



**Conclusion of Consultation on the Funding
of the
Irish Aviation Authority
and
Details of 2025 Changes**

4 December 2024

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1. About this Paper

About the IAA

- 1.1 The Irish Aviation Authority (IAA) is the civil aviation regulator in Ireland. It is a commercial semi-state company (Designated Activity Company). The IAA is responsible for the safety, security and economic regulation of the aviation industry. The company's responsibilities are set out in the framework of applicable international, European and national legislation/regulations.
- 1.2 Until 1 May 2023, the Commission for Aviation Regulation (CAR) was Ireland's independent economic aviation regulator. The restructuring of the IAA from 1 May 2023 with the creation of a single self-funded aviation regulator and the separation out of the Air Navigation Service Provider function to AirNav Ireland has changed the IAA's revenue and cost structure. It is important for a regulatory body to have a robust financing structure, particularly in a sector that is subject to cyclical downturns.
- 1.3 Our mission is to regulate aviation to the highest professional standards to ensure a safe, secure and consumer-focused aviation environment. Through regulation, we will enable and support world-class performance and innovation in civil aviation in Ireland and abroad.
- 1.4 The Government have summarised the objectives of the IAA in the following way:

“Safety and public confidence in the safety of air travel underpin all other objectives in the aviation sector. Maintaining the highest standards of safety in Irish aviation continues to be the priority objective of Irish aviation policy. In that context, and recognising the critical role played by the IAA in ensuring continued public confidence in civil aviation, the Government's priority policy objective for the IAA is that it continues its commitment to ensuring effective and efficient safety and security regulation of the aviation sector reflecting best international standards and practices, thus ensuring that safety is integral to the aviation ecosystem.

The Government's policy objectives for the IAA also include that the IAA:

- a. deliver effective and efficient economic regulation of the sector having particular regard to its role under EU legislation as regards price regulation and schedule co-ordination/slot allocation at Dublin Airport;
- b. monitor and ensure effective and efficient regulation in relation to consumer protection with particular regard to its role under EU legislation as regards passenger rights and the provision of assistance to Passengers with Reduced Mobility;
- c. in respect of unmanned aviation and emerging air mobility technologies, encourage and support the development of a strong ecosystem for innovation and the development of operational capability;

- d. ensure the continued smooth bedding in of the new functions of the Company post separation;
- e. deliver on its revised corporate strategy; and
- f. maintain financial policies and a capital structure, taking account of future obligations (including pensions), that facilitates investment in safety and security oversight, facilitates resourcing to meet the existing and emerging regulatory needs of the sector whether at business organisation or individual licence holder level, and promotes financial resilience of the IAA.”

Purpose of this Paper

- 1.5 In September 2023, the IAA published a consultation paper on the future funding of the IAA. Within this paper, we established the reasons why the current funding arrangement needs to be updated, the appropriate principles we intend to follow when setting charges, analysis on the different funding options available to the IAA and their advantages and disadvantages, a brief description of the potential use of a resilience fund, and international comparisons of the funding of other aviation regulators in Europe.
- 1.6 We asked all interested stakeholders to submit a response to the paper, in particular focusing on the following questions:
- What principles should guide the IAA when setting fees?
 - In what areas, if any, should the IAA aim to use the *user pays* principle?
 - In what areas, if any, should the IAA aim to use an *industry pays* principle?
 - What level of granularity should be used when considering cost-relatedness and non-discrimination?
 - Would you support the use of a per passenger charge, to cover a proportion of the IAA’s costs (and which passengers should this be levied on)?
- 1.7 The purpose of this concluding paper is to summarise the responses to the consultation paper, and to make a corresponding decision/conclusion on the IAA’s intended approach to funding arrangements having taken into consideration the views of respondents. We also set out our annual timetable for setting charges, and our reporting requirements.

Response to the Consultation

- 1.8 The IAA invited responses from all interested parties to the Consultation paper.
- 1.9 12 responses were received from a range of stakeholders, as described in Table 1.1 below.

Table 1.1: Respondents to Consultation paper

Respondent	Stakeholder description
AirNav Ireland	Air Navigation Service Provider
Cork Airport	Airport
Dublin Airport	
Ireland West Airport	
Aer Lingus	Airline
IAA Retired Persons Association	Association representing retired former IAA staff
Mr. Kevin Swords	Former Aeronautical Officer for IAA SRD
Aero Inspection	Aircraft technical services and maintenance
AvTrain	UAS pilot training provider
Flying in Ireland	Website publishing news on Irish aviation
Waterford Aero Club	Aeronautical Club
Mr. Micheál Bennett	Pilot (Student) and flying club member

1.10 The responses received addressed the topics and questions discussed in the consultation paper.

Structure of this Paper

1.11 The paper is structured as follows:

- Section 2 provides a brief overview of the consultation proposals and questions asked of stakeholders;
- Section 3 provides summaries of stakeholder responses to each relevant question/theme, including a summary of more overarching responses not directly linked to one question/theme, and the IAA’s response to each summary;
- Section 4 outlines our planned changes to our charges for 2025
- Section 5 outlines the IAA’s planned timeline for annual fee adjustments; and our reporting requirements

1.12 Some responses included observations which were outside of the scope of the consultation. Out of scope responses are not addressed in this paper.

2. Overview of consultation questions, proposals and conclusions

Key Consultation Questions

2.1 The Consultation on the Funding of the Irish Aviation Authority, published in September 2023, outlined five key questions to guide the responses of stakeholders:

- What principles should guide the IAA when setting fees?
- In what areas, if any, should the IAA aim to use the *user pays* principle?
- In what areas, if any, should the IAA aim to use an *industry pays* principle?
- What level of granularity should be used when considering cost-relatedness and non-discrimination?
- Would you support the use of a per passenger charge, to cover a proportion of the IAA's costs (and which passengers should this be levied on)?

Consultation Proposals

2.2 The consultation paper set out various proposals on the IAA's intended approach to setting fees in the future, summarised below.

Principles of setting charges

2.3 A user-pays principle, where the direct beneficiary of a service are those who pay for it, is common in the aviation industry. However, there are certain examples where the principle has disadvantages (e.g. public good nature of some services, differences between users and beneficiaries of some services, desire to socialise costs over a larger population for passengers with reduced mobility).

