

Annual report of the CAA 2002
Finland

▲
forward to the future



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Forward to the Future

Review by the Director General





The year 2002 was a financially difficult one for air transport for the second year in succession. The Civil Aviation Administration's profit on business operations fell from 12 million euros the year before to just over 4 million euros. The decline in profit resulted from a 4.5 per cent reduction in air travel and a 6 per cent reduction in flights. The downward trend did, however, come to an end at the end of the year and turned slightly upward. However, this positive turn was largely the result of the exceptionally low comparison figures for the previous year.

The government set a profit target for the CAA for 2002 of 1.3 million euros, and this was, in the event, achieved. When this target was set in December 2001, the ministry of transport realized the exceptionally poor outlook for the aviation industry and took it into account, predicting an outcome of -4 %. The result was therefore even worse than this.

The average profit target set down for the CAA is to achieve a 4 % return on basic capital, which would have meant a 7.4 million euro profit. Given the prevailing business cycle, the CAA achieved this target during the financial period as well.

Standards remained high

Despite the reduced demand for airport and air navigation services, the CAA did not set out to reduce infrastructure standards, by cutting back on airport opening times, for example. Instead, we have striven to provide scheduled service operators with the services they want. Providing services for the last evening flight or for the small hours departure at many airports places an exceptional financial burden on the CAA. We understand, however, that these flights are important both for the airlines as well as the local business communities, especially where overseas shuttle and onward flights are concerned. Nor have we been persuaded by the CAA's own financial interests to force the airlines to stop these flights. This may be misjudged regional policy, but our train of thinking has been that if an airline wishes to offer regular, scheduled flights, then they will not be constrained by airport services.

While the airlines have adjusted their available capacity, their cutbacks have not affected these flights but instead they have replaced two closely timed flights with one, for example. This illustrates the problem facing an infrastructure provider trying to adjust costs in a period of declining demand.

As a result of the decline in traffic, the turnover for the CAA fell by 2 %, whilst costs increased by one per cent. Running costs increased more or less in line with staff costs, by 2.5 %. Because the previously mentioned service standards were maintained, the number of staff was reduced by only 0.5 %.

Security checks raised costs

The extension of 100 per cent security checks of passengers and hand luggage to include all domestic flights added about 3 million euros to the cost of security inspections. The hundred per cent security checks of all cargo hold luggage will add approximately 9 million euros to costs during the current year. Altogether, security checks of passengers and luggage amount to an extra cost for CAA airports of 19 million euros a year, which means 2.7 euros for each departing passenger.

The profitability trend for the CAA during 2002 was poor. Turnover relative to annual staff working hours came down whilst costs in relation to performance rose by more than five per cent. Earnings from airport and air navigation charges per passenger rose by 0.7 %, which was below the inflation rate. On the other hand, the airport's so called commercial revenues rose by 4.5 % in relation to passenger numbers.

"Physical" productivity for the CAA's services as measured by *passengers/staff working years* and *flights/staff working years* both fell by about 4 %. Airport opening hours relative to staff working years remained unchanged. Obviously this kind of productivity and cost trend cannot continue year after year. On the other hand, the CAA has an exceptionally good period of profitability behind it during the years 1995-2000, and the profitability trend for the entire seven year business cycle came to almost 3 % a year.



Fewer delays

One bright spot in the profitability trend for 2002 can nevertheless be seen in the fact that the already low number of delays to air traffic caused by air traffic control and airport operations was cut in half, that is, apart from three exceptional days, to zero. In fact it is fair to say that airport and air navigation capacity in Finland are first class. The air traffic business does work in Finland.

Contrary to popular belief, traffic charges too, as calculated by the ratio of *traffic charges/passengers*, have fallen in real terms and stayed the same even in nominal terms throughout the entire period of the CAA as a business enterprise from 1991-2002. The profitability trend during the business cycle has thus been designed to keep airport charges in check for the airlines. For external reasons, however, the fee structure had to be altered so that over a ten year period, domestic charges were increased by about 4 euros per passenger whilst international charges were reduced by about 2 euros per passenger.

At the moment, airport runway, terminal, security and air traffic control services cost passengers an average of 11.3 euros per flight, which is included in the air ticket price. These traffic charges levied for the above mentioned airport and air traffic control services provided by Finnish airports represent about six per cent of an airline's turnover. The proportion is higher for domestic short-haul flights but comes to less than 2 % for intercontinental flights.

Ready for future challenges

By international standards, Finnish airport and air navigation charges are low. The CAA aims to keep fee increases below the inflation rate. However, an increasing level of official requirements, particularly in regard to security inspections, means there will be annual fluctuations in achieving this goal. The prevailing downward trend in air transport poses a particular challenge for our pricing targets, and if the situation continues we shall not be able to achieve them without compromising service standards. We therefore have to make a choice; service standards or charges. It would only take an upturn of as little as two or three per cent to allow us to achieve both goals.

