

Ms. Niamh Maguire,
Secretariat,
Committee of Public Accounts,
Oireachtas Eireann,
Leinster House,
Kildare Street,
Dublin 2.

7th February 2013

Dear Ms. Maguire,

Subsequent to the meeting on 17th January of the Committee of Public Accounts with a number of regulatory offices, the following information was sought by letter dated 24th January (received 28th January) from the CAR:

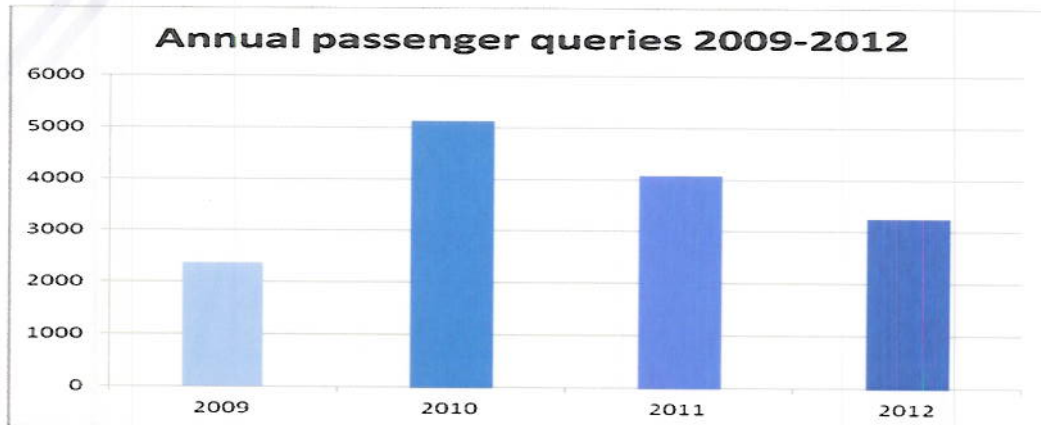
1. Details of the figures for Key Performance Indicators in 2010, 2011 and 2012
2. A note on the particulars of the Commission's lease for office space.

The CAR introduced a system of electronic recording of passenger rights complaints at the beginning of 2011, from which automated computation of KPIs is possible. Our KPI records therefore commence in 2011. The table below reports the KPIs for 2011 as discussed with the Committee and the equivalent figures for 2012.

Consumer protection KPIs	2011	2012
Review complaints within 1 week	65%	86%
Complete investigations within 3 months*	31%	77%
Complete investigations within 7 months*	50%	87%
Inspect airports	9	8
Travel trade licensing	2011	2012
Give decision in principle within month	81%	46%
Issue licences within 2 weeks documents received	85%	97%

*The KPI figures are lagged, to allow performance to be measured over subsequent months; 2011 numbers cover the January-July period, and 2012 numbers cover August 2011–May 2012.

As I indicated at the meeting, the CAR's performance in investigating passenger complaints in 2011 was affected by a significant spike in air passenger queries and complaints in mid-to-late 2010 and early 2011, as illustrated by the trends in the accompanying chart.



The increased engagement from the public was a result of flight disruptions caused by the closure of EU airspace due to the emissions of volcanic ash and very poor weather. Queries and complaints doubled from about 2,400 in 2009 to over 5,000 in 2010, remained very high at 4,100 in 2011 and then fell back somewhat to 3,300 last year.

In such a situation, there is always a choice to be made between the expenditure incurred and the promptness of the service provided. In the current economic climate, with a priority on reducing expenditures, a deterioration was allowed to occur in the CAR's 2011 service. However, as the consumer protection KPIs (on the previous page) show, this was followed by a very marked improvement in 2012.

In addition, the 2011 completion rate of 50% of air passenger complaints (within 7 months) was further affected by a passenger rights case taken to the European Court of Justice (ECJ). Until the ECJ gave its decision, about one-third of the CAR's 2011 investigations were unable to conclude. Complaints not affected by the legal appeal could proceed in the normal way, and we estimate that the CAR in 2011 completed some 70% of such investigations within the 7-month period. (The ECJ made its ruling in October of last year; we are now working to determine if passengers are entitled to compensation for their delayed flights.)

A second set of KPIs relates to the CAR's licensing responsibilities. As part of this work, we issue applicants with a letter advising them to proceed to seek a bond; we call this a 'decision in principle' letter. We aim to issue such letters within one month of receipt of a completed licence application. We met our target for 81% of applications in 2011, but in 2012 that proportion fell to 46%. Reasons included reduced CAR staffing, and additional scrutiny of licences prior to issuing such letters. (Nonetheless, we made up time later in the licensing process, such that all eligible applicants received their licenses in 2012 on time.)

In terms of our office lease, shortly after its establishment, and with the sanction of the then Department of Public Enterprise, the CAR entered into a lease for one floor of an office block on Earlsfort Terrace in Dublin. The lease was for 24 years, from 1st July 2002 to 30th June 2026; as of January 2013, there are just over 13 years remaining. The lease has no break clause, and provides for upward-only five yearly rent reviews. The rent was increased in 2006 by 1.2% and was left unchanged in 2011, the time of the last review. The lease provides for accommodation at a current annual cost of €285,000. The CAR is due to be merged with the safety regulatory function of the IAA and we would, if appropriate, seek to assign the lease to another tenant in the event of a relocation of staff consequent on the merger.