2.4 Passengers are the end users of many of the services provided by the aviation industry, and as such are often the ultimate beneficiary. Taking this approach would be an 'industry-pays' solution (i.e. a per-passenger charge), and could be used for charges where the entire aviation industry benefits from the IAA's services (such as its regulatory oversight on safety or security).

2.5 The IAA intends to follow the ICAO charging principles established in ICAO Doc. 9082¹, a well-established guidance covering non-discrimination, cost-relatedness, transparency of charges, and consultation with users.

2.6 On these principles, we note that the current IAA fee structure does not lead to cost-recovery in all areas, indicating that its current fees are not all cost-related. The level of granularity at which costs should be related to fees could vary, either for each service, each category of service, or each service area.

¹ <https://www.icao.int/publications/pages/publication.aspx?docnum=9082>

- 2.7 There are reasons why a more aggregated approach to funding would be preferable to pure product cost-relatedness: it may not be practical or beneficial to seek product-level cost-relatedness for every service, an aggregated approach would permit the IAA to maintain competitive fees for services which face competition from other regulators such as licensing, and it can allow for lower fees to be charged where there is a risk of non-compliance if fees are too high (such as UAS licensing or general aviation).
- 2.8 Choosing which level of granularity is best will also consider the distribution of costs across stakeholders and how proportionate the costs for the IAA's services correspond to the benefits gained.
- 2.9 The IAA also will consider the stability of revenue flows over time to ensure the IAA is robust to downside demand risks and can continue its regulatory functions effectively, and the administrative workload each funding option would generate for stakeholders and the IAA.
- 2.10 The IAA continues to be guided by the principles outlined in the September 2023 consultation paper and summarised above.

Appropriate funding models

- 2.11 The IAA's current funding model is a patchwork of arrangements from the legacy IAA Safety Regulatory Division (SRD) and CAR. A substantial number of these fees had not changed in several years.
- 2.12 While the IAA is a commercial semi-state company, it is not run for commercial purposes in the normal way, but rather seeks to recover its costs for fulfilling its regulatory activities and to generate a small surplus for resilience. The IAA does not have recourse to public funds, as set out in the Irish Aviation Authority Act 1993 (as amended). The IAA is obliged by Government to adopt a profitability/resilience policy including an appropriate profitability target. The purpose of this target is to help assess IAA's financial performance and to provide guidance on the level of profitability that the IAA should be targeting, recognising the need to cover its efficient costs and maintain reserves for future capital investments and industry risks. It is not currently expected that the IAA will pay dividends.
- 2.13 The IAA increased fees in 2024 to prevent a significant budget deficit which would have otherwise occurred, and further increases will be needed in 2025 due primarily to growth in some areas, the assignment of additional regulatory roles, increasing external reporting obligations and inflationary pressure on costs.
- 2.14 The four proposed options for funding models differ in their level of granularity: maximum granularity (every individual service is charged a cost-related fee), high granularity (many services charged a cost-related fee, with some small aggregation in other services), low granularity (one fee charged per category of service), and minimum granularity (a per-passenger charge for all services, for example to cover all indirect costs).

- 2.15 The IAA could use different levels of granularity by service area according to the needs or specific features of different categories of service.

Resilience fund

- 2.16 A cash balance used as a resilience fund to mitigate downside revenue risks could allow the IAA to continue fully performing its regulatory functions should costs be under-recovered. Fees could be modulated to maintain a targeted cash balance.
- 2.17 Additionally, a small portion of a cash balance would support the IAA in promoting innovation in areas of aviation safety, capacity, efficiency and sustainability such as IAM, UAS/U-Space, uptake on SAF, or promoting the introduction of new regulatory functions such as market surveillance authority and Part-IS / NIS-II / cybersecurity.

Implementation

- 2.18 A maximum granularity option is not preferred by the IAA as it is not warranted or feasible.
- 2.19 A high granularity option would balance the costs being related to services received and distributing costs fairly across the aviation industry, allowing flexibility to modulate fees within each service for reasons other than product cost-relatedness, whilst also providing multiple fees per service area which can vary based on the service provided. However, there may remain areas where this approach would a) result in inappropriately high fees or b) be difficult to fully account for all the externalities (both costs and benefits).
- 2.20 A low granularity approach would increase simplicity and reduce administrative burden, but it is not considered that a single charge per service area would be sufficiently cost-related if there are multiple customers/beneficiaries in a service area.
- 2.21 A minimum granularity approach would have some benefits given that passengers are the ultimate beneficiaries of a safe and competitive aviation industry, and there is some precedent for a per-passenger charge as previously used by CAR to cover central costs not directly related to its regulatory functions. However, it cannot be used across all of the IAA's services, would lead to higher administrative burden for airports/airlines collecting the fee, and may not guarantee fee stability as the IAA's revenues could vary from year to year depending on how it is structured.
- 2.22 For 2025 we will not change the level of granularity, however, we will aim to increase the level of granularity where appropriate in future years.

Timelines

- 2.23 Changes to the IAA's funding model will mean that some fees will increase in line with the stated principles, and in line with inflation.

- 2.24 Changes to the granularity of cost-relatedness could be phased in gradually to avoid excessive year-on-year changes to fees. The IAA intends to increase the level of user-pays fees where possible and feasible, which will be done gradually as part of the annual fee-setting process. We recognise that there will be some degree of cross-subsidisation (where permissible) and certain parts of the industry will require a longer lead-in time to transition toward a user-pays principle.
- 2.25 The IAA will publish annually its fees and charges, which will be calculated based on budgeted costs.

Transparency

- 2.26 The IAA publishes schedules of fees on its website and updates it as and when relevant fees/charges change.
- 2.27 The IAA publishes a statement of strategy covering a 3-year period, with associated objectives and planned outcomes.
- 2.28 The IAA also prepares annual accounts, audited by the Office of the Comptroller and Auditor General, which are submitted to the Minister for Transport and published annually on its website.

3. Summary of stakeholder responses and IAA remarks

- 3.1 In this section, we analyse the stakeholder responses to the consultation paper, grouped by theme, and provide our position.