The year 2002 was a particularly auspicious one for Finland's primary airport, Helsinki-Vantaa. After a protracted period of planning, construction and training, its third runway was opened at the end of that year. We now have all the structural underpinnings in place for providing air traffic growth and a high standard of service for a long time ahead. We expect that demand for air transport will continue to follow the broader pulse of the Finnish economy. Structural changes in demand are beginning to be behind us and only the upward flow of inward tourism to Finland appears to show some deviation from the average trend.

Mikko Takvitié
Director General

The CAA — looking after our passengers

The Finnish Civil Aviation Administration is a service enterprise which works to promote diversity in air transport, improved service standards and better marketing for the airline industry — for the benefit of air passengers.

The CAA maintains Finland's airport network as well as the air traffic control and navigation system that covers the entire country. We provide safe, competitive airport and air navigation services and supporting commercial operations to an internationally high standard. Our customers are our passengers, the airlines and all others who operate in the field of air transport.

As Finland's official aviation body, the CAA is responsible for ensuring air safety and for setting air transport policy in conjunction with the Ministry of Transport and Communications and the department of foreign affairs.

The basic organization of the CAA consists of its head office, the airports and flight navigation centres and the separate Flight Safety Authority. There were about 1 800 people employed by the CAA in 2002.

The Civil Aviation Administration is a state owned commercial enterprise. The government's Council of State (the cabinet) sets out the general operational and profit targets for the enterprise but we make our own independent decisions concerning our finances and investments.

Our values

Safety

Air traffic safety is our primary concern, on which we will not compromise. Safety results from the professional skills of our staff, our ability to cooperate and our willingness to accept responsibility.

Customer benefit

Customer benefit is the incentive for our operations. Our customers can rely on us in all situations. We react quickly and efficiently to customer opinions.

Efficiency and the ability to innovate

We are dynamic, we are constantly improving our professional skills and we are ready to adopt innovations. We pay attention to environmental issues.

Cooperation

We respect each others' work. For us, cooperation is based on dialogue, openness and mutual trust.

What we provide

Airport services

- Traffic areas: maintenance and rescue services
- Terminal services
- Security and safety services
- Commercial services

Air navigation services

- Airports
- Air navigation services centres

The CAA financial year in brief

	2002	2001	change
	1000 €	1000 €	%
Turnover	202 419	206 817	-2
Operating expenses	151 056	148 713	2
Operating profit	7 924	15 731	-50
Profit for the financial year	4 119	12 183	-66
Total capital investments	51 084	62 515	-18
Land	28	44	-37
Machinery and equipment	20 484	19 186	7
Airport construction	11 477	30 988	-63
Building construction	17 663	9 956	77
Other investments	1 433	2 341	-39
	no.	no.	change
Passengers (air journeys) total	10 288 225	10 771 371	-5
Domestic scheduled (depart.+transfer)	2 744 366	3 038 714	-10
Internat. scheduled (dep.+arriv.+trans.)	6 491 401	6 527 265	-1
Internat. charter (dep.+arriv.+trans.)	1 038 986	1 190 198	-13
International traffic total	7 530 387	7 717 463	-2
Others passengers	13 472	15 194	-11
Flights, total	339 047	352 987	-4
Domestic scheduled flights	62 610	69 479	-10
International scheduled flights	100 168	104 352	-4
International charter flights	12 559	12 644	-1
Internat. flights (scheduled and charter)	112 727	116 996	-4
Overflights	18 379	16 599	11
International traffic, total	131 106	133 595	-2
Other civil aviation	101 296	104 566	-3
Military flights	44 035	45 347	-3
Accumulated work years in year	1 816	1 826	-1
Airports	1 272	1 289	-1
Air Navigation Services centres	144	146	-1
Head Office units	181	174	4
Internal service units	139	136	2
Authority activities	80	82	-3

Air Traffic In 2002

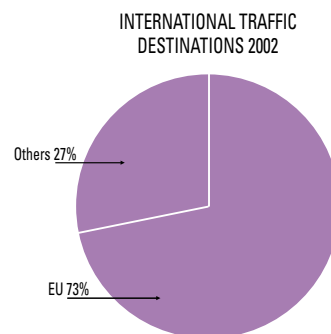
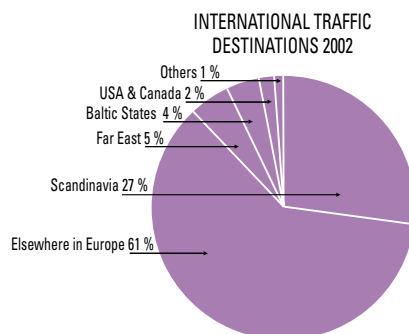
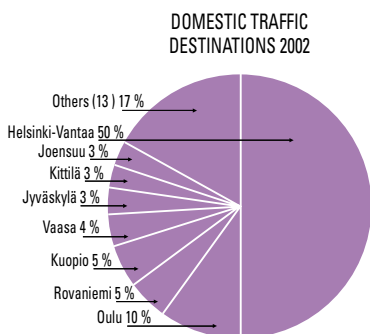
The number of air journeys in Finland declined in 2002 by 4.5 % from the previous year. The number of passengers taking international flights fell by 2.4 % and the number taking domestic flights shrank by 9.7 %.

