

# DÁIL ÉIREANN

## AN COMHCHOISTE UM IOMPAR, TURASÓIREACHT AGUS SPÓRT

### JOINT COMMITTEE ON TRANSPORT, TOURISM AND SPORT

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*Dé Céadaoin, 22 Samhain 2017*

*Wednesday, 22 November 2017*

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Tháinig an Comhchoiste le chéile ag 10 a.m.

The Joint Committee met at 10 a.m.

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Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Mick Barry,	Frank Feighan,
Imelda Munster,	John O'Mahony,
Catherine Murphy,	Ned O'Sullivan,
Robert Troy.	Pádraig Ó Céidigh.

Teachta / Deputy Fergus O'Dowd sa Chathaoir / in the Chair.

## **Business of Joint Committee**

**Chairman:** I can understand why members are late today due to the appalling weather, if I may put it like that.

**Deputy Robert Troy:** What are you doing about it, Chairman?

**Chairman:** Wait until I get to the capital programme. We will have an air bridge between here and Drogheda.

I remind members to turn off their mobile telephones. We will go into private session to deal with some housekeeping matters.

*The joint committee went into private session at 10 a.m. and resumed in public session at 10.20 a.m.*

## **Scrutiny of EU Legislative Proposals**

**Chairman:** In regard to schedule A, COM (2017) 548, it is proposed that there are no subsidiarity concerns with this proposal. It is also proposed that this proposal warrants further scrutiny and that the Department of Transport, Tourism and Sport and relevant stakeholders be invited to appear before the committee to discuss it further. Is that agreed? Agreed.

In regard to schedule B, COM (2015) 575, COM (2016) 76, COM (2016) 77, COM (2016) 89, COM (2016) 156, COM (2016) 183, COM (2016) 226, COM (2016) 302, COM (2016) 303, COM (2016) 351, COM (2016) 684, COM (2017) 86, COM (2017) 174, COM (2017) 258, COM (2017) 267, COM (2017) 273, COM (2017) 324 and COM (2017) 620, it is proposed that these proposals do not warrant further scrutiny. Is that agreed? Agreed.

## **General Scheme of the Irish Aviation Authority (Amendment) Bill 2017: Discussion**

**Chairman:** We will now deal with the pre-legislative scrutiny on the general scheme of the Irish Aviation Authority (Amendment) Bill 2017, which aims to amend the Irish Aviation Authority Act 1997, to extend the existing powers of the IAA with regard to its safety and regulatory functions and to recoup costs through fees and charges for its aviation security regulation functions. It also provides for the recognition of the IAA's role in compliance monitoring under Annex 17 of the Chicago Convention which deals with security of civil aviation. In this regard I welcome Mr. Ronan Gallagher, principal officer, and Ms Andrea Lennon, assistant principal officer, from the aviation safety and security division of the Department of Transport, Tourism and Sport and Mr. James Gavin from the Irish Aviation Authority.

Before we commence I am required to advise the witnesses that by virtue of section 17(2)(I) of the Defamation Act 2009, they are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the Chairman to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. Witnesses are directed that only evidence connected with the subject matter of these proceedings is to be given and are asked to respect the parliamentary

practice to the effect that, where possible, they should not criticise or make charges against any person or entity by name or in such a way as to make him, her or it identifiable.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the House or an official either by name or in such a way as to make him, her or it identifiable.

I now invite Mr. Gallagher to make his opening statement.

**Mr. Ronan Gallagher:** I thank the committee for facilitating our appearance before it this morning to discuss the proposed draft Bill. The Minister has asked me to convey his apologies for not being here this morning as he is required in the Dáil Chamber to answer parliamentary questions.

Before addressing the more detailed aspects of the proposed legislative amendments contained in this relatively short draft Bill, I would like to set out the broader policy and operational context and also explain what, in essence, the draft Bill seeks to do. Civil aviation security, which includes security arrangements at our airports and security practices and procedures among companies operating at our airports, including airlines, cargo companies, is a highly regulated area. In this regard, there are extensive and detailed rules and obligations set out in international agreements, specifically the Chicago Convention, and also in EU law. There is regular and high level engagement on aviation security issues at the UN International Civil Aviation Organisation, which manages the Chicago Convention and, similarly, at EU level among member states. There is also high level regular engagement between the EU and the US on a bilateral basis.

The committee will be aware that airports and aircraft for a long time now have been a particular focus for terrorist attacks and over time, and especially since the 9/11 attacks, a huge amount of work has been put into counteracting this threat. In Ireland, the National Civil Aviation Security Committee, which is chaired by my Department, brings together all relevant State agencies and industry stakeholders to ensure that Ireland keeps pace with developments in this area. The committee will appreciate that there are constant developments in this area, new intelligence of new threats, changes to threat levels, changes to the source of threats and, therefore, it is a constantly evolving picture. The National Civil Aviation Security Committee plays a hugely important role in making sure that Ireland does what it needs to do, developing strategies and co-ordinating responses across the sector.

The other key component of Ireland's civil aviation security regime is the Irish Aviation Authority, IAA, which since 2013 has been the principal body in Ireland responsible for the oversight and inspection of civil aviation security. At the heart of this proposed legislative amendment is a provision that will allow the Irish Aviation Authority to invest in more resources to allow it to bulk up its oversight and inspection capabilities with regard to civil aviation security as demand increases from increased activity and volumes linked to economic growth. As mentioned, since 2013, the IAA has been the principal body responsible in Ireland for the oversight and inspection of civil aviation security but at that time no arrangements were made to provide it with a revenue stream to support these additional functions. It is proposed to address this now. The Minister is of the view that we need a sustainable funding model that is fair and transparent. Ireland is currently an outlier in the EU as it is the only member state with no formal mechanism for funding this activity. All other EU member states have a mechanism in place to cover the cost associated with the oversight of aviation security, for example, through central Exchequer funds, some form of aviation security taxation on airspace users or through

the levying of direct fees on regulated entities. The Government has decided that the regime in Ireland should be funded by way of a new industry levy in the form of fees payable by regulated companies. Up to now, the IAA has drawn on income from other sources.

What is proposed is the same charging model applied in other areas of aviation regulation by the IAA and by regulators in other sectors in Ireland. The Minister considers the provision of this levy and the additional resources it will provide to be a matter of utmost national interest on a number of fronts. As we develop increased connectivity through our State airports, as part of the Government's broader economic development policy, the State needs to ensure that it has an aviation security regime that is able to meet the future demands of that increased connectivity; Ireland needs to continue to keep pace with international developments and ensure that it meets the ever-increasing demands coming from the International Civil Aviation Organisation, ICAO, and from the EU in the area of civil aviation security; and, as an exporting economy, one that relies heavily on Dublin Airport in particular for access to international markets, the State needs to make sure that this key component of our international supply chain is highly secure.