General remarks

Stakeholder responses

- 3.2 Aer Lingus criticised a lack of detail in the consultation paper as it cannot fully understand how the application of principles would apply to various funding charges, and the impact on Aer Lingus is unclear. Greater information on the impact on stakeholders would be welcomed.
- 3.3 Additionally, the consultation on proposed new funding models should have proposals for a process to enable a greater level of scrutiny of IAA costs from stakeholders.
- 3.4 AirNav Ireland set out a number of key points in its response:
- AirNav believes the resourcing requirements for oversight of it should be subject to regular scrutiny through transparent mechanisms to assess cost-relatedness.
 - The IAA should acknowledge the risk of becoming over-resourced and ensure this does not happen, as its funding comes from important stakeholders in the aviation industry and excessive charges would have a detrimental impact. In particular, it could use mechanisms to ensure it is not an international outlier.
 - Costs for ANS oversight should have maximum transparency and AirNav should not be negatively affected in terms of regulatory approval times due to a lack of investment in this area.
 - ANS oversight does not contribute to the IAA's deficit owing to its full cost-recovery approach taken by the IAA, and as such it is an exception to the range of services set out in the consultation.
 - The IAA should carry out detailed exercises comparing its own costs to other EU NSAs.

IAA remarks

- 3.5 On Aer Lingus' comment in 3.2, the consultation paper was not intended to outline the IAA's final plans to revise its funding arrangements, rather it was to establish key principles and as such the scope of detail provided in the consultation paper was commensurate with this aim. The inputs received as part of the consultation and analysed in this paper will be inputted into the determination of the funding arrangement and fee levels which will be set each year.
- 3.6 In response to Aer Lingus' comment on scrutiny of IAA costs in 3.3 and AirNav Ireland's similar point in 3.4, the IAA notes that two of the key ICAO principles

to be used when setting fees are transparency and consultation with stakeholders; the IAA fully intends to provide a transparent basis for setting fees and use the inputs received in this consultation and any future correspondence with stakeholders as part of the fee setting process. Notwithstanding the above, we note the comment in 3.18 in the 2023 consultation paper that it is difficult and inefficient to determine staff time for every service the IAA provides, plus the time taken can vary between applications within each individual service.

- 3.7 On AirNav's other key points, the full cost-recovery approach taken for ANS oversight is not intended to change with the new funding arrangement, and in line with the principle of cost-relatedness there are no plans for cross-subsidisation of other service areas from fees levied for ANS oversight. For clarity, cross subsidisation is not allowed as per the Single European Skies regulation and the IAA costs are subject to review by the European Commission supported by the Performance Review Body.

Principles of setting charges

User-pays and industry-pays principles

Stakeholder responses

- 3.8 Overall, there is a generally accepted view among respondents that a user-pays approach is preferable in most cases, with exceptions for the use of an industry-pays approach.
- 3.9 Dublin Airport supports the continued use of the user-pays principle, in line with other Irish, UK, and European regulated industries, and applied using the cost pass through methodology established under the CAR Determination prior to the 2022 Act.
- 3.10 This should be done by identifying the beneficiaries of its regulation and allocating costs accordingly. Charges on the industry may be warranted where the regulator cannot place charges on the beneficiaries (e.g. drone users, or where the beneficiaries do not yet exist for innovative regulatory activities), but these examples should be justified by the regulator.
- 3.11 Dublin Airport suggests a cap on the regulatory levy could be applied, linked to the airport's turnover in a similar manner to the English water industry where fees are capped at a percentage of the average business turnover over the past 5 years.
- 3.12 Aer Lingus is supportive of an end-user, beneficiary-pays approach as a principle, which in practice would involve aggregated charges per passenger.
- 3.13 Aero Inspection stated that there is no 'one size fits all' solution to funding the IAA, and a mix of options (both user-pays and industry-pays) would work best. It supports a passenger levy on each flight to and from Ireland, noting that it would have little impact on passenger traffic and could provide significant funding to the IAA. Aero Inspection also support a levy on inbound and outbound passengers from Ireland, given that passengers benefit from a safe

aviation industry.

- 3.14 Aero Inspection shared that all approved organisations or applicants for approval should pay a fee based on the size of the organisation. Additionally, licensing and GA fees should be kept to a minimum and funded by the industry to support the aviation ecosystem.
- 3.15 Additionally, other than a levy on passengers to/from Ireland, the aviation industry should fund the IAA using metrics that foster growth and allow the larger companies an opportunity to give back to the aviation industry.
- 3.16 On UAS, Avtrain notes that a combination of user-pays and industry-pays principles may be required, given that many drone users cannot afford to cover the regulatory costs required over the coming years as the industry grows and develops. It suggests that the user contribution should be proportionate to the services used, while keeping the cost to the user to a minimum to encourage compliance. Avtrain also notes that it agrees with the consultation paper stating that high charges on the UAS industry will lead to non-compliance rather than revenue generation for the IAA.
- 3.17 AirNav Ireland commented that it could be argued either that ANSPs pay for and benefit from ANS oversight costs, or that airspace users pay for and benefit from ANS oversight costs. It does not consider an industry-pays approach relevant to ANS oversight, as EU Regulations require the current approach in place.

IAA Response

- 3.18 The IAA understands from the responses gathered on the use of user-pays and industry-pays principles that the user-pays principle should be followed in the majority of cases, except where there is a justification for an industry-pays approach (such as, for example, for drone licences due to the risk of non-compliance).
- 3.19 On Dublin Airport's comments, the IAA intends to continue using the cost pass through methodology for Dublin Airport as set out in the airport charges determinations, however, as with all aspects of a determination this will be reassessed and consulted on for each determination. A cap on the regulatory charge on Dublin Airport is not appropriate as the regulatory areas covered by fees on Dublin Airport operates on a full cost-recovery basis and are therefore directly related to the level of oversight required. Implementing a cap on the regulatory charge could prevent the IAA from recovering its regulatory costs. The IAA's position is that providing transparency on its cost base and seeking opportunities for greater cost-efficiency is a preferable outcome.
- 3.20 On Aero Inspection's suggestion in 3.14 for fees based on the size of the organisation being regulated, the IAA is concerned that this would not sufficiently meet the cost-relatedness and/or non-discrimination principles, and there is not a compelling cost-related argument that larger organisations with higher revenues involve proportionately higher unit regulatory costs to issue certificates or licences. The rationale for keeping fees for the GA sector to a

minimum is well-understood and the IAA considers that there are other mechanisms available (such as adjusting the granularity of certificate and licensing fees to separate GA and commercial fees) which would better fit with its stated principles of setting fees.