The total number of passengers using Civil Aviation Administration Airports amounted to more than 13 million, of which Helsinki-Vantaa Airport accounted for about 9.6 million. The number of passengers using Helsinki-Vantaa Airport fell by 4 % and Oulu by 11 %. The number using Rovaniemi, the country's third biggest airport, declined by 3 %. The largest relative decline in passenger numbers occurred at Maarianhamina (-26 %), Kajaani (-17 %) and Kruunupyö (-17 %) airports. Only Kittilä (+9 %) and Ivalo (+3 %) witnessed any increase in passengers. Landings by commercial flights fell by

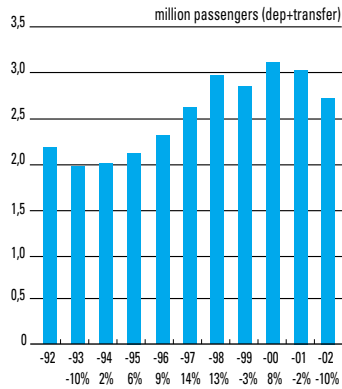
7 %, whilst landings for general aviation increased by 2 %. The number of overflights increased by 11 %.

The number of air journeys in December increased by 5 % from the previous year. The number of passengers on international flights rose by as much as 8 % in December 2002. However, passenger numbers on domestic flights shrank by 3 % in December.

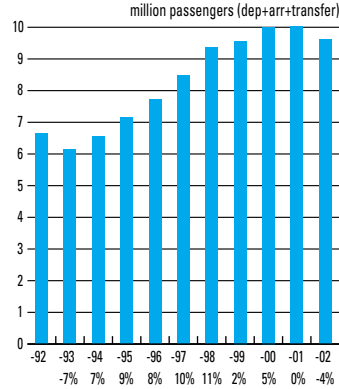
The number of passengers using Christmas charter flights to Lapland's airports increased by 12 %, thanks to the successful marketing of an excellent service. Christmas traffic is extremely important for the likes of Kittilä Airport, for example. In fact Kittilä handled more passengers in December than during the entire period between May and November inclusive.



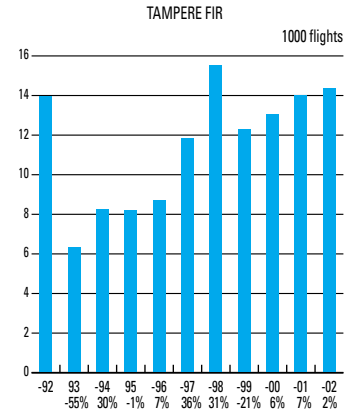
DOMESTIC TRAFFIC 1992-2002



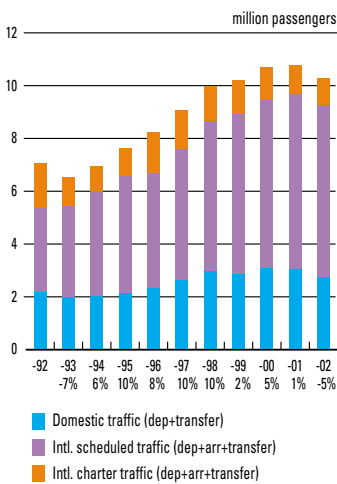
HELSINKI-VANTAA AIRPORT PASSENGERS 1992-2002



OVERFLIGHTS 1992-2002

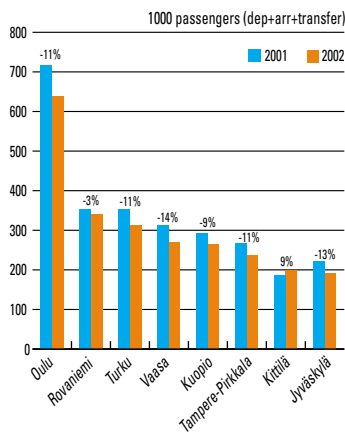


PASSENGERS 1992-2002

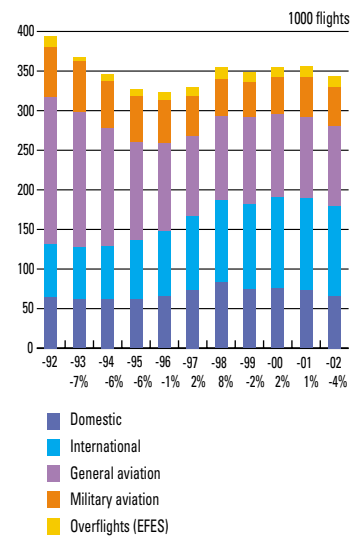


- Domestic traffic (dep+transfer)
- Intl. scheduled traffic (dep+arr+transfer)
- Intl. charter traffic (dep+arr+transfer)