Finally, at the meeting with the Committee, members expressed concern regarding a very lengthy delay in Departments' giving final approval to our pension scheme. As I was unable to provide the Committee with an explanation for the delay, I enclose a copy of letters I have written to each of the DTTAS and the DPER suggesting that they may be best placed to explain the matter to the Committee.

I trust that this information fully meets the requirements of the Committee. The CAR remains available to respond to any other queries that you may have, now or in the future.

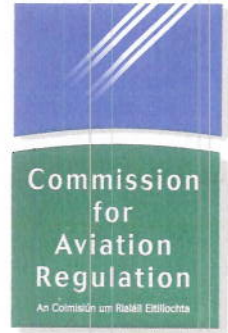
Yours sincerely,



Cathal Guiomard
Commissioner

Encl: Letters to DTTAS and DPER on delays in approving the CAR's pension scheme

23rd January 2013



John O'Connell
Assistant Secretary
Health, Pension Policy & EU/NI Division
Government Buildings
Upper Merrion Street
Dublin 2

Re: Final approval for CAR pension scheme

Dear Mr O'Connell,

I believe that you will be aware from communications with the DTTAS of the concerns of the Commission for Aviation Regulation (CAR) about the absence of final approval for our pension scheme almost a decade after its establishment.

Following a letter to the DTTAS early last year, we were pleased that engagement was renewed between the CAR, your Department and the DTTAS, with a view – we clearly understood – to conclude on this matter before the end of 2012. However, to our great frustration, work on this issue came to a halt again in November last. At that time, we were told that resolution of the matter would have to await the CAR's merger with the IAA (which is two or more years away) even though all concerned were fully aware of the merger plans during last autumn's discussions.

I have underlined in correspondence with the DTTAS the dissatisfaction of the CAR's staff, managers, pension trustees and external audit committee at this state of affairs.

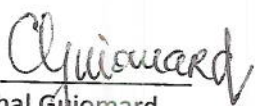
To this list I now need to add the membership of the Oireachtas Committee of Public Accounts (PAC). The CAR (with other regulators) met the PAC on 17th January to discuss our respective financial statements. These statements include reference to our pension scheme and to the fact that it has only provisional approval.

I was asked by the PAC to communicate to the DPER (I am writing separately on the matter to the DTTAS) that the Committee of Public Accounts is interested to ascertain the reason that it has taken so long to finalise the CAR's pension arrangements. As I explained to the members of the Committee, I know of no objective reason for the exceptional delay, given that the CAR has throughout provided the Department with all the information and materials that you have sought.

The only course of action that I can therefore suggest is that the Department of Public Expenditure and Reform write to the Committee to explain the delay.

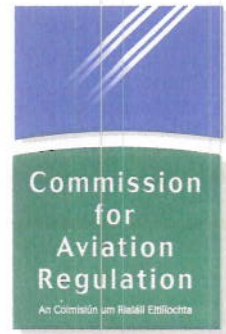
From the CAR's point of view, I would be obliged if the DPER would urgently issue final approval for the CAR's pension scheme, for which we have waited so long, to allow this matter to be concluded in the short term.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Cathal Guiomard', written over a horizontal line.

Cathal Guiomard
Commissioner

Cc: Secretariat, Public Accounts Committee, Oireachtas Eireann.



23rd January 2013

Donagh Morgan
Assistant Secretary - Personnel
Department of Transport, Tourism and Sport
44 Kildare Street
Dublin

Re: Final approval for CAR pension scheme

Dear Donagh,

I wrote to you, most recently in March and June of last year, to re-iterate the concern of the CAR about the absence of final approval for the CAR pension scheme almost a decade after its establishment.

In April 2012, you replied to say that the DTTAS would engage with DPER on pension issues and revert to the CAR on the matter. We were pleased that soon thereafter engagement was renewed between the CAR, your Department and DPER, with a view – we clearly understood – to conclude on this matter before the end of 2012. However, to our great frustration, work on this issue came to a halt again in November last. At that time, we were told that resolution of the matter would have to await the CAR's merger with the IAA (which is two or more years away) even though all concerned were fully aware of the merger plans during last autumn's discussions.

My March letter had underlined the dissatisfaction of the CAR's staff, managers, pension trustees and external audit committee at this state of affairs.

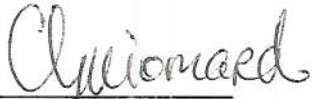
To this list I now need to add the membership of the Oireachtas Committee of Public Accounts (PAC). The CAR (with other regulators) met the PAC on 17th January to discuss our respective financial statements. These statements include reference to our pension scheme and to the fact that it has only provisional approval.

I was asked by the PAC to communicate to the Department of Transport, Tourism and Sport (I am writing separately on the matter to the Department of Public Expenditure and Reform) that the Committee of Public Accounts is interested to ascertain the reason that it has taken so long to finalise the CAR's pension arrangements. As I explained to the members of the Committee, I know of no objective reason for the exceptional delay, given that the CAR has throughout provided the Department with all the information and materials that you have sought.

The only course of action that I can therefore suggest is that the Department of Transport, Tourism and Sport write to the Committee to explain the delay.

From the CAR's point of view, I would be obliged if the DTTAS would urgently secure the final approval of DPER for the CAR's pension scheme, for which we have waited so long, to allow this matter to be concluded in the short term.

Yours sincerely,



Cathal Guiomard
Commissioner

Cc: Secretariat, Public Accounts Committee, Oireachtas Eireann.