2409/92 on airfares (the 'Third Air Package'). The Commission has been consulted by the Department of Transport regarding the proposed amendments. In November 2007 agreement was reached at a meeting of the European Council of Transport Ministers on these proposals. The proposals introduce, among other things, stricter requirements for the financial strength of air carriers and the practice of wet leasing aircraft.

Work Programme for 2008

In early 2008, the Commission will issue Licence Discs to all small aircraft and helicopter operators for the aircraft listed on their AOC's. An awareness campaign is also planned advising the public to look for the disc displayed on aircraft operated by all licensed operators and warning about the commercial risks of travelling with unlicensed operators.

Three licensed operators are due for five-year reviews in 2008.

At the European level, the Commission will continue to monitor plans to consolidate the Third Air Package. Two other areas of particular interest to the Commission relating to air carrier licensing at the EU level are insurance requirements and rules governing fractional ownership.

GROUNDHANDLING APPROVALS

The Commission's Role

The Commission grants approvals to companies engaged in groundhandling activities at Cork, Dublin, and Shannon airports. Groundhandling broadly comprises all those services required by an aircraft between landing and take-off, e.g. marshalling aircraft, loading/unloading, refuelling, baggage handling, passenger handling, aircraft maintenance. An airline may choose to provide services for itself (self-handling), or contract with another company (third-party handling), be it an airline or a dedicated groundhandling company

The Commission also ensures that groundhandling approval holders comply with legal requirements such as financial fitness, holding necessary insurance, and technical competence.

The Commission has no responsibility for dealing with passenger queries about lost or damaged baggage or more generally to arbitrate in instances of consumer dissatisfaction with a groundhandler.

Approvals and Compliance

At the end of 2007 there were 15 approved self-handlers and 41 approved suppliers of ground handling services (or third party handlers) operating at Cork, Dublin, and Shannon airports. Of the 15 approved self-handlers, four are also approved to provide services to third parties. There has been no change in the overall figures since 2006.

During 2007 the Commission granted one new self-handling approval and one new third party handling approval. This was offset by two parties voluntarily surrendering their approvals. A Croatian airline surrendered its self-handling approval since it was using a third-party handler. And one third-party handler that ceased trading surrendered its approval. This activity is summarised in the table below.

Licensing Activity breakdown-	Self handlers	3rd-Party Handlers
Situation 1 st January 2007	15	41
New approvals issued	1	1
Revocations	0	0
Voluntary surrender of approval	1	1
Approval expired and not renewed	0	0
Total at 31 st December 2007	15	41

The Commission also renewed five approvals that expired in 2007 – approvals are granted for five years. The affected companies were forwarded a renewal form to complete after they indicated that they intended continuing to supply groundhandling services.

All groundhandlers are required to provide proper financial information annually, and the Commission ensured this was done in 2007. Groundhandling companies providing services to third parties were required, under the regulations, to submit separated accounts. All groundhandlers had to submit updated insurance details to ensure that they had the required level of insurance cover.

A list of groundhandling operators (both self-handling and third party) approved by the Commission at 31 December 2007 is set out in the table overleaf.