PASSENGERS AT AIRPORTS 2001-2002

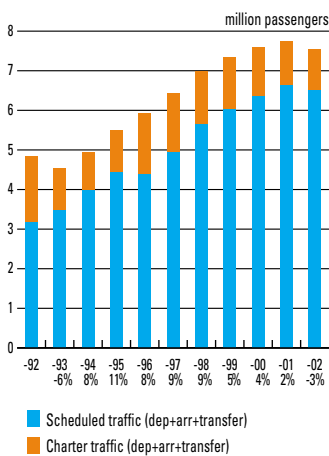


FLIGHTS 1992-2002



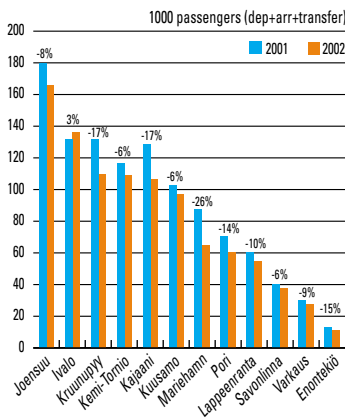
- Domestic
- International
- General aviation
- Military aviation
- Overflights (EFES)

INTERNATIONAL TRAFFIC PASSENGERS 1992-2002

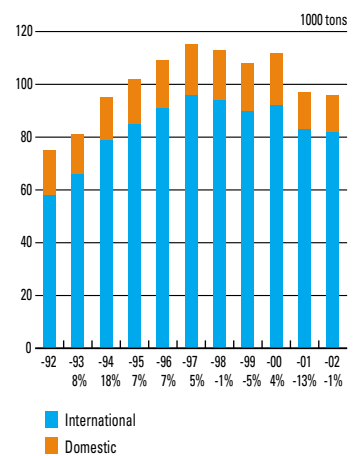


- Scheduled traffic (dep+arr+transfer)
- Charter traffic (dep+arr+transfer)

PASSENGERS AT AIRPORTS 2001-2002



CARGO TRAFFIC 1992-2002



- International
- Domestic



**Careful
preparation
builds
confidence**

Sparks of zeal fly when Raine Luojus, deputy head of air traffic control speaks of air traffic procedures, his special field. He is responsible for the operative aspects of air navigation at Helsinki-Vantaa Airport, meaning the means and guidelines that make air traffic control work. He is also kept occupied with such matters as poor visibility procedures and cooperation with the air navigation department.

Behind him is his two year stint with committees involved in getting the third runway operational; the material has been created, the air traffic controllers trained. Fine tuning of the systems and various follow up analyses will take another year.

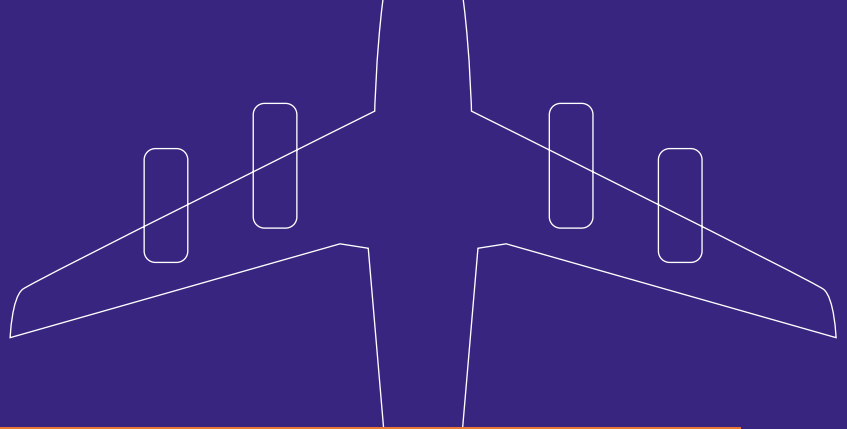
“It’s a great feeling having the new runway in action and you can see that all that careful preparation has paid off. The work of the air traffic controllers has been affected by new airspace responsibilities, changes at the tower and also by a new controller’s work station. We can share responsibilities and we cooperate more than we used to.”

In the start-up phase the new runway was only in action during weekday afternoons, and later, from January 2003, during the busy morning hours as well. The air traffic controllers enjoy having the extra time. “We now have a greater opportunity to make use of runway capacity and we are not so much at the mercy of the weather any more. The more traffic there is, the simpler the system should be, so there is less chance for delays to occur.”

This man does not seem to suffer from the downside of having a difficult job — the hurry. “You don’t get stressed out as long as you feel in control of your work and your life. Determination and professional assertiveness helps. And a sense of rhythm is no bad thing,” quips lifelong guitar player, Raine.

“We have to be able to put the new regulations effectively to good use. Our primary goal is to stay in the front line of developments.”





2002 — an historic year
for the CAA and Helsinki-Vantaa Airport





2002 will go down in history as the year that the CAA's biggest ever construction project came to an end. The third runway at Helsinki-Vantaa Airport was completed in September and was opened for service on schedule in November. The basic layout of the new runway system is expected to be sufficient to serve Finnish air traffic for the next 40 years.

Helsinki-Vantaa Airport's third runway came into service just a few weeks after the airport's 50th anniversary. The first aeroplane to use the new runway was an MD-11, which took off for New York on Thursday, 28th November, 2002.

With the new runway, Helsinki-Vantaa has become Finland's first airport to have two parallel runways. The new airstrip will allow air traffic at Helsinki-Vantaa to flow more smoothly, particularly during the busiest morning and evening hours. Use of the new runway will be phased in gradually in accordance with demand. Initially the airport's runway capacity was raised from 45 operations (takeoffs and landings) an hour to 50 an hour, and during the summer months of 2003 this figure will be further increased to 55 an hour.

