



**An Roinn Cosanta**  
Department of Defence

8<sup>th</sup> March 2017

Margaret Falsey,  
Committee Secretariat,  
Committee of Public Accounts,  
Leinster House,  
Dublin 2

**Re. Maintenance Costs of the Gulfstream IV Aircraft**

Dear Ms. Falsey,

I refer to a recent query regarding figures supplied for the maintenance costs of the Gulfstream IV Aircraft (GIV) for the years 2007 to 2014 and the reason why those recently supplied figures for maintenance costs for 2010-2014, differ from those contained in the Comptroller and Auditor General's Report. I must apologise for sending on these recent figures which were a different presentation of cost material, as explained below, and are not relevant to the disposal decision.

Against the background of the 2011 Budget, a threshold of €400,000 for annual maintenance and repairs for the GIV was established by the Department in light of the Minister's decision that if any costly repair costs were required, the jet would be grounded and a Government decision on its future sought. This annual maintenance and repair benchmark cost of €400,000 was, based on experience, considered representative of the upper level of routine annual maintenance and repair costs for the aircraft, taking account that point in the aircraft's lifecycle and available funding.

This benchmark was based on costs which encompassed the costs of day to day repairs and annual maintenance and inspection costs, and which could be readily associated with the GIV aircraft. This approach to costing underpinned the monitoring of maintenance and repair costs for the GIV by the Department with respect to the benchmark set. This approach to costing is also reflected in the costs outlined in the C&AG report.

The recent figures provided to your Committee reflect a different presentation of the costs of maintenance and repair for the GIV than those outlined in the C&AG report. The most recent figures were compiled by the Air Corps following the Committee's request for further information on costs. As well as the costs outlined in the C&AG report, they also include other costs which were not readily associated with particular aircraft i.e. consumables and calibration of tools used in maintenance. These costs were apportioned retrospectively each year by the Air Corps, using an

indirect technique. The apportioning of such costs to individual aircraft was discontinued by the Air Corps in 2012 as it was less than ideal. The higher annual figures provided to the Committee also include the costs of replenishing spare parts inventory levels for the GIV on an annual basis. This does not necessarily reflect the cost of spares used in a particular year for the aircraft.

These costs were not factored into the core €400,000 threshold when it was set, and they were not included in the figures used for ongoing monitoring of maintenance costs, as previously supplied to the C&AG. I regret any confusion caused by the transmission of this further information, which was not considered relevant in the context of the specific matters discussed at the Committee and also used material drawn from trial balances as opposed to final figures.

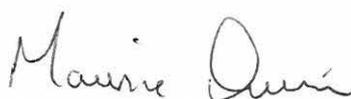
The maintenance costs as provided to the C&AG are consistent with the methodology used to monitor the €400,000 threshold and for the purpose of facilitating comparison, I have set out the figures for 2007 to 2014 (unrounded) below. You will note there is a slight adjustment to the 2013 figure. Subject to this minor revision, I can confirm that the cost data as reflected in the C&AG reports are correct.

Year	Repairs Maintenance & Inspection Costs (Figures unrounded) <sup>1</sup>
2007	€681,706
2008	€1,682,982
2009	€2,542,592
2010	€344,048
2011	€400,406
2012	€285,166
2013	€511,552
2014	€251,275

<sup>1</sup> 2013 figure adjusted to provide for 2 credit notes from Gulfstream originally allocated to spares but which were subsequently offset against repairs resulting in costs being approx €9,000 less than those outlined in C&AG report.

Again, please accept my apologies for any confusion generated by the presentation of the cost data, which I trust has been clarified.

Yours sincerely,



Maurice Quinn  
Secretary General