The aviation security approval of Irish air carriers and certification of known consigners operating within the international supply chain provided by the IAA is recognised throughout Europe and internationally and allows our companies and airlines to trade across Europe. For example, there are approximately 200 Irish based manufacturing companies exporting through our airports, many of them multinationals. The status they are awarded by the IAA, which is known-consigner status, which is given on the basis of the IAA being satisfied as to the security arrangements applied by the companies when goods are packaged for export, means there is no need for re-screening at the airports. This is hugely beneficial in terms of reducing the cost of the supply chain and avoiding delays and it is highly valued by the companies. There is a considerable workload associated with this function. More than 500 relevant entities operate in the Irish aviation market, including companies that operate or provide services at Irish airports, which the IAA has to regulate for the purposes of civil aviation security. The largest, unsurprisingly, is Dublin Airport, but the list also includes non-aviation companies that move and export cargo through the airports, which also have security obligations under the regulations. As mentioned, our airlines depend on it, as their ability to provide services throughout Europe depends on the IAA validating their security programmes.

The IAA envisages that its new charges for civil aviation security, which will follow the user pays principle, will be applied proportionately, depending on the scale of the operations of the regulated entity. These charges will be directly associated with the level of inspection and oversight provided by the IAA to ensure that the entities comply with EU security requirements and those of ICAO.

The other element of the draft Bill involves technical provisions to formally align the existing system of regulatory oversight provided by the IAA with ICAO Annex 17, which sets out standards and recommended procedures in the area of civil aviation security. As mentioned earlier, in 2013 responsibility for civil aviation security, as set out under EU law, was transferred from the Department to the IAA. This was done through secondary legislation. Primary legislation is required to do the same for the largely overlapping ICAO provisions, and so this Bill also provides an opportunity to do so. In practice, since 2013, the IAA has maintained regulatory oversight against the national civil aviation security programme, which includes all national and international civil aviation security requirements, including EU and ICAO requirements.

I will now turn to the specific draft heads of the Bill, as presented to the committee, of which

there are three. The proposed amendments are interlinked, and I hope they are satisfactorily explained in the explanatory note included in the general scheme circulated to the committee.

The purpose of head 1 is to formally designate the IAA as the appropriate authority for the purpose of ICAO Annex 17 and, therefore, to allow it to make orders and charge fees in relation to civil aviation security oversight and inspection. Head 2 is related to head 1, in so far as it provides an amendment to section 14(1) of the Irish Aviation Authority Act 1993 to include within the objects of the company activities related to civil aviation security. Again, this serves to provide a legal basis for charging on a cost recovery basis.

Head 3 is required to ensure that the Act reflects current policy regarding the role of the IAA in the area of civil aviation security oversight and inspection. It provides for the deletion of section 5 (10) of the Act. This overall approach follows the policy principle that underpins cost recovery for civil aviation regulation in other areas. Under the revised Act, the IAA will be required to consult regarding the manner and level of the new fees, and these fees will be required to be proportionate. For the benefit of the committee's consideration of this aspect, it is important to note that the fees currently charged by the IAA with respect to its other regulatory functions are very competitively priced within a European context.

The broader context for our ongoing work in this area is that airports and aviation have traditionally, and continue to be, a focus for terrorist attacks. As we have unfortunately seen too much of in recent times, such terrorist attacks can strike at any time in any place without warning. Quietly, in the background, as part of a wider counter terrorism strategy, all States are making efforts to reinforce existing controls at airports and within the aviation environment. These legislative amendments are part of the process to ensure Ireland continues to have a robust civil aviation security oversight regime, and is seen by the international community as having such a regime. It is also hugely important for the aviation industry in Ireland that it can rely on a robust aviation security regime. This is also the case for our exporting companies, which depend on the airports to get their goods to overseas markets.

I look forward to hearing the views of the committee this morning, and I hope we will be able to provide the members with as much information as is required to satisfy them as to the merits of this proposed legislative amendment. If the Chairman and the members are agreeable, I may from time to time defer to my colleague from the Irish Aviation Authority on specific matters relating to operations, as opposed to policy. In that respect, however, it is also necessary to point out that some operational matters are of a highly confidential nature and, therefore, there may be certain instances where we will be unable to comment in any great detail, certainly on specific operational practices, which might risk compromising the security regime. I hope this will not prove to be too much of an issue during the course of the committee's deliberations this morning.

**Chairman:** Before I open it to the floor I want to make it clear the Minister wrote to the committee on 1 November, stating the Government passed the heads of the Bill and it wanted this legislation passed as quickly as possible. We asked the clerk to have this meeting as soon as we could. It so happens, very unfortunately, that the Minister and committee members who are Members of the Dáil are in the Dáil at Question Time at present. I was not aware of it until it was pointed out to me in a letter yesterday, so I apologise. Nevertheless, we intend to ensure we will have adequate scrutiny today. We will have an opportunity later, on Second Stage in the Dáil and Seanad, and on Committee Stage, to raise all of the issues.

I have several questions before we start. We must support in every possible way any level

of security that professionals deem necessary and we must fund this. I have no issue with this. The regulatory impact statement does not include the impact the €1 million may have on the increased costs to consumers or people who use the airport. I am speaking about the ordinary customer. Why was it necessary to bring forward legislation instead of the alternative, which was by way of ministerial order? I would appreciate the witnesses coming back on these points later.

**Senator John O'Mahony:** I thank the witnesses for coming before the committee to speak on this issue. I concur with the Chairman's opening remarks regarding the important function carried out by the Irish Aviation Authority. I want to follow on from the Chairman's question on the practical implications. Mr. Gallagher has explained why it is necessary, but what are the practical implications of what this will mean with regard to increased fees? Will the airlines or the consumers pay? What will this mean for the people looking in today, who will want to know what implications it will have for the cost of their flights?

I fully understand the point made that the witnesses cannot answer on certain policy issues. I raised with the Minister the issue of maps and charts used in the aviation industry, and he told me the authority had advised him there is no reason whatsoever for the Irish aviation community or emergency services to have any concerns about the aeronautical maps or charts. I watched the "Prime Time" programme a few weeks ago on which these issues were raised. They seemed to be from an amateur and were with regard to mountains or obstacles not being noted on the maps and the height of certain obstacles being incorrect on the maps. What implications does this have? Is it an issue? I would like the witnesses' comments on this.

**Mr. Ronan Gallagher:** I will answer the first question and I will ask Mr. Gavin to deal with the question on the navigational maps.