Helsinki-Vantaa's new runway runs parallel to the existing number one runway, and lies to the north west of it. Its 3,000 metre length will allow for flights by all types of aircraft to 98 % of the airport's destinations. Only about one or two per cent of all departures are made by aircraft needing the 3,440 metre long number one runway.

New runway was already planned in the 1950s

The first runway at Helsinki-Vantaa Airport, then known as Helsinki Airport, was built in 1952 and the second, auxiliary runway, which intersects the first, was opened for traffic in 1956. From the very beginning there were plans to add a third and even a fourth to these two if the growth in traffic so required.

Over the years, the position and direction of the proposed new runway had to be altered, because of town planning and aircraft noise requirements, among other reasons. After negotiations with Vantaa municipal authorities, a preparatory decision was taken in 1980 on the development of Helsinki-Vantaa Airport's runways by which the new runway could be laid out parallel to and north west of the existing main runway.

The decision to apply for a site permit for the new runway was taken by the CAA in March 1990. Air transport had expanded enormously at the end of the 1980s and Helsinki-Vantaa's two runways were approaching the limits of their capacity. Exceeding these limits would have resulted in traffic delays and a significant increase in costs that such delays would entail.

A long process

Before the new runway could be built and put into operation there was a complicated licence procedure to go through. The location permit for the site, as required by the Health Care Act, and for which an extension eventually had to be applied for, was granted in 1992 and came into force in 1995. The Council of State's construction and maintenance permit was granted in 1996.

Three years later the Western Finland Water Rights Court granted the CAA permission to pipe the runoff waters from the third runway area and also set out the conditions of the permit. These conditions included a requirement to purify the runoff water in addition to protecting the Päijänne fresh water tunnel at a cost of six million euros.

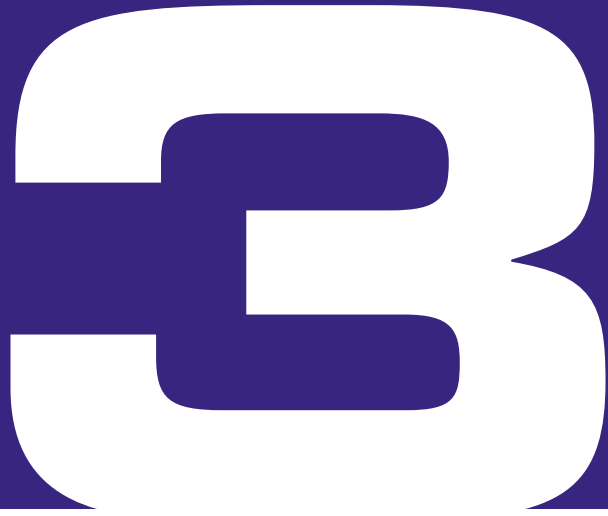
Before the third runway could go into operation, a noise control programme also had to be drawn up for the third runway. According to an exhaustive plan completed in 2001, the third runway will not cause major changes to flight paths or noise areas in the capital region. In fact the overall effects will be positive.

Construction at a glance

Construction of Helsinki-Vantaa's third runway got underway at the beginning of 1997. Over a period of six years a new 3,000 metre airstrip was laid out along with a network of taxi-ways, a set of service and emergency roads and a special de-icing area for aircraft. All the building material was obtained from the building site itself, which covered an area of about 300 hectares.

Between 1997 and 98 almost one and a half million cubic metres of peat were removed from the boggy areas covering the site, which then allowed work to begin on strengthening the underlying clay layer. About two years had to be allocated for compression of the clay layer, which was a decisive factor in the timetable for the entire construction project. During this period, the traffic areas built on load bearing ground were completed.

The asphalt was laid in stages between 2000 and 2002, which allowed sufficient time for erecting the



structures scheduled for the surfaced areas. About four million cubic metres of surfaced traffic areas were laid down, and almost three thousand runway and taxi-way lights were set into the asphalt.

The primary contractor for the third runway project was the CAA itself, which allocated the work to a number of subcontractors. Almost one hundred construction and purchasing contracts were signed with suppliers over the six year period. Meticulous overall planning, careful project management and a more detailed plan carried out as the work progressed resulted in the runway being completed both on time and within budget. The total cost of the runway came to 107 million euros.

Unique environmental measures

Running under the third runway is the Päijänne tunnel, which supplies fresh water to the entire Helsinki capital area. In addition, a small section of the runway lies over a groundwater catchment area, which meant that extremely stringent environmental demands had to be set for the new runway and that any construction over the areas in question had to be absolutely watertight.

The protected areas were sealed with a double layer of asphalt and bentonite carpeting. A welded HDPE membrane was used as protection in the sunken areas instead of asphalt. Even the verges, 40 metres from the runway, were made watertight because this is how far the snow blowers used to clear the runway can hurl the snow, which contains acetate chemicals used for melting the ice.