- 3.21 On AirNav Ireland's comment in 3.17, as previously mentioned there are no plans to change how ANS oversight is currently funded.

Adherence to ICAO principles

Stakeholder responses

- 3.22 Dublin Airport supports the setting of the IAA's fees in line with the ICAO charging principles, and commented that the four ICAO charging principles are widely accepted in the aviation industry. It added that cost-relatedness is a central principle to the user-pays approach.
- 3.23 Additionally, Dublin Airport stated that the origin and basis for fees should be fully transparent with effective consultation and proportionate action on non-discrimination and the actual cost of service provision. Similarly, it expects its charges to be clearly linked to the regulation of the airport, and any efforts to contribute towards other regulatory costs should be strongly justified.
- 3.24 Aer Lingus is concerned that the consultation does not discuss increased accountability for the new funding proposals; it supports similar levels of transparency and accountability for the IAA's charges in the same respect as how the daa's costs are scrutinised by the IAA in its regulatory functions.
- 3.25 AirNav Ireland supports the use of the four ICAO principles and would welcome a commitment that the IAA will follow the same level of transparency as AirNav is required to provide.

IAA Response

- 3.26 Stakeholders reaffirmed their support for the IAA to set its fees in line with the ICAO charging principles. The IAA will assess its funding arrangement options against these criteria and will engage with stakeholders with a transparent presentation of how fees have been determined, including clear justifications where there is a need to modulate charges for reasons other than the stated principles.
- 3.27 To specifically address Dublin Airport's comment in 3.23, regulatory costs linked to the regulation of the airport will be set on a full cost-recovery basis for each service (e.g. airport charges oversight and airport slots oversight).
- 3.28 It should be noted that the IAA costs are subject to oversight by the Office of the Comptroller and Auditor General, providing greater assurances on cost control within the IAA.

Other principles identified by IAA

Stakeholder responses

- 3.29 Dublin Airport noted that the IAA does not intend to charge a cost of capital given that it is a statutory body; it added that the cost of capital accounts for risk associated with investments in regulated industries and airports warrant a higher cost of capital allowance to compensate for increased uncertainty. It adds that it would be disingenuous to levy a WACC allowance for the IAA on the regulated entity given that it is a statutory body. Aer Lingus supports the IAA not charging a cost of capital allowance.
- 3.30 Aer Lingus is not supportive of additional charges in response to non-compliance, stating that it is the IAA's responsibility to address the need for enforceability of payment as part of the guiding principles.
- 3.31 Flying in Ireland suggested that the IAA should adopt a funding model with the principle of segregating GA and commercial aviation fees, with GA fees significantly reduced compared to present fees. It claims the potential knock-on effect of deterring GA activity can be seen through pilot shortages, evidenced in recent experiences in the USA.
- 3.32 AirNav Ireland states that the cost recovery of ANS oversight has been designed to support stability for the IAA and minimise administrative workload, hence there is no requirement to change ANS oversight fees.

IAA Response

- 3.33 In response to Dublin Airport's comment in 3.29, currently the IAA does not charge a cost of capital. However, in light of the shareholder's expectations as laid out in paragraph 2.12 on profitability it may be appropriate to change this approach in future.
- 3.34 In response to Aer Lingus's comment in 3.30, the IAA does not intend to levy additional charges for non-compliance; part of the decision-making on the granularity of charges reflects the risk of non-compliance if granularity is high (for example, for drone pilot licences).
- 3.35 In response to Flying in Ireland's comment in 3.31, the IAA recognises the benefit of facilitating a strong GA sector through affordable fees for individuals. In this regard, the personnel licensing domain, for example, does not cover its costs. This is discussed further below.
- 3.36 In response to AirNav Ireland's comment in 3.32, there are no plans to amend the funding arrangements for ANS oversight.

Funding models

Overview of current funding model

Stakeholder responses

- 3.37 Dublin Airport expressed concern about the funding deficit under the current IAA funding model, and noted that it would not expect to fund the deficit in other service areas given that the economic regulation service area is in full cost-recovery.
- 3.38 Flying in Ireland also noted the funding deficit in the personnel licensing service area and questioned whether a) the introduction of MySRS would offer cost-saving opportunities, and b) it is appropriate to offer discounts to large commercial organisations on aircraft licensing while maintaining higher fees for individual pilots to maintain their qualifications.
- 3.39 Aer Lingus does not agree that a budgetary deficit is sufficient justification to change the funding regime, and that in the first instance a budgetary review should be conducted as a pre-requisite for changes to funding models. Additionally, the forecast increase in deficit is concerning given that the recent merger should offer opportunities for efficiency gains.
- 3.40 The IAA Retired Persons Association expressed that the time gap between the last updates of fees within the IAA's remit was very long, and that fees should be brought in line with CPI over the time period, with increases spread over 3 years (5 years for travel trade licences). Fees should increase annually with CPI, after a year's grace period following the historic CPI adjustment.
- 3.41 The IAA Retired Persons Association and Mr. Swords noted that the Appendix states that the UK CAA has received funding from the Department for Transport in recent years. This indicates that the experience of the UK, which also separated its ANSP, NATS, from the Safety Regulation Group (SRG), should show that safety regulation cannot survive without state financial support.
- 3.42 Ireland West Airport Knock requested that the IAA reconsider the charging principles for the aviation security oversight, given the recent increase from €0.05 per passenger to €0.13 per passenger. Particularly in the context of rising costs elsewhere in the airport's operating costs and high inflationary pressures, the airport is now seeking cost-cutting measures to absorb the cost increases as it is not in a position to pass on additional costs to airlines given that services could be reduced or withdrawn in response. Cork Airport expressed a similar concern that it cannot pass on charges to airlines or end users (passengers), increasing its cost base without resource to increased airport charges.
- 3.43 Aer Lingus stated that levying fees on Irish airlines only for slot fees is inequitable for other airlines able to avoid these costs, noting that it is typically charged slot fees across Europe and a similar equitable treatment at Irish airports would represent the norm – or to remove them entirely for all airlines.
- 3.44 Waterford Aero Club raised a number of detailed points on the current fees

order:

- Approved training organisation (ATO) fees do not differentiate between those providing training for non-professional organisations and those that trained student pilots.
- The current fees order does not reflect the EASA Regulation framework and the Aero Club notes errors in invoicing ATOs each year; it suggests renaming fees in line with EASA Regulations. Additionally, the use of continuation fees for LAPL and PPL training should not be used given that the organisation declares each year they are compliant, whereas the initial work in setting up the DTO warrants a higher initial fee. The same is true for ATO continuation fees, which are the same as the initial ATO fee despite the latter involving significantly more work.
- There are two fees both labelled as Flight Instructor Rating – Initial Issue, with fees of €254 and €508 respectively. This issue is also raised by Flying in Ireland. Not only does this cause confusion, but it is higher than the equivalent fee from the UK CAA (£142, approx. €166). An extension of the flight instructor rating privileges currently costs the same amount as the initial issue despite only adding one line of text to the original certificate, and a suggested fee of €75 would be more reasonable.
- The Class Rating Instructor (CRI) rating should be split between single engine and multi engine, as the single engine processing time is minimal. Waterford Aero Club considers the current fee of €406 too high in comparison to the equivalent fee from the UK CAA (£142, approx. €166), and notes that many GA clubs have members who carry out this function without a licence as the fees are considered excessive. The fee for revalidation should be minimal to encourage more pilots to become CRIs.
- The IAA should not charge for renewals of Class Ratings as the IAA does not permit Examiners to sign the licences of applicants like many other Member States do (currently there is no charge for renewals).
- In line with the UK CAA, the IAA could charge a fee for verifying logbooks and signing the rating page which it currently does for no charge, while there would be no charge for when the examiner conducts the revalidation. This would reduce the number of applicants requesting the IAA to perform this activity.
- Fees for IR Rating and FIR have been confused with Instructor Rating and Flight Instructor Rating respectively.
- Pilot licences for private, commercial, and air transport licences roughly take the same amount of time to process, however fees should be linear to the service they contribute to, with the lowest cost for LAPL/PPL and the highest cost for the ATPL. The PPL licence issue fee in Denmark is equivalent to €90, compared with €250 in Ireland.

3.45 Also on personnel licensing, Flying in Ireland commented that the relative costs of GA licences are disproportional in the following cases:

- For a PPL, sitting 9 theory exams, each costing €40, would cost €360; the

average PPL holder flies approximately 20 hours per year. For a CPL/ATPL licence, sitting 13 theory exams each costing €100 would cost €1300, however, the average CPL/ATPL licence holder flies over 800 hours per year, making the cost per hour of licence fees less than a tenth for CPL/ATPL holders compared to PPL holders.

- Many licence holders operate under the National Licence system which limits validity to 5 years, whereas a commercial pilot can have a licence issued for life at €450. Those with a PPL licence must pay €250 for the initial issue of a licence and €175 every five years for the rest of their life, which over a 45-year period would cost a PPL holder €1200 more than a commercial pilot to retain licence privileges.
- A Flight Instructor Rating costing €508 would take 14.5 hours of flight training to recoup, based on the average pay of a flight instructor. This could take instructors in a small flying school/club some time to recoup this cost; some instructors operate voluntarily, and the cost is either borne by the individual or by the flight club. A Type Rating Instructor certificate costing €609 can be recouped much more quickly, perhaps in one or two sessions, while for commercial pilots this could be tax deductible and/or paid by the operator.

3.46 AirNav Ireland supports a maximum granularity approach for ANS oversight in relation to cost-relatedness. It adds that it would be disproportionate to levy a per-passenger charge for en-route and North Atlantic services given that many beneficiaries of AirNav's services are not terminal passengers in Ireland; its understanding is that the costs of ANS oversight will not be included in a per-passenger charge.

IAA Response

3.47 Some stakeholders expressed a concern that the forecasted costs were set to rise over the period 2023-2027. As stated in the original consultation paper, the IAA's costs are set to rise due to undertaking additional roles and responsibilities, and upwards inflationary pressure on costs. It reaffirms the need to revise the IAA's funding arrangement given that the current model cannot recover the IAA's costs sustainably.

3.48 In response to Flying in Ireland's questions about the introduction of MySRS, the digitalisation of our services will improve our offering to consumers and will also result in efficiency improvements. However, we do not currently expect that the impact of MySRS will result in a significant change in fees.

3.49 On volume discounts offered for aircraft certification, as stated in the 2023 consultation paper Certificates of Airworthiness are currently the largest single revenue stream for the IAA and the discounts offered represent an incentive for aircraft owners to certify more aircraft in Ireland to benefit this revenue stream. We also note that the 2023 consultation paper states that much of the service area's revenue is derived from aircraft registration and certification; the product runs at a surplus and funds much of the aircraft service area even with volume discounts.

- 3.50 On the timing of past fee changes mentioned in 3.40, we note our commentary in section 1 of the 2023 consultation paper and the timeline for fee changes is set out in section 4 of this paper. We intend to review all charges each year, and adjust them as and when appropriate.
- 3.51 On the State funding for the UK CAA, we note from its review² in 2023 that the majority of the UK CAA's funding arises from fees income, with a small proportion of funding received from the Department for Transport for grants paid under statute and for specific purposes, and for the provision of assistance and advice linked to the Secretary of State's functions relating to civil aviation. Therefore, there is no indication that the UK CAA is 'reliant' on State funding. We also state that the 2022 Air Navigation and Transport Act states that the IAA is fully funded through charges on the aviation industry. However, we note that there are different funding arrangements in place throughout Europe for different National Civil Aviation Authorities.
- 3.52 On aviation security charges levied on airports discussed in 3.42, the aviation security oversight fee is based on 2022 departing passenger volumes and recovers the IAA's costs for performing its functions related to aviation security at aerodromes.
- 3.53 On slot fees, for the function of setting capacity and allocating slots at Dublin Airport the current methodology is to split the cost 50% on Dublin Airport and 50% on Irish Airlines prorated by movements at Dublin Airport. In future we may consider the option of allocating this fully to the regulatory till at Dublin Airport, which would mean that it is then recovered from all airlines using the airport through airport charges.
- 3.54 On the points raised by Waterford Aero Club and Flying in Ireland on GA licensing fees, the costs of oversight of the GA industry are being cross subsidised within the service area, Aircraft. If we used a more disaggregated user pays approach within, for example, airworthiness and flight operations, then GA would be subject to higher fees. As mentioned above, personnel licensing does not cover its costs currently, therefore the GA community are paying less than cost on many of the services it uses.
- 3.55 On the various comments on specific fees for various licenses and processes, we will endeavour to simplify fees where possible and increase the level of granularity of cost allocation when setting fees to increase user pays fairness, but we note again that the level of fees is not sufficient in this area to cover the costs.
- 3.56 In response to AirNav Ireland's comment in 3.46, there are no plans for a per-passenger charge to fund ANS oversight.