List of Approved Groundhandlers at 31/12/07		
Third-party handlers	Self handlers	
A.T.R.S. Limited	Aer Lingus Limited	
ACA Air Cargo Associates Limited T/A ACA International	Air Contractors (Ireland) Limited	
Air Atlanta Aero Engineering Limited	CHC Ireland Limited	
Air Contractors (Ireland) Limited	CityJet Limited	
Air Dispatch Limited	Comhfhorbairt (Gaillimh) T/A Aer Arann Express	
AirOps	Delta Airlines Inc.	
Airport Ticketing and Travel Service Limited	First Choice Airways Limited	
Alpha Flight Services (Ireland) Limited	Flightline Limited	
Aviance UK Limited	MAP Management and Planning GmbH	
Delta Airlines Dublin Limited	Ryanair Limited	
DHL Express (Ireland) Limited	Scandinavian Airlines System (SAS)	
EFG Inflight Limited	Skyservice Airlines Inc.	
FBO Dublin Limited (T/A Encore FBO Dublin)	Starair (Ireland) Limited	
Fingal Aviation Services Ltd.	Thomsonfly Limited	
First Choice Airways Limited	Westair Aviation Limited	
Gate Gourmet Ireland Limited		
Greencaps Limited		
Hoyer Ireland Limited		
ICTS (UK) Limited		
Inflight Cleaning Services (Ireland) Limited		
Knights Cleaning Services Limited		
Menzies World Cargo (Ireland) Limited		
Monarch Aircraft Engineering Limited		
Oceanbridge Groundhandling Limited (T/A Universal		
Aviation)		
Scandinavian Airlines System (SAS)		
Servisair (Ireland) Limited		
Shannon Aerospace Limited		
Shell Aviation Ireland Limited		
Signature Flight Support Dublin Limited		
Signature Flight Support Shannon Limited		
Sky Handling Partner (Cork) Limited		
Sky Handling Partner (Shannon) Limited		
Sky Handling Partner Limited		
South Aer Services Limited		
Specialist Airport Services (Ireland) Ltd T/A Fernley		
Airport Services		
SR Technics Ireland Limited		
Tedcastles Aviation Fuels Limited		
TNT Express (Ireland) Limited		
United Parcel Service of Ireland Limited		
Westair Aviation Limited		
Worldwide Flight Services (Ireland) Limited		

19

Other Developments

On 24 January 2007, the EC published a report on the Groundhandling Directive (Council Directive 96/67/EC), describing how Member States have applied the Directive and what it has achieved. The report sets out the findings of a study by SH&E International Air Transport Consultancy on the quality and efficiency of groundhandling services at EU airports as a result of the Directive. It identifies a need to simplify the Directive and also further clarify certain provisions of the Directive which have been subject to different interpretations across Member States since 1996. The EC has suggested that possible future proposals might seek to address how insurance requirements for groundhandling are defined and the quality standards applicable at an airport.

Work Programme for 2008

The Commission will continue monitor groundhandling companies to ensure compliance and assess any applications received for groundhandling authorisations. Eight groundhandlers' approvals are due to expire in 2008; a renewal form will be forwarded to these handlers during the year.

TRAVEL TRADE LICENSING

The Commission's Role

Under the Transport (Tour Operators and Travel Agents) Act 1982 tour operators and travel agents are required to be licensed and bonded to buy, sell or offer to sell overseas travel originating within the State to destinations outside the State.

The Commission

- licenses travel agents and tour operators buying and selling overseas travel
- administers a bonding scheme for travel agents and tour operators
- processes claims for refunds and repatriation in the event of a travel agent or tour operator going out of business
- investigates instances of alleged illegal trading and, when necessary, prosecutes illegal traders.

The Commission's role does not encompass

- licensing travel arrangements for domestic travel in Ireland
- handling consumer complaints about travel agents, tour operators, hotels, luggage or airlines
- handling complaints about advertising (except where it relates to possible illegal trading).

Licensing Activity and Compliance

In 2007 a total of 364 firms were granted licences. This is down from 371 in 2006 and 399 in 2005. This continuing downward trend is due to a fall in the number of licensed travel agents: the number of tour operators increased in 2007.

	Travel Agents	Tour Operators	Total
Balance 1 st January 2007	301	70	371
New	13	11	24
Renewals	290	74	264
Non Renewals	24	7	31
Bonds Called Down	1	0	1
Balance 31 st December 2007	290	74	364

Unlicensed Trading

It is illegal to conduct business as a travel agent or tour operator in Ireland without a licence. The Commission used the powers available to it to enforce this requirement.

The Commission visited or held meetings with a substantial number of travel agents and tour operators who had not renewed their licences when they expired in either April or October 2007. These meetings were either on site at their premises or in the Commission's offices. In all instances, those agents or operators subsequently sought to renew their licence or confirmed in writing that they had ceased trading. Looking forward, the Commission hopes that the new design of the Levy, with a levy imposed on late applications, will encourage parties to ensure they submit their licence applications in a more timely fashion.

The Commission received 22 written complaints alleging trading by unlicensed operators. A substantial number of telephone complaints were also received but these were not substantiated by the necessary documentary proof. All written complaints were investigated and action appropriate to the circumstances of each case was taken.

Travellers Protection Fund

The Commission continues to administer the Travellers' Protection Fund, and the most recent annual accounts audited by the Comptroller and Auditor General were laid before the Houses of the Oireachtas in December 2007.