**Senator John O'Mahony:** I do not want to cross any borders but I want legitimately to find out.

**Mr. Ronan Gallagher:** I will draw a distinction because the Bill before us is about security and the maps are a safety issue. I may touch on it in so far as I can give some extra information, and if there is an opportunity to come back with follow-up information I will agree to do so. With regard to the impact on consumers using Dublin Airport and other airports, the Government considered a number of options with regard to how this important service would be funded. There is always the option that the Exchequer and the taxpayer fund it directly. What has become common in regulation in Ireland is the application of an industry levy. In many respects, the largest regulated entity envisaged under this would be DAA, primarily because of the extent of the activity.

Probably three quarters of the estimated cost of providing this security regime, €1 million, will fall to the DAA. That means €700,000 from a company that has an annual turnover of €700 million and after-tax profits of €100 million. It is a regulated entity. The Commission for Aviation Regulation, the economic regulator, will take all its costs into account in terms of the fees. In principle, if one charges a company an extra fee, whatever it might be, there is always the possibility that it will feed through to the consumer. On a relative scale, that will be pretty minimal. In the context of competition at the airport and the deals the airlines do with the DAA, I would not expect any material impact on the cost to the consumer using Dublin Airport. Against that, there is always an open question as to who should pay. At present, since the IAA absorbs the cost, the costs fall disproportionately on the airlines. Much of the security activity happens at the airports so it is probably spreading in a more fair way the cost of providing the

security regime.

**Chairman:** The Department is fully funding all that. The IAA obviously cannot do so because it does not have the income. What happens to the €1 million that is currently being paid?

**Mr. Ronan Gallagher:** At the moment, the IAA is absorbing it from within its general income stream.

**Chairman:** So it is running a deficit.

**Mr. Ronan Gallagher:** It is not running a deficit but it is kind of using resources it has elsewhere. It is not a precise science. It is a matter of taking money from other areas. We do not like it, nor does the IAA. It is not clean enough. The board of the IAA is uncomfortable with it. It was an arrangement that was never intended to be long-standing. When the function was transferred in 2013, it was always the intention that the Department would regularise the funding stream in legislation. That is what we are now doing. It was really an interim arrangement. It is not satisfactory.

**Chairman:** Let me put the question in a different way. Did the Department ever fund this separately from the IAA?

**Mr. Ronan Gallagher:** When the activities were carried out in the Department, it was funded through the Exchequer.

**Chairman:** Was that up to 2013?

**Mr. Ronan Gallagher:** It was up to 2013. Of course, there were many Exchequer allocations going in different directions at that time.

**Chairman:** I am just trying to clarify the points. Up to 2013, the Department-----

**Mr. Ronan Gallagher:** It was in the general cost base.

**Chairman:** Has the Department funded the IAA at all since then?

**Mr. Ronan Gallagher:** There is no Exchequer funding in the IAA. It is fully self-funding. On the regulatory side, it is on a cost-recovery basis. On its commercial side, it is on a commercial basis, regulated at EU level.

**Senator Pádraig Ó Céidigh:** I thank the delegates for attending. I have a couple of questions. In principle, I support the draft Bill. There was good clarity regarding my colleagues' questions on who will pay. It is the airport authority that will be liable in the first instance. Do the delegates envisage a difference in regard to the collection models of different airports? There is quite a substantial difference between 29 million or 30 million passengers going in and out of Dublin Airport and the numbers going through Shannon, Cork, Knock and other airports. The smaller airports, the regional airports, may well be more challenged than the larger ones.

Let me refer to the total amount collected, €1 million, in addition to the turnover of Dublin Airport, as mentioned by Mr. Gallagher, and the turnover in respect of the IAA. The latter is an incredible organisation. I support it 100%. It is making a reasonably good profit. I do not have the figures in front of me but I remember reading the authority's annual accounts recently. A sum of €1 million is being sought. To me, €1 million is not a lot if one wants to ramp up security to the level I understood was intended. I have a couple questions on that. How do the

witnesses envisage strengthening the security? Is there a strategy, game plan or cost-benefit analysis in this regard?

The perspective of the passenger is very important. Sometimes it takes an hour or more to come through passport control in Dublin Airport after an inbound flight. I refer to the flow of passengers through Dublin Airport, primarily from the passengers' perspective but also from that of the airlines. The focus is totally on the passenger and the safe and efficient passage of the passenger. If the delegates have any thoughts on that, I would certainly appreciate them. Is the fee or levy that was mentioned considered in the regulator's assessment of costs in Dublin Airport and the other airports?

**Mr. Ronan Gallagher:** I will address first the issue of profitability and the IAA. The Senator is correct to state the airport authority is a highly profitable organisation. I draw a distinction, of course, between its regulatory and commercial sides. On the regulatory side, work operates on a cost-recovery basis only. Importantly, there is no crossover between the commercial and regulatory sides. It is an important point of principle that there be no funding flow crossover. While both functions are under the IAA, they are very much separated on a corporate level. Commercial activities are regulated at European level and are highly profitable because of the extent of our *en route* charges. The IAA retains a cash amount that it uses to invest in technology for traffic control. The State benefits from the payment of an annual shareholder dividend. On the regulatory side, the system operates on a cost-recovery basis. As a matter of public policy, we do not mix the regulatory and commercial sides.

On the issue of strengthening and ramping up, it is important to clarify that the provision is allowing the IAA to fund existing levels of security. It has a comprehensive programme in place. The point was on going further as our connectivity and the through-flow of passengers at airports increase. As the volume of goods exported from our economy increases, we need to have a much more secure funding regime. The IAA needs certainty as an organisation that it will be able to draw fees.

With regard to distribution, because it is the largest customer and will be subject to the highest level of inspection and oversight, DAA will pay the highest fees in relative terms. The details of that still have to be worked out. The IAA will do so in consultation with the industry and there will be transparency. It is not just to fall on the airports; it will fall on multinationals also. Exporting multinationals highly value it. It essentially allows them to package their goods on site of manufacture. They may be sent straight to the airport, put straight onto the aeroplane and flown straight out of the country. It really shortens the process. It is a relatively small price for those concerned to pay for the speed at which the supply chain operates for them. The arrangement is a factor in the IDA's ability to attract foreign direct investment.

There was a question on passengers queuing and so on. There are two high-level committees that the Department chairs. One is on aviation security and the other is on facilitation at the airports. The latter has representatives from each of the airports and airlines. That committee has a rolling programme of actions to try to ensure steps are taken at each airport by the airlines, immigration control, the Garda or whoever the relevant party is on the committee to work constantly towards increasing the flow of passengers from landside to airside and airside to landside.

**Ms Andrea Lennon:** This has to do with strengthening security oversight in the State. The IAA has a national quality control programme that it reviews annually. This is its programme of tests, inspections and audits. What it does is ensure the entities that are applying the security



standards do so in compliance with the regulations and in compliance with the natural programme. That is the way the security system will be bolstered by this proposal.