² <https://www.gov.uk/government/publications/civil-aviation-authority-public-body-review-terms-of-reference/civil-aviation-authority-review-report>

Granularity of possible future funding models

Stakeholder responses

- 3.57 Dublin Airport is supportive of the current arrangement for economic regulation, noting it already operates under cost-recovery and there are no apparent issues that require changes. A high granularity approach would mean that Dublin Airport covers the cost of airport charges oversight and contributes to airport slots, but does not contribute to air carrier licensing or travel trade licensing, in line with the user-pays principle. Similarly, a high granularity approach for safety and security would allow for a fair distribution of costs between airports and airlines, whereas a low granularity approach could place an unfair burden on either party.
- 3.58 Dublin Airport is not supportive of a maximum granularity approach given that it is difficult to achieve and involves a high administrative burden, and also does not support a low/minimum granularity approach as a sole funding approach, as it would not distribute costs fairly or have a mechanism to equitably distribute costs.
- 3.59 Aer Lingus noted the discussed drawbacks on granularity, but suggested the IAA should make the maximum granularity of costs available as part of its transparency and accountability on cost-efficiency levels.
- 3.60 The IAA Retired Persons Association supported the fee structure outlined in Figure 5.1 of the 2023 consultation paper. It also suggested that the State should contribute to funding the Occurrence Reporting System required under EU Regulation 376/2014, and that the IAA should seek a legislative amendment to allow for State funding so that the IAA can meet its obligations not only within the aviation sector under the Chicago Convention and as Member States of the EU and EASA, but also the wider safety obligations for the safety of Ireland's territory, inhabitants and property.
- 3.61 One of the issues discussed in the paper was the reasons for a more aggregated approach to funding could be taken, including the desire to modulate fees for personnel licensing in order to remain competitive. Mr. Swords commented that, in comparison to equivalent Personnel Licensing fees in Malta, the IAA's current fees are higher across many categories. This would mean that the IAA has no headroom to increase these fees if it wishes to remain competitive.
- 3.62 Mr. Swords also does not consider the forecasted rise in Personnel Licensing revenues from €2.4 million in 2023 to €3.9 million in 2027 as achievable given the cost comparisons discussed above.
- 3.63 Additionally, Mr. Swords notes that in previous fee revisions in the 1990s, there was a deliberate attempt to avoid excessive increases for the GA sector as it would likely not significantly raise revenues and could suppress activity. Mr. Bennett expressed a similar opinion, noting that the GA sector helps train the next generation of private and commercial pilots.

- 3.64 Mr. Bennett noted that increases in student pilot training costs could encourage a shift to overseas providers and could deter individuals from training to become pilots. Flying in Ireland noted that few pilots can choose which Member State issues their licence, this is often determined by the airline for commercial pilots, while for private pilots the cost of a State of Licence Issue (SOLI) and/or the cost of moving the licence elsewhere would make moving licences uneconomical, even if licencing costs were cheaper in other Member States such as Malta.
- 3.65 For the maintenance, continuing airworthiness management organisation (CAMO), and production organisation (PO) activities, Aero Inspection considers that a high level of granularity for approved organisations, where organisations are charged per interaction with the regulator, may result in organisations trying to interact less with the IAA resulting in a less safe industry. On the other hand, a low granularity approach could lead to smaller organisations being charged an excessively high fee. A medium granularity approach, based on the organisation's size (no. of personnel, turnover) is preferred, as a flat fee increase for smaller organisations with limited scope of approval would be more detrimental than to a larger organisation with a wider range of approvals.
- 3.66 For the UAS industry, Avtrain considers that the granularity of fees for the UAS industry may need to be greater than in other service areas due to the scope of operations under a particular application category. For example, a specific operations risk assessment (SORA) application could be simple or highly complex depending on the specifics of the application. It suggests to keep costs low for routine, low-risk applications, and for more complicated applications use an hourly rate above the standard application fee to allow more complex operators to get the required attention to their application and to recover fees for the additional effort required by the regulator.
- 3.67 Waterford Aero Club and Flying in Ireland suggested that either a minimum granularity per passenger charge or a maximum granularity charging model could work for GA. The rationale for each of these models is that, under a minimum granularity per passenger charge, fees and charges would not be levied on individual GA pilots and the funding for GA regulatory services would derive from commercial passenger charges. It added that the vast majority of aviation activity the IAA deals with is commercial air transport so it makes sense that the end user (commercial air passengers) should pay. In the case of a maximum granularity approach, it would allow the IAA to charge much lower fees for services provided exclusively to the GA community. Similar to the points raised above by Mr. Swords, the Aero Club noted that around 20% of GA activity is flight training which supports the future development of commercial pilots; levying high charges on pilots and not on end users would result in pilots moving to other EASA Member States.