Administering the Bond

There was no major collapse of any tour operator or travel agent in 2007.

The Commission had to call down one bond in 2007 to satisfy a single claim by a passenger against a travel agent who had ceased to trade. In this instance the Commission administered the bond and settled the claim.

Reducing Compliance Costs

A major project in 2007 in the Commission's travel trade function was the introduction of an access database. This was motivated by a desire to streamline the licensing process. All 2007 applications and accounts data were uploaded into the database. Introducing the new database required a considerable amount of time and effort by the staff of Travel Trade.

Work Programme for 2008

The Commission will:

- Implement a full transition to a computer based internal procedure and process system;
- Seek to develop on-line interaction with the travel trade to facilitate compliance issues;
- Visit newly licensed businesses to provide assistance in compliance matters;
 and
- Identify weaknesses in the current licensing regime, engage with all stakeholders and develop proposals to streamline the overall process.

CONSUMER PROTECTION - AIR PASSENGER RIGHTS

The Commission's Role

For flights that depart from Irish airports or arrive into Ireland from another European Union country or that arrive into Ireland from a non-EU country on an EU-registered carrier, the Commission:

- Handles complaints relating to cancellations;
- Handles complaints relating to delays of two hours or more;
- Handles complaints about denied boarding.

The Commission works with counterpart enforcement bodies in the EU for complaints arising at non-Irish airports.

The Commission inspects Irish airports to ensure airlines comply with EC Regulation 261/2004. The Commission can initiate enforcement proceedings in Ireland against airlines infringing the regulation. Regulation 261 refers only to airlines – travel agents and tour operators have no liability to passengers under this regulation. Complaints not relating to Regulation 261 are redirected to the appropriate body.

Among other things, the Commission does not have the authority to handle complaints about:

- Baggage, taxes and airline charges, including fuel surcharges;
- Customer services;
- Booking or ticketing errors and visa issues;
- Refunds due to illness or bereavement;
- False advertising;
- On-board services or in-flight issues;
- Late arrivals at check-in;
- Airline booking conditions and website problems;
- Safety issues.

Total Complaints Received

In 2007 the Commission recorded 382 complaints concerning Regulation 261 air passenger rights. The majority of these complaints related to flights departing from an airport outside the State. The Commission passed 224 "non-Irish" complaints to the relevant national enforcement bodies. Of the remaining 158 cases, 143 were complaints relating to flights departing from an Irish airport and 15 were for flights into Ireland on an EU-licensed carrier from a non-EU country.

Origin of flight	Number of complaints	%
Irish departure	143	37
Non-Irish departure inside EU	224	59
Outside EU on an EU-licensed carrier	15	4
Total	382	

Types of Complaints Received

There are four main categories of complaints that the Commission addresses under Regulation 261/2004: cancellation; long delays (greater than two hours); denied boarding; and downgrades. The majority of complaints received in 2007 related to flight cancellations. The table below shows a breakdown of the number of complaints by category for flights from an Irish airport in 2007.

Type of Complaint	Number of complaints	%
Cancellations	92	58
Long delay (i.e. greater than 2 hours)	42	27
Denied boarding	9	6
Downgrade	2	1
Diversion	1	1
Other	12	8
Total	158	

Resolution of Complaints

The Commission records all infringements of the regulation to monitor compliance. Where there is non-compliance, this is raised with the relevant airline.

For 81 of the 158 complaints received in 2007, the Commission's investigation of the complaint has been completed. Of the cases resolved, the final outcomes varied:

- In 21 cases, the Commission recorded that an infringement had occurred;
- In 36 cases, the relevant airline paid compensation, provided a refund or made an acceptable alternative offer; and
- In the remaining 24 cases either the complaint was withdrawn or no compensation was due because extraordinary circumstances, such as adverse weather conditions, were verified.

The table below provides more details.

Resolution	Number of complaints	%
Compensation paid by airline	13	16
Offer by airline accepted	7	9
Refund of ticket or expenses incurred for care not provided by airline	16	19
Extraordinary circumstances verified	19	23
Complaint withdrawn	5	6
Infringement recorded	21	26
Total resolved cases	81	

Other Activities

During 2007 the Commission was involved in negotiations arranged by DG Tren with airlines and National Enforcement Bodies in Europe to establish a common interpretation of EC Regulation 261. This involved attending meetings in Brussels where all parties were given the opportunity to share the difficulties encountered in interpreting the Regulation.