**Chairman:** In terms of security in the broadest sense, different people are carrying out different functions relating to security. Is Ms Lennon saying that the IAA, which the Department oversees, follows the guidelines the Department sets down as opposed to each one doing whatever it wants to invigilate?

**Ms Andrea Lennon:** Yes.

**Chairman:** How does the Department ensure it gets the compliance it obviously wants?

**Ms Andrea Lennon:** The national civil aviation security programme is something the Department maintains and develops. It contains all the requirements from EU requirements to international requirements to national requirements for aviation security. The IAA then has the role of regulating compliance against that programme. I will hand over to Mr. Gavin.

**Mr. James Gavin:** I will deal with the regulatory perspective. The European regulation for the common rules and basic standards of civil aviation exists to protect persons or goods from acts of unlawful interference within civil aircraft. This regulation, Regulation (EC) No. 300/2008, was established as a result of the attacks of 11 September 2001 in the US. It is clear from the global and interconnective nature of civil aviation that it has been targeted by terrorist groups. What does the IAA do? By its nature, aviation security is a set of measures to ensure that no unauthorised persons or items go on board an aircraft or go through the secure part of an airport. It is a global requirement and that is the part that Ireland plays with regard to it. For the passengers, that means that the IAA has an oversight function on regulated entities such as airports, air carriers and air components. It is the IAA's job to ensure that no explosives are on someone such as a passenger, in a bag in the cabin, cargo hold or the cargo bay under the aircraft, in the pack of newspapers that arrive on an aircraft, or in the meal a passenger gets. From that, there is an inspection and audit cycle that takes place under this programme.

**Chairman:** What Mr. Gavin is saying is that the IAA oversees everything and makes sure that it conforms to specifications, which is fair enough. It seems that the cost recovery is from regulated entities only. Will Mr. Gavin tell me who they are? The regulatory impact statement says that a small number of respondents - I do not know who they were, obviously, as these are the regulated entities - suggested that excessive cost charging would be prevented should that happen. We are talking about financial oversight. How would this be invigilated? If this proposal is to go from €1 million to €2 million, how does one ensure that this is proportionate? I do not doubt that it is always right when it is coming from the security people, but how is it regulated and how does one ensure it is fair?

**Mr. Ronan Gallagher:** I might deal with at a high level and then pass it on. In principle, it is always a concern of regulated entities that the regulator builds in a huge amount of fat for expensive offices and pay rates. It is on a strictly cost recovery basis. The charging regime will be transparent. The IAA produces an annual report and is then accountable to the Oireachtas for that cost. Regulators will come in in terms of their accounts and the Department has a relationship as well, so it is dealt with administratively. It is a constant piece and happens in all areas of regulations such as the banking sector and other areas of transport. It involves this tension between regulated entities and the fees they pay. I would say in defence that in comparison with EU regulators, the fees and charges are generally highly competitive. We do not have a list of the actual individuals but we can give the committee a flavour apart from airports of the type of

companies that would be subjected to the regime.

**Ms Andrea Lennon:** This would be very much tied in with fees. With regard to anybody who gets an approval, certification or licence, the fees would be associated with that service. The types of entities include airports, cargo entities, regulated agents and known consigners. Known consigners will particularly benefit from this. They are producers who want to transport consignments by air. We work on the basis of a secure supply chain from source. Therefore, they do not have to screen the goods at the airport. There is a huge cost associated with screening goods at an airport apart from the facilitation issues for the airport. If that can be avoided, that is what companies want. The benefit to these entities is that they get certification which is recognised across the EU and internationally.

In terms of proportionality, in the EU regulations they can recover no more than the cost of the service that is provided so that will limit what can be charged. Again, in terms of proportionality, it would be very much dependent on the level of activity, that is, the level of certification or approvals required. Perhaps Mr. Gavin might add to that.

**Mr. James Gavin:** To counter the threat of an attack on a civil aircraft leading to substantial loss of life, economic damage and whatever destruction that might take place, the IAA ensures that there is implementation of appropriate and risk-based measures. That is led by the Commission and all the member states. We are constantly adjusting our mitigating measures to achieve the highest level of security while minimising adverse effects on operations. Regulated entities and categories of entities include airport operators, which include passenger and cabin screening, and air carriers, which include the actual aircraft searches and protection. This involves not only Irish air carriers but every air carrier that departs from the State. Others include regulated agents, which involves screening of cargo that may have been transported by air, known consigners, which were mentioned by Ms Lennon and which secure cargo consignments at the source of production, regulated suppliers, and in-flight suppliers such as those supplying coffee, tea and blankets on board aircraft. At State level, one finds An Garda Síochána. The aviation security regime is part of a wider State security programme that is co-ordinated by An Garda Síochána, but in terms of aviation security, it comes under our regulation as well and indeed the air navigation service providers within the State, including our counterparts in the IAA.

**Senator Frank Feighan:** I apologise for having missed the submission. I had an important role as we need a certain number of people on quorum duty for the Seanad to start. When witnesses see Deputies and Senators leaving, it is not a snub. I am delighted the witnesses can appear before us today. We are talking about oversight and inspection capabilities with regard to aviation security. I was interested to see that income has been drawn from other sources. This has effectively regularised the way the authority gets its funding.

We are very proud of Dublin Airport, including the new Terminal 2, about which there was huge hoo-ha over the years because it was so expensive. It is now an international hub and it is great to see that it is a regional airport and is bringing people from across the island. There is, effectively, a captive audience. Security must be paramount, but what is being done to drive down costs? Gardaí used to perform passport checks but now civilians do so, which is very welcome. It releases gardaí across the State. I have noticed that in respect of security checks, instead of one person queuing, five people queue at a time. I think it might have started in Stansted. Perhaps Dublin was the first to introduce it. Certainly it has helped save time but has it made any savings?

I will be parochial. We are very proud of Knock Airport in my region. However, before one goes through security at Knock there is a €10 departure fee, which effectively goes to the airport. It is something a lot of people do not realise. We are happy to pay it. Does the Department have any role regarding funding for Knock Airport?

**Mr. Ronan Gallagher:** I will take the Senator's points about the DAA first of all. The airport is regulated by the Commission for Aviation Regulation, which is an economic regulator separate from the IAA. It makes determinations on a five-year basis. It takes into account the capital investment plans of the airport, including projections for future passenger levels. It is an open process. The airlines and airports make submissions. The economic regulator takes on expertise to provide independent overview of that process. They arrive at a per passenger, regulated price which sets on an average basis what passengers using Dublin Airport pay for the privilege. That is the cost containment model. There is an economic regulator that makes sure that Dublin Airport, given its strong market position, cannot just make up prices and take advantage of a kind of de facto monopoly position on the island in terms of the scale of its operations. It is the only airport in the State that is regulated by virtue of its size. That is how the State ensures that there is a lid kept on costs.