IAA Response

- 3.68 We note Dublin Airport's comments supportive of a high granularity approach for economic regulation in line with the existing cost-recovery approach taken. The IAA notes that its intention for the economic regulation service area remains to charge the beneficiaries of each aspect of its regulatory functions

- 3.69 On Aer Lingus' comment in 3.59, as detailed in the 2023 consultation paper and in 3.6 of this paper, the IAA considers that transparency over determining charges is important as one of the ICAO principles the IAA uses when calculating fees, however, estimating the amount of staff time and cost per product for information purposes at a more granular level than it is charged would not be an appropriate and effective use of its resources to achieve this criterion.
- 3.70 In response to the IAA Retired Persons Association's comment in 3.60, we reiterate that in accordance with the ANTA 2022 the IAA does not have recourse to funding from the central exchequer and is not currently seeking a legislative amendment to change this. The IAA does not intend to widen its responsibilities to the wider security of Ireland and its citizens; its role and responsibilities are defined in legislation.
- 3.71 In response to Mr. Swords' comments, we have noted above that the services used by GA are subsidised by commercial aviation within the same product offering. We agree that this is appropriate as GA is an important part of the industry which provides a source of personnel for commercial aviation. We note the comments on competition from other regulators, which while we are mindful of, we cannot set our fees solely on this basis.
- 3.72 There are differing views on the price competitiveness of licences versus other EASA Member States; Mr. Bennett notes that student pilots may be deterred to train to become a pilot in Ireland if licence fees are prohibitive, though Flying in Ireland considers that for existing commercial licence holders the terms of their employment with the operator may determine the nationality of the licence, and the cost of a SOLI and transferring the licence would be uneconomical even if there were a significant price differential versus licence costs elsewhere.
- 3.73 The IAA notes the commentary on granularity from Aero Inspection, and refers to its earlier comment in 3.20 on setting fees by the size/turnover of organisations.
- 3.74 Avtrain's suggestion in 3.66 is welcomed and the intention to reduce cost and burden for low-risk drone users is positive. The downside to the suggested approach would be that applicants for high-risk operations may lack the up-front knowledge of the cost of a SORA and the uncertainty over costs may deter applicants. This could inhibit the development of the UAS industry or lead to non-compliance from high-risk operations. The IAA will consider mechanisms that can reduce cost and burden for drone users while mitigating the identified risks. However, we also note that UAS is an area in which we are not recovering our costs.
- 3.75 In response to 3.67, it is not the IAA's preferred approach to seek an industry-pays funding arrangement for GA operations as this would not sufficiently meet the cost-relatedness criteria for setting charges.

Resilience Fund

Stakeholder responses

- 3.76 All three airports responding (Dublin Airport, Cork Airport, and Ireland West Airport Knock) are not supportive of a resilience fund, the former noting that there is no justification to expose airports and airlines to risk related to increased regulatory cost, and that it is not subject to the same level of volatility as the airport hence costs should be easier to project. Additionally, it stated that the IAA has potential access to public funding if required and there is no evidence to support the justification for a resilience fund to perform its functions effectively. Cork Airport noted that the focus should be on cost containment and innovation to avoid cost rises in the future, while it shares an opinion with Ireland West Airport Knock that there is a lack of clarity over rising costs and it would not expect to fund a deficit in the IAA's cost base.
- 3.77 Dublin Airport considered that the opportunity cost of holding €500k-€1m in a resilience fund instead of investing in aviation infrastructure is likely higher than the benefit of maintaining this fund.
- 3.78 Instead, Dublin Airport suggested that regulators in other regimes have dealt with cost volatility through adjusting fees as and when it is needed, rather than by building up a buffer; this would also encourage efficiency whereas a resilience fund may reduce incentives for cost-efficiency.
- 3.79 Aer Lingus' position is more nuanced, noting that whilst a resilience fund in principle is positive, it cannot offer its support given the lack of detail on the size/cost of the fund. As a more general point however, it is concerned that a resilience fund may be treated as a soft contingency fund, in particular noting the planned use of a resilience fund for investing in new parts of the industry, coordinating policies, and supporting new roles in the industry is inappropriate and should be budgeted for in the IAA Business Plan.
- 3.80 Flying in Ireland considered that coordinating policies should be a central government function, and if the IAA is to provide input then it should be charged at a commercial rate or the government should supply resources, rather than effectively subsidising this activity through higher fees for individuals.
- 3.81 The IAA Retired Persons Association suggested that the State should contribute to an IAA Resilience Fund on the same basis that the EU and its Member States make contributions to the funding of EASA.
- 3.82 Avtrain noted that a resilience fund would be critical for the UAS industry to support the regulator's representation and input at global associations (JARUS, ICAO RPAS Panel) and for providing its input to standards bodies.

IAA Response

- 3.83 We note that among airports responding to the consultation, none are supportive of a resilience fund, in particular that it would not encourage efficiency, the regulator's costs should be more stable than airports, and it is

not reasonable to expose airports to risk related to increased regulatory cost. The IAA acknowledges our costs will be relatively stable, however, budgeted revenues will not be stable in the event of a major aviation disruption such as COVID or a significant airline collapse. The resilience fund is designed to address this issue in the short term while the related cost base is adjusted.

- 3.84 Aer Lingus also expressed some concern that it would be used as a soft contingency fund, and planning for future roles in the industry should be budgeted for. The difficulty with budgeting for future regulatory services is that there may be no current users/beneficiaries to charge for this activity.
- 3.85 We note Flying in Ireland's comments in 3.80, however we do not intend to charge a commercial rate to the government for work done by the IAA which assists the government. Similarly, the IAA is not planning for the State to fund an IAA resilience fund akin to EASA given that the IAA does not have recourse to public funding. We also note however, that while the government does expect the IAA to be profitable it does not currently expect the IAA to pay a dividend, and therefore profits generated can be used for the resilience fund.
- 3.86 On Avtrain's comment, we recognise the suggested benefits that a resilience fund would have on supporting the UAS industry.

Implementation of funding model

Proposed funding arrangement

Stakeholder responses

- 3.87 Aer Lingus notes that the fee changes in section 5.14 onwards suggest fees will only increase, and there is no scope for fees to decrease following efficiency gains or deflation in the future.

IAA Response

- 3.88 The comment in section 5.14 onwards does not mean that fees will only increase; fees can increase and decrease over time in line with cost-recovery. In the context of this consultation, and particularly given that the IAA's activities are growing and that many fees have not been updated in several years and have fallen behind inflation, the focus of the discussion is on increasing fees.

Timeline of implementation

Stakeholder responses

- 3.89 Aer Lingus requested more detail on the transition approach, its duration and mechanism.

IAA remarks

- 3.90 An update on the transition and timelines for implementation is provided in section 4 of this paper. We will provide information each year on changes.