The Commission carried out inspections of the check-in areas in Dublin, Cork, Shannon, Galway and Knock airports. This was to monitor airline compliance with

Article 14 of the Regulation, obliging carriers to inform passengers of their rights. As a result of the inspections 53 airlines received final warning letters regarding non-compliance with Article 14.

The Commission also issued final warnings to five airlines in relation to the nonprovision of care as required in accordance with Article 9 of the Regulation.

Work Programme for 2008

In 2008 the Commission plans to raise consumer awareness of their passenger rights. The Commission will be publishing quarterly data summarising the complaints received.

The Commission will seek to liaise with other bodies that have a role in consumer protection of airline passengers, including the National Consumer Agency, the European Consumer Centre and national enforcement bodies in other Member States. The Commission has recently put on its website an EU complaint form that is common for all jurisdictions.

SLOT ALLOCATION

The Commission's Role

The Commission

- Determines the scheduling status of Irish airports, and
- Where necessary, appoints a schedules facilitator or co-ordinator

Designation of Dublin Airport as Coordinated

In February 2007 the Commission designated the DAA as slot coordinated for the summer season 2007. In a separate decision the Commission designated Dublin Airport as slot coordinated for the period winter 2007 and thereafter. Much of the work leading to these decisions was conducted in 2006 and is described in last year's Report to the Minister. Based on the conclusions from a capacity analysis conducted in the last quarter of 2006, the Commission concluded that peak demand at Dublin airport for Summer 2007 and thereafter would exceed the capacity at the airport, resulting in significant delays if there was no change in the scheduling arrangements at the airport. Moreover, the Commission determined that the capacity shortfall could not be overcome in the short term by infrastructural improvements.

Ryanair was granted leave by the High Court in 2007 to appeal these decisions in a judicial review. The case was listed for Hearing in July 2007 but Ryanair sought an adjournment on the day of commencement. It later sought to introduce new material into the case, an application that was rejected by the High Court in early 2008. The case was re-listed for Hearing but in February 2008 Ryanair decided to abandon its case.

The designation of Dublin Airport as slots coordinated continues. Dublin is currently the only capacity-constrained airport in the State under the Regulations.

Enforcement actions by the coordinator

The Commission appointed Airport Coordination Limited (ACL) as the Dublin Airport coordinator.

In 2007 there were no significant instances of slot misuse at the airport and ACL did not need to withdraw any airlines' slots. The Commission appreciates the ongoing efforts both of ACL and carriers in abiding by the slot constraints.

The Commission has continued to raise with the Department of Transport the need to introduce a sanctions regime at Dublin, in accordance with the EC Regulations. Such sanctions might be applied in the event of repeated and intentional misuse of slots, in addition to the withdrawal of slots.

The Commission attended the two plenary meetings of the Dublin Airport Coordination Committee in 2007.

Work Programme for 2008

In 2008, the Commission will

- monitor the compliance of carriers operating at Dublin Airport with the scheduling regime currently in place
- continue to encourage the Department of Transport to introduce measures to sanction misuse of slots.

GENERAL, LEGAL AND ADMINISTRATIVE FUNCTIONS

Change Management

In the 2006 Report to the Minister for Transport, the Commission indicated that it would undertake a change-management process in 2007 in order to enhance the Commission's performance.

Best corporate governance practice suggests that structures and organisational models which have been in place for an extended period should be reviewed from time to time to verify that they continue to be adequately tailored to meeting the evolving needs of stakeholders, both internal and external.

The Commission has been in statutory existence since February 2001 and prior to that had been established on an administrative or interim basis under the aegis of the Department of Public Enterprise eighteen months earlier. Thus, many of the business delivery methods and staffing structures instituted in 1999 have been in place for more than seven years. In that time, the duties of the Commission have changed. For example, in 2005 the Commission was nominated as the National Enforcement Body for air passenger rights under Regulation 261/2004 in Ireland.