Some of the initiatives the Senator mentioned result in part from the cross-departmental, cross-agency engagement of the facilitation committee I mentioned earlier. The Department of Justice and Equality, An Garda Síochána and immigration services joined with the airport and airlines. There has been a process over the past three or four years to replace gardaí with civilian staff. That frees up gardaí and reduces the costs because there is a ceiling in pay level terms. There are also flexibilities within that service. Those initiatives have been driven by the Department of Justice and Equality in co-operation with the airport under this facilitation committee. It is an example of how the committee smooths the relationship between various actors at the airport.

On Knock, I must confess I do not have specific knowledge. Knock is not a regulated airport. None of the other airports are. All of them set some per passenger charge, which is used to support the company and facilities and to keep the airport open. That is what it goes towards. I would have to defer on the funding for Knock, it is in another area of the Department. If the Senator has some specific questions, I would be happy to get more information for him.

**Mr. James Gavin:** It is probably important to highlight the difference between immigration and aviation security. When people land at an airport and present their passports, that is an immigration booth. It is nothing to do with aviation security. Aviation security is about preventing unlawful acts of interference. From the IAA's perspective, we want people to fly and goods to be transported by air in a safe manner so that the travelling public can have confidence that when they board the aircraft there is not an explosive device on board, or that there is nobody on board who wants to hijack the aircraft. It is completely separate from immigration.

**Senator Frank Feighan:** I thank Mr. Gavin for clarifying that.

**Mr. James Gavin:** On the point of the efficiency of an airport, dealing with the screening of passengers and baggage is a responsibility for the airport. Our responsibility in the Irish Aviation Authority is to ensure that the airport employs with the common basic standards under Regulation (EC) No. 300/2008. If it wants to have two or ten check-in desks, that is a matter for itself. There are some related delays which are covered by the Commission of Aviation Regulation, CAR, but that is outside our responsibility. It is just to ensure that the airport or regulated entity complies with the common basic standards for aviation security.

**Deputy Catherine Murphy:** I apologise. The dog did not eat my homework; I just got stuck in the traffic. It happens with the transport committee from time to time because we normally meet early in the day.

We would all want to save money on everything in aviation except security. It is a given that security needs to be absolutely top notch. In many cases, we have regulation in theory but not in practice. We constantly ask what the cost of it is but in fact, we pay for it one way or the other. If there is a failure we pay for it. We need to look at it in the context of making sure there is not a failure. Are there sufficient resources in what is being proposed? There is no point in having it in theory but not in practice.

**Mr. Ronan Gallagher:** The amount we have advised the committee of is a preliminary assessment by the IAA. The Department did not set any parameters for that costing and therefore it is based on an IAA assessment of what it needs for the moment. In the future, I suppose that will be a matter for review as the demand either from new security threats or from the volume of traffic and passengers expands. I would anticipate that the need for additional funding would increase but not in any material sense.

What is important is that everything that the IAA does in this context is set at EU and international level. There is a kind of drip-down from those regulations. Therefore, as there are changes at that level, the IAA may need to introduce new pieces. As we go through this, as new threats arise, different, new procedures are brought into place and the point about having a separate income stream is to make sure there is a secure, long-term, knowable income stream for the organisation to plan into the future. That is part of the purpose of this legislation.

**Deputy Catherine Murphy:** I have had some involvement in dealing with the Irish Aviation Authority over the years, particularly in respect of Weston aerodrome. There have been a number of issues there over the years. Would that be one of the locations that would be regulated, given that it has full customs clearance, or are we talking about the airports in State ownership? What are we talking about?

**Mr. James Gavin:** It would be all airports in the State.

**Deputy Catherine Murphy:** Okay. We have had famous situations where people broke into the hangar at night. There was beefed up security then, with fencing and things like that. That would very much come into play. If the code of the airport or aerodromes changed, the hazards and things like that would presumably have to be identified and protected against.

**Mr. James Gavin:** Indeed.

**Deputy Catherine Murphy:** Is the Irish Aviation Authority audited by the Comptroller and Auditor General?

**Mr. Ronan Gallagher:** I would need to check that.

**Mr. James Gavin:** We are audited by the Commission itself.

**Deputy Catherine Murphy:** Right. When the IAA says it is accountable, I am trying to figure out to what body it is accountable. Regulatory entities under the remit of the State and audited by the Comptroller and Auditor General are subject to the scrutiny of the Committee of Public Accounts, for example.

**Mr. Ronan Gallagher:** I will have to come back to the Deputy on that. That would be my

normal expectation but I do not want to grasp at it because I do not have the specific answer.

**Deputy Catherine Murphy:** Okay. I just have a few of these kinds of questions. Mr. Gallagher might write to me on that.

**Mr. Ronan Gallagher:** Absolutely. Just in terms of the fees structure, while it is an important question about accountability within this State, the parameters of the fees structure is dictated by EU regulations. There cannot be any expansion beyond those parameters. I will clarify the position in that regard this afternoon.

**Deputy Catherine Murphy:** Is this subject to freedom of information legislation? I accept that there are security matters and that exceptions arise on foot of those but, in general, is this subject to freedom of information legislation?

**Mr. Ronan Gallagher:** The regulatory side is subject to the parliamentary questions system as well. Under new arrangements brought forward in the past 12 to 18 months, parliamentary questions relating to the IAA are passed from the Department to the authority, which answers them directly. I need to check the position because the freedom of information legislation has changed recently, with the addition of new bodies. I will confirm whether the IAA is on the list.

**Ms Andrea Lennon:** The Deputy is correct in that if there is a security matter, it could not be subject to the freedom of information process.

**Deputy Catherine Murphy:** The financial matters could probably be subject to it.

**Ms Andrea Lennon:** They would be different.

**Mr. Ronan Gallagher:** There are certainly published annual accounts and reports. The financial accounts of the company are presented to the Department and laid before the Oireachtas.

**Chairman:** We can bring the authority's representatives in here if they are requested. It is an important question.

**Mr. Ronan Gallagher:** IAA personnel can come before the committee.

**Mr. James Gavin:** The European Commission conducts compliance monitoring on the authority every three years. The Commission conducts compliance audits on the industry approximately four times in the three-year period.

**Deputy Catherine Murphy:** I am trying to get my head around this. If staff visit Ireland West Airport Knock, for example, and discover something not up to scratch, there would be an instruction issued and the airport would be required to take the necessary action. The facility would then be rechecked.

**Mr. James Gavin:** We conduct audits, inspections and tests at airports. If we find a deficiency, we expect to see immediate corrective action. Depending on the severity of the deficiency, we would expect appropriate mitigation to take place at the airport. We would want to see root cause analysis being conducted by the regulated entity and the airport in this example. At that stage, we would revisit and ensure that the deficiency is closed and new procedures or processes are in place to ensure it does not happen again.