The acetate containing runoff water is collected from the protected areas and piped to basins built un-

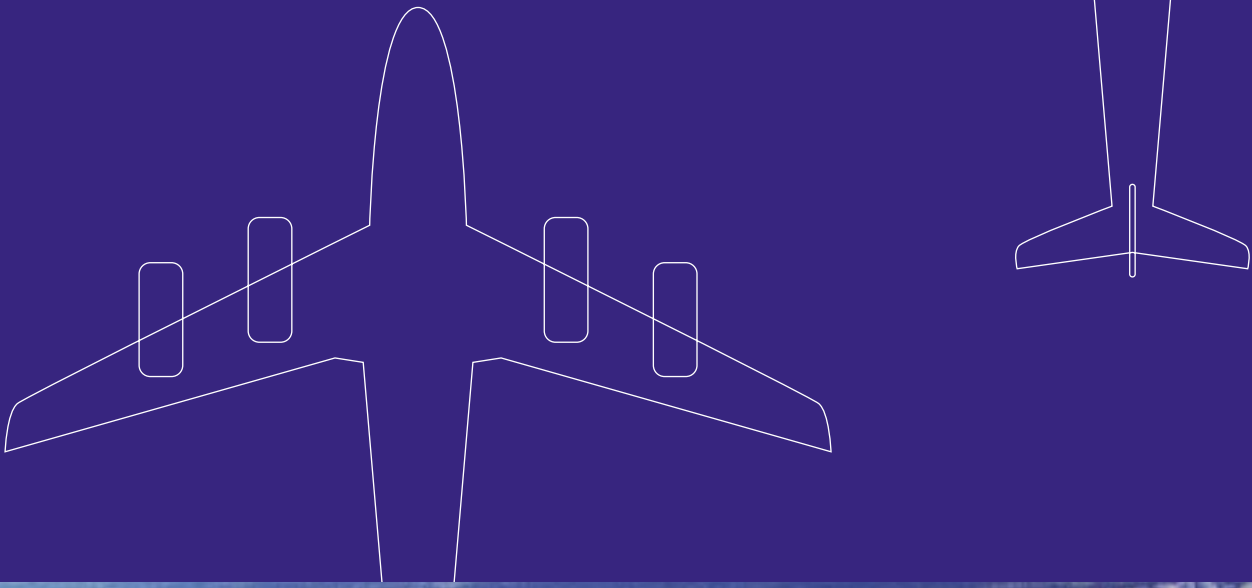
der the traffic areas. These watertight basins allow the acetates to oxygenate safely, and only when it is completely purified is the water then channelled into the surrounding soil. The quality of the water is constantly monitored and automatically sampled as it comes out of the basins.

The de-icing areas constructed especially for the third runway were also made watertight. The glycol containing water is recovered from the treatment areas and piped to the municipal wastewater purification plant.

Flight Safety Authority approval

Approval for operating the new runway was a process that took a year, during which time the documentation for all the relevant components had to be dealt with by the flight safety officials. These components included the dimensions of the traffic areas, surface traffic arrangements, instrument approach equipment details, particulars regarding the expansion of the ground traffic radar system, and the plans and equipment for operational functions. Training material concerning operational functions also had to be approved by the Flight Safety Authority. Operational approval for the overall project could only be applied for once building work had been completed in September 2002.

The approval process for operating an airport is based on the Aviation Act and related statutes, a body of aviation regulations and the requirements of the various international aviation organizations. The common aim, after all, of both national and international norms is to achieve absolute safety in air travel.



3

A massive information campaign

The construction and adoption of the third runway was also accompanied by an extensive internal and external information campaign, for which the CAA set up a special information team. It was felt that open and factual information would be helpful for the various sub-projects related to the runway venture, as well as committing our own staff and also outside groups to it, such as the airlines, official bodies and airline passengers.

The Civil Aviation Administration engaged in active dialogue with local authorities, residents' associations, and environmental officials in an effort to take account of various opinions, hopes and expectations, particularly with regard to noise control. A programme of informative exhibitions was mounted in local communities around Helsinki-Vantaa in the early spring of 2002 to explain how the runways are used and the noise control efforts being made at Helsinki-Vantaa Airport.

A special Third Runway section covering the environmental construction for the runway and noise control

efforts at Helsinki-Vantaa Airport, among other details, was added to the CAA's Internet web site.

A number of briefings for the CAA's staff and employees of companies working at Helsinki-Vantaa Airport were arranged as the project progressed. When the runway was complete, the staff and their families were given the opportunity to visit the site to learn about the runway.

Opportunities for the future

The third runway will allow Helsinki-Vantaa to operate at twice its current capacity. In fact the CAA has already drawn up plans for the gradual expansion of the present terminals and their surface traffic arrangements, as well as for increasing parking space for aircraft to keep pace with growing demand.

Over the long term, the development work will stretch to the construction of a new apron and even terminal buildings in the space between the main runway and the new Runway 3.







The runway to opportunity

Hannes Bjurström, head of Finnair's Flight Operation Division, gazes out of his window in satisfaction at a landscape that has changed dramatically over the past few years. Helsinki-Vantaa's third runway means new opportunities for the development of air traffic.