A key goal of the review was to ascertain how to make best use of available resources. The Commission's staffing complement in 2007 was just 21, composed of 15 directly recruited staff and 6 staff on secondment from the Department of Transport and the Road Safety Authority.

The function and workloads of all positions were reviewed, and in 2007 the Commission reorganised into four separate but mutually supporting functional areas: economic, legal, licensing and consumer protection, and administration and corporate affairs.

In addition, the Commission assessed the potential for the greater use of information technology in its licensing and consumer protection work. Towards the end of 2007 the Commission enhanced the database capabilities of its work on air passenger rights enforcement and travel-trade licensing. In 2008 the Commission intends to extend this IT roll-out to air-carrier licensing and groundhandler approval work.

There are a number of external reviews that will take place in 2008 that are expected to look at the work of the Commission and may make recommendations that have implications for the office. The Commission awaits with interest their findings. At the same time, the Commission will continue to seek to realise efficiency gains where they are available.

Transparency

The Commission seeks to operate in a transparent manner. All consultation papers and final decisions are published on its website, and hard copies are available on request at no charge. A list of the Commission's publications in 2007 is provided in Annex 1.

No requests under the Freedom of Information acts of 1997-2003 were received by the Commission in 2007.

Staffing Costs

The Review Body on Higher Remuneration in the Public Sector determines the remuneration of the Commissioner. The Commission has no role. The Commissioner's emoluments were revised with effect from 2008 following the recommendations of Report No 42 published on 14 September 2007. No additional fees or emoluments are payable to the Commissioner.

The salary levels of other staff are set centrally and changes other than annual increments and pay reviews, where applicable, are only made with the consent of the Ministers for Transport and Finance. No additional fees or emoluments are payable to staff. The salary costs of staff on secondment from the Department of Transport and the Road Safety Authority are recouped at cost plus a set charge for superannuation and centrally provided services.

All fulltime staff (other than agency staff) are obliged to join superannuation defined-benefit schemes when they commence employment at the Commission. These are interim schemes which have received approval from the Revenue Commissioners. The Commission continues to await formal Ministerial approval from the Department of Finance to the draft statutory superannuation schemes submitted in July 2002. The interim schemes provide for benefits directly comparable to the substantive

schemes submitted. All members receive an annual benefit statement. An actuarial review of the pension liabilities shows a deficit in the schemes on 31 December 2007. This was also the position on 31 December 2006.

Use of Outside Consultants

The Commission continued its policy of outsourcing certain non-core administrative functions relating to media relations, maintenance of the IT system and payroll. It also employed a number of consultants to assist with its interim review of the airport charges determination and the determination for aviation terminal service charges. Finally, the Commission retained the services of external legal counsel to defend the ongoing legal challenges arising under the Judicial Review process.

Audit Committee

The Audit Committee met five times in 2007. At each meeting the Committee was briefed in detail on progress within the Commission on the various work strands. The Commissioner attended each meeting to advise the Committee on major corporate developments. Staff of the Commission dealing with legal, administrative and accounting matters also attended meetings to discuss their work. Representatives of the Commission's Internal Auditors attended those elements of each meeting appropriate to their responsibilities.

In 2007 the primary issues which the Committee focussed on were:

- the Commission's organisational risk register;
- various internal audit reports;
- the 2006 financial statements and an associated management letter from the Comptroller and Auditor General;
- ongoing legal issues; and
- oversight of corporate governance.

The Audit Committee also initiated a review of its compliance with the Audit Committee Charter.

Administrative Obligations

The Commission strives to operate to the highest standards of corporate governance. It implements the Department of Finance's Code of Practice for the Governance of State Bodies in respect of all applicable areas of its activity. There are some aspects which either fall outside the scope of the Commission's activity or are, by virtue of the structure of the Commission, neither relevant nor appropriate.

Codes of Conduct	The Commission has devised an employee handbook which includes elements in relation to ethical conduct. Seconded staff from the Department of Transport are governed by the Civil Service Codes of Standards and
Internal Audit	Behaviour. The Commission appoints external experts to undertake the internal audit function.
	In February 2007, Deloitte conducted an internal audit, focussing on governance and stewardship. The report, seen by the Commissioner, Heads of Function and the Audit Committee, concluded that the management of the Commission have implemented processes and control procedures which have contributed to a transparent and accountable governance process. They suggested some improvements to the overall governance process; work is ongoing to implement these improvements.
	In December 2007 the Commission appointed Mazars Ireland as its internal auditors for a three-year period, following an open tender.
Procurement	The Commission's procurement procedures comply with current national guidelines and, when applicable, EC procurement directives. The value of most contracts is such that ordinarily only national guidelines apply.
Disposal of assets and access to assets by third parties	The Commission has no assets of the scale and value envisaged under the guidelines. No disposals took place during the year.