Other factors

Stakeholder responses

- 3.91 Avtrain commented that there is no mention of the advanced air mobility (AAM) industry and the regulatory oversight this would require. It considers that this should be a key part of the IAA's Business Plan and included as a standalone item as UAS is presented. There is expected to be a range of aircraft types to be certified, and there is also a need to consider infrastructure such as vertiports and vertistops and whether they will be considered under the remit of the aerodromes service area and have been budgeted for accordingly. Finally, the IAA will need to take an educating role for other regulatory bodies on planning, environment, and airspace to support the development of the AAM industry, and this should also be included in its budget.
- 3.92 Avtrain also note that U-Space and the regulatory oversight of AirNav Ireland have not been included in the consultation paper.

IAA Response

- 3.93 On Avtrain's comments, as the aviation industry develops, and new technologies are added, the IAA will decide on where the regulatory oversight should sit within the IAA and the appropriate funding model for that oversight. For example, the airworthiness of AAM will be part of our general airworthiness domain and funded in a similar way to the way we fund the airworthiness regulation of conventional aircraft.

4. Planned Changes for 2025

- 4.1 As discussed in Section 3, the IAA will generally aim for a high level of granularity when applying the user pays principle for fee setting. In 2025 we are not proposing any significant changes to the level of granularity, however, as we update fees on a yearly basis, we will continue to refine the appropriate level of granularity. We will communicate this to service users in our annual notification of intended changes.

New Functions

- 4.2 The IAA is regularly assigned new functions relating to new or amended regulations. In each case it is important that the IAA identifies a mechanism for recovering the costs associated with the function, and to do so in a manner which is non-discriminatory, cost related and transparent. In principle, a user-pays approach is preferred, however, with many new functions the direct beneficiaries can be hard to identify and/or it may be inappropriate to charge the beneficiaries directly. In these situations, an industry pays approach will be used.
- 4.3 In 2025 we will introduce a new charge to cover the IAA's costs for being a competent authority for ReFuelEU. This will be an industry charge, collected from airports with scheduled commercial passenger traffic.
- 4.4 We will also amend the consumer affairs charge, to include the costs associated with the IAA being appointed competent authority for the accessibility act. This will also be charged to airports.

2025 Charges

Passenger Charge

- 4.5 From 2025 we will introduce a passenger charge. Despite increases in licensing and certification fees in 2024 and in 2025, some service areas are forecast to continue to generate deficits, primarily Licensing (both personnel and commercial) and UAS, which combined will generate a deficit of over €3m. Bringing these areas to cost recovery would require multifold increases in charges. Rather than doing so, the passenger charge will be used to offset this deficit and bring the 2025 budget into surplus.
- 4.6 The passenger charge will effectively absorb some of the indirect costs we would otherwise expect licensing and UAS to bear. This makes sense for these areas which largely consist of a large number of individual license holders. The license holder is covering (or mostly in the case of UAS) the direct cost (user pays) but not all the indirect cost which instead are being socialised to the users of the industry generally. Examples of indirect costs where it is appropriate that license holders do not directly bear the costs include Personnel licencing enforcement, SAFA / RAMP programmes including alcohol testing of flight crew, Just Culture Body, UAS Enforcement including Market surveillance authority (MSA) function, Airspace enforcement and geographical zones, Environment Information Access processing, Protected Disclosures processing

and supporting and reporting to DoT. In addition, the regulatory work conducted in both of these areas (licensing and UAS) has benefits to all users of aviation and the general public, examples include, ensuring personnel working in the industry have the competencies required to perform the tasks they have been employed to do, protecting the public and airspace from the misuse of UAS, and so on.

4.7 This charge will be reviewed each year.

Other Charges

4.8 In 2025 we plan to make the following changes to our charges:

All licence, certification and general activity based charges will be increased by 6 to 7% (in line with 2023 CPI with rounding of each charge). This includes the charges set out in the following schedules of fees (in most cases charges will be rounded up or down to the nearest €5 or €10):

- Schedule 1 - Aircraft Registration and Airworthiness
- Schedule 3 - Aerodromes (excluding per movement fee discussed below)
- Schedule 4 - Personnel Licensing
- Schedule 5 - Commercial Licensing
- Schedule 6 - UAS Operations
- Schedule 7 - Flight Operations
- Schedule 8 - ANS and Airspace (excluding NSA fee discussed below)
- Schedule 9 - Aviation Security (excluding per passenger fee discussed below)
- Schedule 10 - Airworthiness Organisations

4.9 We will continue to apply cost recovery charges in the following areas, in these areas charges change from year to year depending on the budgeted cost level:

- Economic Regulation of Dublin Airport – revenue will remain broadly flat compared to 2024
- Slot Regulation – revenue will increase significantly, from €0.7m to €1.9m to cover the additional cost of litigation against the IAA
- Consumer protection charge – revenue will increase by about 50%, this is due to a) better allocation of direct costs to this area in our modelling and b) increased resources to deal with higher workload and a new function, competent authority for the accessibility act for aviation
- Aerodromes Movement charge – revenue will be broadly flat compared to 2024
- Aviation Security per passenger charge – revenue will increase by 10% due to additional headcount in the area

- Sustainable Aviation charge – a new charge of about c€0.3m to resource IAA being competent authority for ReFuelEU

5. Timeline for annual fee adjustments and reporting

- 5.1 The IAA conducts its annual budget process in the period October-December each year.
- 5.2 We are conscious that the entities who pay our charges need an estimate of those charges for their own budget processes, therefore we plan to give as much forward notice of fee changes as possible to assist those entities in their budgetary planning for the year ahead.
- 5.3 The following is the timeline we will use each year:
- In November we will publish a note which will give a draft indication of our expected fee changes for the following year (for 2025 we do this in Section 4 of this paper). For transparency, this note will also include details on why we expect certain charges to change but it will not give exact fee levels.
 - In December we will publish updated schedules of fees which will provide detail and will give effect to any changes
 - The changes to fees will generally take effect from 1 January.
- 5.4 We report on our performance via our annual report and accounts issued within six months of the year end date, the IAA normally holds its AGM in May each year, at which the annual report is approved. Following this, it is laid before the Houses of the Oireachtas by the Minister for Transport and after this, it is published.
- 5.5 The IAA is subject to the following financial oversight:
- Internal audit; this is provided by an independent auditor
 - External audit; the IAA is under the remit of the Comptroller and Auditor General.
 - IAA Board and it's Audit, Risk and Finance Committee.
 - Department of Transport (assisted by NewERA)