The clear improvement is immediately evident in the easing of morning congestion, when the business passengers setting out for Europe in the morning, so that they can return for the evening, start their journeys from the new runway. "If we can handle the mornings without bottlenecks we can prevent the biggest cause of delays, the so-called reactive delays, the chain reactions," declares Mr Bjurström.

The importance of the third runway for the airline also comes to the fore in long distance international flights, especially Asian traffic, which is Finnair's fast-

est growing business area. Gateway passengers arriving from Asia continue their journey from Helsinki-Vantaa to Europe and back.

"Helsinki-Vantaa occupies a superb position at a junction point between east and west, so we act as a gateway between two continents. Our primary advantages are our short routes into Europe, our short non-Schengen changeover times, and a highly practical, human scale airport. Gateway passengers really appreciate these qualities."

The best service for passengers, maintains Hannes Bjurström, is punctuality. "The essential point is the overall time of the journey. We have promised our customers that we will stick to the timetable, and we have to keep that. Giving the customers what they need is the aim of both of us — the airline and the CAA."

Airport Services



The final touch — functioning systems

“The busiest period of all in the construction work came in 2002”, says Reijo Tasanen, who as project manager bore the main responsibility for the six year operation. “Among the most extensive projects was the construction of the necessary systems for the new runway. We had to find time for planning, working with the equipment suppliers, training, testing and trial runs of the systems.”

Electrification, lighting and the lighting control system for the runway and taxi-ways formed an essential element of the entire project. The CAA took responsibility for planning the electrical and lighting installations, equipment purchases and management of the actual installation. One of the biggest challenges was laying out the enormous network of cable ducts and electrical manholes on the site. A total of 750 manholes were sunk on the site, plus 580 kilometres of cable ducting and 750 kilometres of cable.

In a departure from previous practice, the taxi-ways have been fitted with inset centre line lights, which

can be controlled to direct the aircraft to their correct taxi path. All the lights in the runway area can be directly operated by the air traffic controllers. The system’s backup generators ensure that even if, for some reason, the national electrical grid should fail to supply electricity to the runway, the lights will not go out.

Both ends of the runway are fitted with ILS (Instrument Landing System) equipment, which allows aircraft to land safely even in foggy weather. The operating area of the surface traffic radar system was extended to the new runway, which was also equipped with the latest advances in weather observation technology.

“The new system for recovering the glycol containing water used to remove snow and ice from aircraft is also extremely advanced,” says Reijo Tasanen. “It is uniquely reliable and safe, and there are very few airports anywhere in the world that can boast such a well managed system.”

Improved maintenance and rescue services

A new rescue station for the third runway was completed in October 2002, bringing the total number at Helsinki-Vantaa Airport to three. The new station is essential if the emergency response time as laid down by the International Civil Aviation Organisation (ICAO) is to be kept sufficiently short. The response time means the time it takes for the first foam extinguisher unit to reach the scene after receiving the alarm signal.

New rescue equipment was also purchased for Helsinki-Vantaa in conjunction with the completion of the third runway. Three of the most technically advanced fire fighting foam vehicles became available in 2002, to be followed by a further five compatible engines.

Standard runway cleaning and equipment procedures were updated for the new operating environ-

ment. Special procedures are prescribed for the various runway combinations in use at any given time. The procedures set out how the runways and taxi-ways at Helsinki-Vantaa are to be cleared of snow, using sweepers and snow blowers in a specific order and to a specific schedule.

Research on chemicals and surfaces

The Civil Aviation Administration has initiated a study of the efficiency and usefulness of the chemicals used for skid prevention at airports. Its report, to be completed in 2003, will compare the thawing capabilities of the acetate and formate formulations on the market, in various temperatures and conditions.

The study is also looking into the effects of the various chemicals on runway surfaces. The results should help in the development of highly durable surface materials capable of withstanding skid prevention chemicals.

New rescue equipment

The CAA also set about upgrading its heavy rescue equipment at other airports besides Helsinki-Vantaa, since the foam-spreading fire engines bought during the 1970s are coming to the end of their service life. Four new foam-spreader chassis were purchased from a Finnish lorry manufacturer during the financial year, with coach building and fire engine equipment to be supplied by another domestic specialist firm. The new vehicles will be completed during 2003 and they will be stationed at Ivalo, Jyväskylä, Kittilä and Kuusamo airports.

Security checks cause extra building

Since the beginning of January, 2003, CAA airports have been checking all luggage stored in aircraft cargo holds, on domestic as well as international flights. In order to implement the terms of the new EU security directive, we had to expand and modify our security facilities and recruit and train more staff for all our CAA airports. It was also necessary to install new baggage conveyor and X-ray systems at our airports.

The most extensive expansion work was carried out at Helsinki-Vantaa and Oulu airports. The CAA spent about 27 million euros on the necessary modifications and expansions for the new inspection procedures. The extra costs of these security checks will amount to about 12 million euros a year.

Kuopio is Best of Year

Kuopio has every reason to be proud of its airport, surrounded as it is by a gorgeous landscape of lakes, and especially since passengers voted it Finland's best airport of the year in autumn 2002. During a spate of renovation work the same year at this, the country's sixth largest airport in terms of passenger numbers, important facilities for security control and customer services etc., were reorganized.