Establishment of subsidiaries and acquisitions by state bodies	The Commission did not establish any subsidiaries or make any relevant acquisitions during 2007.
Diversification	The Commission made no diversification proposals to the Minister in 2007.
Investment appraisal	The Commission did not incur any significant capital expenditure in 2007. Investment appraisal of the nature envisaged by the guidelines was not carried out.
Remuneration and Directors Fees	See the section of this report on staffing costs.
Reporting Arrangements	The Commission makes such reports to the Minister for Transport as prescribed by law and as required. The Commission has a fully developed accounting system, providing detailed monthly management and financial reports to senior management. The Commission adopts International Reporting Standards for its reporting. It computes its accounts on the accrual accounting system except where specified in the notes to the financial statements. These statements are audited by the Comptroller and Auditor General as stipulated in the Aviation Act 2001. The Commission has measures in place
	to comply with the obligation to keep proper books of account. These are kept
Strategic and corporate planning	at its only office. The Commission's functions and responsibilities are set out in the Aviation Act 2001, the State Airports Act 2004 and the Aviation Act 2006. The Commission annually sets out a work plan for each functional area designed to satisfy their statutory obligations and meet the Commission's objectives. The Commission reports annually to the Minister for Transport the manner in which those functions have been discharged in the previous year.
Tax compliance	The Commission is liable to PAYE, VAT and PSWT. The Commission has submitted all relevant tax returns for 2007 and is fully tax compliant.

FINANCIAL

Levy

In late 2007 the Commission reviewed its approach to setting the levy. The levy is set by the Commission to meet expenses properly incurred discharging its functions, and is levied on undertakings as specified by the Commission.

The Commission decided to amend its approach to setting the Levy, for three primary reasons. First, the Commission had assumed responsibilities relating to air passenger rights since it developed its approach to setting the Levy in 2002. The costs of meeting these responsibilities needed to be recovered. Second, the Commission was keen to reduce the uncertainty and annual fluctuations in the levies payable by different parties. Finally, the Commission had observed that there was a significant discrepancy between the costs of some of its licensing functions and the revenues collected from licensees.

The Commission published a consultation paper, with proposals to address these concerns, in October 2007. Comments were received from eight parties. A commission paper responding to these comments and outlining the Commission's final decision was published in December 2007. Regulations entitled "Aviation Regulation Act 2001 (Levy No. 8) Regulations 2007" (S.I No. 840 of 2007) were issued on 20 December 2007 to give effect to the Commission's Levy for 2008.

The most fundamental change to the levy is that now all airports in the State, and not just the DAA, make a contribution to the office. The airports pay a sum sufficient to cover the directly attributable costs of the office's consumer protection role in relation to passenger rights, and also a central levy relating to administrative and legal costs the Commission incurs.

2006 Financial Statements

During 2007, the financial statements for 2006 were audited by the Comptroller and Auditor General and submitted to the Minister for laying before the Houses of the Oireachtas, as required under Section 26(b) of the Aviation Regulation Act, 2001. These accounts were laid on 23 November, 2007.

Draft 2007 Financial Statements

Throughout 2007 the Commission's finance function produced monthly management accounts, as well as monthly budget variance reports. These were sent to all Heads of Function.

Financial statements for the year ended 31 December 2007 have been prepared, but not yet audited by the Comptroller and Auditor General. An extract from those statements is provided in the following pages.