**Deputy Catherine Murphy:** The cost would fall to the operator.

**Mr. James Gavin:** Absolutely.

**Deputy Catherine Murphy:** There would probably be a timeline. Under these new processes, are there likely to be enhanced security measures that will bring a cost to those entities?

**Mr. James Gavin:** There is a common basic standard of regulation within Europe. As has been mentioned, the threat vector is shifting all the time and there are emerging threats. In 2014, explosives trace detection was introduced by the Commission and it might be necessary to detect emerging threats and new technologies. It could possibly place greater expense on the regulated entity to ensure it complies with whatever regulation is deemed necessary by the European Commission.

**Ms Andrea Lennon:** I will speak to the enforcement question. The IAA operates a scale system of enforcement actions. It can range from what Mr. Gavin described, where it is discussed with the entity and a rectification is sought but there can also be suspension or revocation of an entitlement such as a licence or certificate. There can also be summary prosecution. These are set out in the IAA state safety programme, which is on the website. It applies to safety regulation, as well as aviation security regulation. The proposal in front of us today will not change anything in that enforcement regime, it merely deals with the fees aspect.

**Chairman:** It is indicated that costs will be incurred by regulated entities regarding the application of fines for serious or non-recurring issues. I am trying to understand this point. Not only can these entities be asked to improve the situation, it also appears that fines may be levied. Is that a new power given by this process or was it there already?

**Ms Andrea Lennon:** When the proposal was being devised, we were going to include something relating to fines but we reflected on it. The IAA felt the enforcement structure was sufficient and future-proofed so we decided, on that basis, not to proceed with that particular aspect. That reference was not removed from the-----

**Chairman:** It is here. Will it be removed?

**Ms Andrea Lennon:** Yes.

**Mr. Ronan Gallagher:** When the matter went before the Government, it was part of the suite of measures. On reflection, between the Department and the IAA I suppose there was a sense that the power was something to have but the authority did not envisage it coming to a point where it would be used. The approach was more to work with companies for solutions rather than getting to a point where there was a withdrawal of certification and fines.

**Chairman:** I do not have a problem but why does it appear in this impact statement?

**Mr. Ronan Gallagher:** It is an oversight. It was placed in the statement when it was drafted and presented to the Government. We have missed that.

**Chairman:** In fairness, I would like it to be amended and sent back to us.

**Mr. Ronan Gallagher:** Absolutely.

**Chairman:** We are supporting the process but we want clarity on what is to be done.

**Deputy Catherine Murphy:** I have a few more questions.

**Chairman:** Of course. I just wanted to clarify the point.

**Mr. James Gavin:** It is important to emphasise the point of having a regulated status for some companies and the economic impact it can have if they do not comply with the regulations. We have seen recent examples of known consigners that can secure their own goods at source. If their security programmes are not in compliance with the regulation, they cannot supply their goods. A razor shellfish producer could not put his goods on the supply chain for the Far East, and this had an immediate regulatory impact on that entity.

**Deputy Catherine Murphy:** I want to get a sense of the process for approval. If a multinational seeks approval, what conditions must be satisfied?

**Ms Andrea Lennon:** With known consigners, there would be a site visit by the IAA and the aviation security would be inspected. The security programme of the entity would need to be seen and there must be a security manager for the entity. There are various elements to be considered, including how goods are packaged and sealed, as well as how they are transported and the various aspects of the supply chain. The question of whether they are secure all along the supply chain to the aircraft would be considered. This happens as a one-off at the start but it is repeated for renewals of the approval.

**Deputy Catherine Murphy:** The process at Weston Airport gave me some insight into how the IAA works. For example, there may have been 20 visits to Weston in a year, with 16 being notified visits and the other four being on spec. The on-spec visits are incredibly important because it is like an inspector coming to the classroom, with things being polished. What number of these takes place? Does the authority have the capacity to carry those out on spec rather than making notified visits? Is that part of the regime?

**Ms Andrea Lennon:** For aviation security, the unannounced visit is very important and it is carried out quite a bit. The rate of inspections relates to an ongoing assessment by the IAA under the national quality control programme I mentioned. This is reviewed continuously. It is decided on a risk basis, perhaps depending on how compliant the entity has been in the past, whether it needs repeat visits and how frequently these should be repeated. This is something that is changing all the time and is being assessed all the time by the Irish Aviation Authority.

**Deputy Catherine Murphy:** The point I made at the beginning is that we have a lot of regulation in theory but legislation is not policy. It is the entity that is going to carry it out. It is a case of being satisfied that the system is sufficiently robust and resourced to do that. Is Ms Lennon satisfied that that is the case?

**Ms Andrea Lennon:** In addition to the Department the European Commission requires an annual report from Ireland on its national quality control programme. The European Commission will make its assessment as to whether the level of inspections and audits meet its standard for what it considers is required. Thus far we have done quite well in the review by the Commission. We take on board any comments it makes but currently we have no infringement proceedings in terms of the appropriate authorities' compliance with the European regulations.

**Mr. Ronan Gallagher:** An important point to make is that notwithstanding that we do it anyway in the national institutions but the international community obliges us to do what everyone else is doing in this space. We are part of a global aviation industry and there is really no opportunity to slack off. Even in respect of the pre-clearance facilities we have in Dublin and Shannon Airports the US Government as well has a whole other suite of requirements. The fact that we have pre-clearance is testament to how we are viewed in the United States in terms of our security apparatus. There will always be a need to be constantly vigilant of any risk. That

is why we would never say to the committee that we are absolutely satisfied the system is 100% foolproof. There are always areas of change and part of the challenge to make sure that we are in touch with international developments, including security developments, and that they are reflected on and actions are taken as quickly as possible. That is the system we have in place. As far as we are concerned the system works and is subject to international audit. Clearly, it is a moving target.

**Deputy Catherine Murphy:** We are talking about ground operations in terms of the functions of the Irish Aviation Authority. The other function is keeping things separated in the air, which we would like to think happens in a very professional way. Following the awful crash in Blacksod Bay, does the IAA have further work to do in relation to mapping hazards? What is the status of the work in that regard? I know it does not come within the scope of the Bill but it relates to safety in the air and comes under the remit of the IAA.

**Mr. Ronan Gallagher:** It is in a separate space. The issue was raised earlier by Senator O'Mahony but I did not get back to him because the conversation moved on. It is a separate issue concerning search and rescue operations while what we are dealing with here, apart from security, is civil aviation. The events in Blacksod fall outside the remit of that. It is a safety matter that falls to another side of the IAA. I understand it will be before the committee in a few weeks.