Commission for Aviation Regulation Income & Expenditure Account for the year ended 31 December 2007

Levy Receipts 2 3,745,582 2,675,1 Licence Fees 2 408,136 443,2 Other 9,039 8,5 Gross Income 4,162,757 3,127,1 Transfer (to)/from Capital Account Net Income 10 792 21,7 Net Income 4,163,549 3,148,8 Expenditure Salaries Pension Costs Consultancy 4 1,592,199 1,458,0 Yension Costs Consultancy 11 54,229 52,1
Other 9,039 8,5 Gross Income 4,162,757 3,127,1 Transfer (to)/from Capital Account Net Income 10 792 21,7 Expenditure 4,163,549 3,148,8 Salaries 4 1,592,199 1,458,0 Pension Costs 11 54,229 52,1 Consultancy 475,525 539,4
Gross Income 4,162,757 3,127,1 Transfer (to)/from Capital Account Net Income 10 792 21,7 Expenditure 4,163,549 3,148,8 Salaries 4 1,592,199 1,458,0 Pension Costs 11 54,229 52,1 Consultancy 475,525 539,4
Transfer (to)/from Capital Account 10 792 21,7 Net Income 4,163,549 3,148,8 Expenditure 3 4 1,592,199 1,458,0 Pension Costs 11 54,229 52,1 Consultancy 475,525 539,4
Net Income 4,163,549 3,148,8 Expenditure 4 1,592,199 1,458,0 Pension Costs 11 54,229 52,1 Consultancy 475,525 539,4
Expenditure Salaries 4 1,592,199 1,458,0 Pension Costs 11 54,229 52,1 Consultancy 475,525 539,4
Salaries 4 1,592,199 1,458,0 Pension Costs 11 54,229 52,1 Consultancy 475,525 539,4
Legal Fees Advertising & Public Relations Travel & Subsistence Training Audit Fee Web Maintenance Rent Electricity Office Maintenance Insurance Office Stationery Postage & Carriage Telephone Dublin Airport Schedules Facilitation Depreciation Service Charge Rates Other Depreciating Surplus / (Deficit) Depreciation Surplus / (Deficit) 11,219,634 150,213 70,9 15,762 12,4 50,158 38,9 13,200 12,0 26,755 25,6 285,140 283,3 13,200 12,0 26,755 25,6 285,140 283,3 13,301 10,2 295,69 23,6 3,722 4,6 3,722 4,6 3,732 4,6 3,733 30,1 30,1 30,1 30,1 30,1 30,1 30,1 30
Operating Surplus / (Deficit) 15 (367,471) (707,29
Balance as at 1 January (742,988) (35,69
Balance as at 31 December (1,110,459) (742,98

The Statement of Accounting Policies, Cashflow Statement and the Notes 1 to 20 form an integral part of these Financial Statements.

Cathal Guiomard

Commissioner

(athat Juismard

Commission for Aviation Regulation

Statement of Total Recognised Gains and Losses for the year ended 31 December 2007

		Year-end 31/12/07	Year-end 31/12/06
	Notes	€	€
Operating Surplus / (Deficit)		(367,471)	(707,296)
Actuarial gain/(loss) on Pension Liabilities	11	(228,410)	(118,579)
Total Recognised Gains and (Losses)		(595,881)	(825,875)

The Statement of Accounting Policies, Cashflow Statement and the Notes 1 to 20 form an integral part of these Financial Statements.

Cathal Guiomard

Commissioner

Commission for Aviation Regulation					
Balance Sheet as at 31 Dece)7			
	Notes	€	2007 €	€	2006 €
Fixed Assets	Notes	E	E	e	e
Tangible Assets	5		42,272		43,063
Current Assets					
Bank Accounts Debtors and Prepayments	6 7	15,574,366 442,038 16,016,404		19,724,431 398,521 20,122,952	
Creditors: Amounts falling due within one year					
Creditors and Accruals Cash Bond Accounts	8 6	(467,780) (15,211,964) (15,679,744)		(1,138,836) (19,150,133) (20,288,969)	
Net Current Liabilities			336,660	(20,288,909)	(166,019)
Total Assets less Current Liabilities			378,932		(122,954)
Provisions for Liabilities and Charges	9		(1,495,000)		(625,000)
Net Liabilities Excluding Pension Liability			(1,116,0 68)		(747,954)
Net Pension Asset/(Liability)			(268,180)		(39,620)
Net Assets / (Liabilities) including Pension Asset/(Liability)			(1,384,248)		(787,574)
Financed By					
Income & Expenditure Account Surplus/(Deficit)			(1,110,460)		(742,988)
Capital Account Pension Reserve	10		42,271 (316,059)		43,063 (87,649)
Reserves Including Pension Liability			(1,384,248)		(787,574)

The Statement of Accounting Policies, Cashflow Statement and the Notes 1 to 20 form an integral part of these Financial Statements.

Cathal Guiomard

Commissioner

Commission for Aviation Regulation			
Cashflow Statement for year ended 31 December 2007			
	Natas	2007	2006
Personalization of energting curplus to not	Notes	€	€
Reconciliation of operating surplus to net Cash inflow/(outflow) from operating activities			
Surplus/(Deficit) on Income and Expenditure Difference between Pension Cost and Employe	er	(367,471)	(707,296)
Contribution		150	1,011
Depreciation	5	20,969	21,715
Bank Interest		(7,271)	(6,823)
Transfer (from)/to Capital Account	_	(792)	(21,715)
Decrease/(Increase) in Debtors	7	32,486	3,591
Decrease/(Increase) in Prepayments	7	(76,004)	52,269
(Decrease)/Increase in Creditors	8	(75,965)	34,358
(Decrease)/Increase in Accruals (Decrease)/Increase in Provisions	8 9	(595,093) 870,000	(50,683) 625,000
(Decrease)/Increase in Provisions	9	870,000	023,000
Net Cash Inflow/ (Outflow) From Operatin Activities	g	(198,989)	(48,573)
Cash Flow Statement		7	
Net Cash Inflow/ (Outflow) From Operating Activities		(198,989)	(48,573)
Returns on Investments Bank Interest		7,271	6,823
Capital Expenditure Purchase of fixed assets	5	(20,178)	-
Financing Increase / (Decrease) in Cash Bond Accounts & TPF	6	(3,938,169)	3,995,610
M			
Management of Liquid Resources (Increase) / Decrease in Funds on Deposit	6	260 721	111 /20
Increase/(Decrease) in Cash Balances	0	<u>260,721</u> (3,889,344)	111,439
increase/ (Decrease) in Cash Balances		(3,669,344)	4,065,299
Reconciliation of net cash flow to movements in ne	et		
Increase/(Decrease) in cash in hand in the period		(3,889,344)	4,065,299
Cash used to increase liquid resources	6	(260,721)	(111,439)
Change in Net Funds	-	(4,150,065)	3,953,859
Opening Net Funds		19,724,431	15,770,572
Clasing Not Funds		15 574 266	10 724 421
Closing Net Funds The Statement of Accounting Policies, Cashflow Statement ar	nd the Notes	15,574,366 1 to 20 form an	19,724,431 integral

part of these Financial Statements.

Cathal Guiomard

Commissioner

APPENDIX I - COMMISSION PAPERS ISSUED IN 2007.

Number	Date of issue	Title
CP 1/2007	9 February 2007	Maximum Levels of Airport Charges at Dublin Airport Public Consultation on Dublin Airport Charges following the Capital Investment Programme 2006
CP 2/2007	12 February 2007	Decision on the Scheduling Status of Dublin Airport from the start of Summer 2007
CP 3/2007	13 February 2007	Decision on the Scheduling Status of Dublin Airport from the start of Winter 2007
CP 4/2007	23 March 2007	Determination and Report on the Maximum Level of Aviation Terminal Service Charges that may be imposed by the Irish Aviation Authority
CP 5/2007	21 May 2007	Draft Decision
CP 6/2007	30 July 2007	Maximum Levels Of Airport Charges at Dublin Airport Final Decision on Interim Review of 2005 Determination
CP 7/2007	15 October 2007	Consultation Paper on the Implementation of the Levy pursuant to Section 23 of the Aviation Regulation Act, 2001
CP 8/2007	1 November 2007	Discussion Paper Guidance on the approach to capex consultation
CP 9/2007	20 December 2007	Revised Statutory Levy for 2008 and After

CP 10/2007	20 December 2007	Maximum Levels of Airport Charges
		Price Caps for 2008
CP 11/2007	20 December 2007	Maximum Levels of Aviation Terminal Services Charges
		The Provisional Annual Compliance Statement for Regulatory Year 26 th March 2007 to 31 st December 2007 and Calculation of the Provisional Price Cap for Regulatory Year 1 st january 2008 to 31 st December 2008.