**Chairman:** It is a fair question from Deputy Murphy and Senator O'Mahony. The IAA is coming in on 6 December. It is not specifically germane to the purpose of the meeting but that question can be answered then.

**Senator John O'Mahony:** If I could clarify what I asked, I understand an investigation is ongoing so it was not a specific question on the accident. It was a general point about mapping and charts. That is fine if it is to be addressed later.

**Chairman:** It is an important question. We will specifically ask the IAA to respond to that in the context of the question on the day.

**Senator John O'Mahony:** It is not to raise fears but to allay fears.

**Chairman:** We cannot talk about the report of the accident until it is published.

**Mr. Ronan Gallagher:** If I can provide further clarification I will do so. I will speak to colleagues this afternoon on the Senator's general point about the maps.

**Chairman:** I have one concern. I welcome the work of the IAA. It is hugely important and keeps us all safe and secure. I have one question about due diligence on the charges, notwithstanding the codes and the appropriate reasons for imposing them. In other words, there is no regulation on what the IAA charges, notwithstanding that the underlying reason is right and I fully support what the IAA has to do. Is there anyone to carry out due diligence on the charges, notwithstanding the fact that they are essential? I do not query the reason for them or the need for them, but how do we know if it is the right charge? Is that a fair question?

**Mr. Ronan Gallagher:** There is some clarification in response to Deputy Murphy's query around the Comptroller and Auditor General which might throw some light on that as well, but what I can confirm is that the IAA provides the Department with quarterly financial accounts. Under the code of governance for State bodies the Department has obligations to hold its agencies to account and in that respect we have financial information and the annual accounts are



subject to a memo for Government and are laid before the Houses so in that sense the Oireachtas has sight of it. In addition, the principle of cost recovery is quite a discipline within EU regulations. It means that the IAA has to demonstrate that the resources it has, the people it recruits and the activities it carries out are in direct relationship to its regulatory functions.

**Chairman:** I do not doubt that for one moment. My question is that there are 600 regulated entities. If, for example, I am Johnny Murphy and I am a regulated entity how do I make sure that the IAA does not profiteer on the fact that I may have to pay an extra charge? How does the IAA control other costs? How does it make sure that the consumer is not going to be ripped off somewhere along the line? I say that respectfully.

**Mr. Ronan Gallagher:** Sure. What I can add to what I have already explained about the controls is the long established practice by the IAA which is to keep costs to a minimum.

**Chairman:** I have no doubt about that at all, but who regulates the IAA?

**Mr. Ronan Gallagher:** The organisation is set up to do that and it reports to the Department and the Minister on a quarterly basis and the Oireachtas has sight of that information. The IAA is always obliged to go before the committee if issues arise. I am not aware of that being a huge point of issue. It is not something that features or follows through, albeit that nobody wants to pay something that up to now was free. If the Exchequer can pay for it that is attractive too.

**Chairman:** The reason I raise the issue is that the regulatory impact statement says that a small number of regulated entities did raise the point about the regulator. While a small number might be only two or three, was it the DAA or who were the people who did that?

**Mr. Ronan Gallagher:** I do not think I am breaching confidentiality as it was a public consultation. The DAA was certainly of the view that the charge should be set against the passengers using the airport rather than the company. By virtue of administrative ease of collecting fees it seems to me that the regulated entity is the most appropriate. It is after all the organisation that can respond to whatever the security finding might be. There are inbuilt incentives in the system in a way that the IAA inspects the associated charges. If one is a highly performing regulated entity in terms of aviation security the IAA's requirement to constantly visit will reduce and therefore one imagines that the fee is payable. There is an inbuilt incentive to be a good client. If one was to directly charge passengers who use the airport once a year or once every two years it is not clear to me that it would be a benefit as they have no relationship with the regulated entity in terms of changing behaviour. Part of the approach is to try to incentivise behavioural responses to security breaches. I will ask Mr. Gavin if he thinks that is fair.

**Mr. James Gavin:** I think the point Mr. Gallagher made is that we do not ensure there is oversight of passengers. They are not regulated by the IAA. The regulated entity is the body that is concerned, in this case the airport. It is up to the airport to ensure that its aviation security standards comply with the regulation and not the passenger.

**Chairman:** I do not doubt that at all. I do not like it saying it is going to charge an extra €1 per head for every passenger going through Dublin Airport.

**Mr. James Gavin:** That is a matter for the airport. It is up to the airport to ensure for the Irish Aviation Authority that its aviation standards comply with the regulations.

**Chairman:** I know that is not Mr. Gavin's concern. It is interesting that the DAA would have that point of view.

**Mr. Ronan Gallagher:** Is the Chairman suggesting the DAA might pass on a cost in excess of what it costs it to comply with the IAA?

**Chairman:** Yes, or who does due diligence on that? If a passenger is buying an expensive meal or pint of beer in the airport, has the price gone up because of security? I am talking about the regulation of the airport generally, and I appreciate the witnesses are not from the airport authority.

**Mr. Ronan Gallagher:** As I mentioned earlier, there is an economic regulator who sets a cap on the total amount the airport can charge passengers using the airport. Within that determination there are performance targets for queuing times and other matters such that if the airport authority fails to meet them it is fined. There are inbuilt incentives for the airport to perform to its best for the customer. This additional cost on Dublin, and it is not just on Dublin, is so small in relative terms that I cannot see in any material way how it would filter down in any noticeable way to the customer.

**Chairman:** That is notwithstanding the fact that the DAA was of the view we as consumers should pay this charge.

**Mr. Ronan Gallagher:** It was just on the basis that it does not pay.

**Chairman:** That is the way I looked at it.

**Mr. Ronan Gallagher:** It is always easy to nominate someone else to pay.

**Mr. James Gavin:** It is required but currently it is not being paid for. It has to be one way or the other.

**Chairman:** The point there is that when the Department did it up to 2013 the expectation was that the budget was adequate. That is what the IAA says in the regulatory impact statement but that did not turn out to be the case, obviously because costs go up. The IAA was saved those few extra shillings it was paying at that time.

**Mr. Ronan Gallagher:** I suggest that they were absorbed in the broader round of redistribution of Exchequer allocations. We insulate this revenue stream and activity from year to year budget discussions. There is something attractive in that too from the perspectives of the Department and the IAA.

**Senator John O'Mahony:** The legislation will allow the passenger be charged. It can get to the end of the line. What will be the practical implications of that if this goes through, which it will? When a person books a flight will it be a hidden charge, an increase or will it be added to the cost of the flight? The cost will be minimal in Dublin Airport, which has 30 million passengers, but is there a bigger implication for regional airports? Knock Airport recently announced an investment policy for security and safety at the airport. Will there be bigger implications for the regional airports? They are crucial to regional tourism.

**Mr. Ronan Gallagher:** We do not anticipate it to be on the basis that it is to be proportionate.

**Senator John O'Mahony:** If there are fewer passengers there is a lower charge.

**Mr. Ronan Gallagher:** Absolutely and fewer requirements. The DAA is holding the bulk of it because of the level of activity at the airport. Therefore because at small regional airports

the level of activity is substantially lower the charge will be substantially lower. On a proportional basis it will be no greater at the regional airports and may be even less than in Dublin.

**Mr. James Gavin:** The proposed charge is on the departing passenger but it is levied annually on the airport not the passenger. If the aerodrome wants to operate it needs to operate in compliance with the aviation security standards. It needs to have the appropriate measures in place which cost but there is an oversight and a security probe that the IAA needs to improve.

**Senator John O'Mahony:** Might all airports in the future have a development charge on top of the flight charge?

**Mr. Ronan Gallagher:** Those are already in place. The Senator mentioned the €10 departure charge in Knock. That is the charge. In Dublin those charges are regulated. The charge in Dublin is of the order of €10. That €10 per passenger charge pays for new terminals, new runways and additional services. That is in place and is regulated by the economic regulator. The additional charge that will fall on the DAA – I use that as an example because it has the greatest number of passengers – will fall into that regulatory assessment, which happens on a five year basis. In the context of all the other costs associated with Dublin Airport this would be extremely marginal and therefore I would speculate that it will not have any material cost in the regulated economic decision but that is a matter for the Commission for Aviation Regulation, CAR.

**Chairman:** Is Mr. Gallagher saying if Dublin Airport as the biggest airport were to introduce a charge specifically on account of this the CAR would regulate it?

**Mr. Ronan Gallagher:** Yes, and part of that regulated charge, which only happens every five years, can go up or down, depending on capital investment plans. On the basis of a second runway, for instance, the cost of that will be spread over the long term for current and future passengers. It is embedded in the cost.

**Chairman:** At the consultation process some regulated entities expressed the view that they wanted the regulator to have oversight of these charges and that is not recommended by the Department.

**Mr. Ronan Gallagher:** It will fall to the regulator to determine what costs and charges it considers form part of the regulatory asset base. That is a matter for the independent regulator to determine. It is not something to legislate for. It falls under another Act.

**Chairman:** Some regulated entities were of the view that the regulator should in fact regulate these charges or have some oversight of them. It is on the second last page of the submission a small number of respondents said the power should be subject to independent oversight, for example, by CAR.

**Mr. Ronan Gallagher:** We are checking that because it does not spring to mind.

**Chairman:** While that is happening I remind Mr. Gallagher not to forget the note, mentioned by Senator O'Mahony and Deputy Murphy for our next meeting on the mapping issue.

**Mr. Ronan Gallagher:** I will endeavour to send something this afternoon if I can find it.

**Deputy Catherine Murphy:** While I can see the point about changing behaviour and the importance of the relationship, are there categories within the 600 other entities that are regulated? Do we know what we are talking about so that we can get a practical understanding of it?

**Mr. James Gavin:** There are several categories. The first is regulated agents which would screen cargo for an aircraft. Their security programme has to be approved by the appropriate authority, the IAA.

**Deputy Catherine Murphy:** What kind of entity would that be? Is it a cargo company?

**Mr. James Gavin:** Yes, it is a cargo company. There are known consigners which secure their own produce at source. Known consigners would secure their produce at source. This could be an IT company producing computers. It can secure its produce on site and then move it to the airport and the aircraft. It does not have to go through any more screening. It could be in-flight suppliers who provide the meals, newspapers and goods sold on board an aircraft. There are certified hauliers. These would be hauliers that are part of that security supply chain and they require security approvals. That is probably enough examples.

**Deputy Imelda Munster:** My apologies for my absence. There were Priority Questions this morning in the House at the same time. My questions have probably been asked but one of them relates to the cost recovery aspect. I apologise if the witness has already answered this. Has he calculated what that payment will be? What are the criteria? Will it be calculated per carrier, the size of the carrier, number of passengers and so forth? What is the opinion of the carriers on this change?

**Mr. Ronan Gallagher:** We dealt with those but, in summary, the approach is for the charges to be proportionate to the scale of the activities and, therefore, the scale of the regulatory and inspection activities that are required. The largest client or payer is likely to be the DAA, by virtue of it being the biggest aviation company in the State, and then it quickly drops off. There are over 500 regulated entities. We were just talking about their distribution. Essentially, it is associated with what level of activity the IAA must carry out to ensure they comply with security regulations.

The other point ties in with what the Chairman asked about the view of some of the regulated entities on the charges. The DAA and Aer Lingus had suggested that another layer of oversight by another regulator, an economic regulator, would apply. That is an idea. The Department's policy perspective is that the IAA is a stand-alone, independent aviation regulator under EU law and we do not see the logic of a separate economic regulator overseeing that role.

**Chairman:** Are the documents from both of those companies available to members? Are they public documents and can they be circulated to members for when the legislation is published?

**Ms Andrea Lennon:** The intention was that we would publish them on the Department's website, but that has not happened yet. However, I believe we can circulate them to the committee.

**Chairman:** That would be welcome so we can interrogate that point of view.

**Mr. Ronan Gallagher:** I am not sure that I covered the Deputy's second question.

**Deputy Imelda Munster:** Yes, it was on the carriers' opinions. Also, what is the estimated overall cost?

**Mr. Ronan Gallagher:** The details of it are subject to the legislation passing. The IAA will deal with the nuts and bolts of how the charging regime will work. There will be consultation

and it will be a transparent exercise. In preparation it has given it an estimate, based on current activity levels, of approximately €1 million. That will be spread across 500 to 600 regulated entities.

In terms of the public consultation, some of the bigger players would prefer that somebody else pays for it. That is in line with what we might have expected. However, we are following long established principles in Irish regulation that the industry and the regulated entities pay a levy to cover the cost of the regulation on a cost recovery basis only. This is not a profit making exercise.

**Ms Andrea Lennon:** Separately on the carriers, two air carriers responded. Both felt that the State should continue to pay for it. However, one, Aer Lingus, conceded that if charges were to be considered there should be independent oversight.

**Chairman:** I thank the witnesses for attending today. This is technical but important legislation. It will fund the future security of everybody who flies. Notwithstanding the questions we have raised and the answers, there will be debate in the Dáil and in the committee again. I am hopeful the committee will be able to conclude the legislation as soon as it is ready and report back to the Minister.

I remind members of the select committee that the select committee will meet next Wednesday at 1.30 p.m. with the Minister for Transport, Tourism and Sport, Deputy Ross, to consider Supplementary Estimates for Vote 31.

The joint committee adjourned at 11.45 a.m. until 10 a.m. on Wednesday, 6 December 2017.