"We have made determined efforts to make our customers feel comfortable," comments Kuopio Airport's manager Heikki Jouppila. "The people who provide the airport's chain of services get together two or three times a year to discuss how we can better satisfy our passengers. The aim is to attract more tourists from the rest of Europe too, to this region of pristine lakes. So our services will become even more comprehensive," he says.

Airports 2002

	Passengers		Landings			
	Domestic	Internat.	Commerc. Av.	Gen.Av.	Military Av.	Others
Helsinki-Vantaa	2 747 862	6 862 025	75 354	739	1 127	1 651
Oulu	573 090	64 612	5 961	2 620	1 460	1 053
Turku	132 646	180 444	6 699	4 793	722	2 983
Rovaniemi	257 043	83 061	2 475	2 011	5 368	1 044
Vaasa	194 651	74 466	4 432	1 870	348	614
Kuopio	252 744	11 039	2 385	1 707	6 013	996
Tampere-Pirkkala	109 747	126 525	5 031	3 055	6 479	2 782
Jyväskylä	169 055	22 964	3 288	4 479	3 494	1 168
Kittilä	146 408	51 083	1 106	265	197	106
Joensuu	159 565	6 452	1 858	1 988	104	675
Kruunupyy	102 249	7 351	1 837	3 231	440	483
Ivalo	124 740	11 068	873	158	176	59
Kajaani	102 179	4 069	985	132	270	35
Kemi-Tornio	106 945	2 255	1 235	601	35	108
Kuusamo	90 998	5 853	683	162	13	35
Mariehamn	57 806	6 848	2 563	632	0	560
Pori	57 270	3 282	1 817	1 779	174	7 041
Lappeenranta	53 767	817	1 744	2 344	101	716
Savonlinna	36 204	1 437	1 143	233	78	98
Varkaus	27 012	316	970	113	3	20
Enontekiö	2 234	8 624	60	11	0	9
Helsinki-Malmi	1 542	50	19	12 706	83	26 123
Kauhava	245	0	35	188	10 763	83
Utti	42	320	24	439	4 397	344
Halli	11	0	3	161	2 043	83
Total	5 506 055	7 534 961	122 580	46 417	43 888	48 869

Air Navigation Services Centres 2002

IFR Flights	Domestic	International	Overflights	Total
Southern Finland (Tampere)	84 319	114 121	14 221	212 661
Northern Finland (Rovaniemi)	27 516	3 998	4 093	35 607
Finland, total	92 289	115 547	18 272	226 108

Air Navigation Services



A perfect opening

“It was fantastic to see two aircraft take off at the same time from parallel runways. All that we had worked so hard for, for so many years, was finally taking place before my eyes.”

This was how assistant director Jorma Alakoski, who headed the Helsinki-Vantaa third runway start-up project described his feelings.

For several years, Helsinki-Vantaa Airport’s airspace had been gradually developed to take account of the third runway. These innovations have ensured the growth prospects for the airport and also paved the way for planning new flight paths and designing new flight and air traffic control procedures. For example, in order to allow for the simultaneous use of two parallel runways, it was necessary for CAA planners to draw up completely new kinds of arrival and departure procedures for Helsinki-Vantaa Airport.

New arrival routes that make use of satellite technology prepared the way for the third runway, easing the pilots’ task and also freeing up air traffic control capacity so that they can concentrate on safety. Helsinki-Vantaa adopted the new arrival routes in the summer of 2001 and the new takeoff routes for Runway 3 came into service in November 2002.

“Finland is one of the pioneers in Europe in adopting more direct and more precisely monitored regionally controlled routes,” notes Jorma Alakoski.

Advanced systems ensure safety

New air traffic control systems and equipment as well as a host of systems upgrades will ensure the safety of air traffic at Helsinki-Vantaa Airport. The latest advances in technology will enable air traffic controllers to manage the overall picture even amidst the busiest traffic, and react as necessary to rapidly changing situations.

“We have tried to position all the most actively used equipment in front of each controller, in order to ease their work and ensure safety. The controllers’ duty rosters have also been changed, so that now there are always two aerodrome controllers on duty where there used to be one. One of them takes care of the new runway while the other looks after the other two,” Mr Alakoski explains.

The ground traffic radar display system was also renewed. The radar covers the new runway, increasing air traffic safety especially at night and in poor weather. A new weather observation system gathers information on temperature and wind direction and so on from a number of metering points and combines it as a single display in front of the air traffic controller. An advanced equipment monitoring system, meanwhile, provides the controllers with real-time information on the functioning of the various items of air traffic control equipment and systems.

The CAA working with others

The CAA and the Airforce — effective together

Kuopio Airport, which was voted airport of the year for 2002, is one of four CAA airports operated in conjunction with the Finnish Airforce, where civil and military aviation work together in harmony. In fact you can admire the aerobatics of the Hawk and Hornet aircraft of the Karelia Air Command, which is based at Kuopio, from a ringside seat in the airport restaurant.

Other jointly operated airports are Tampere-Pirkkala, home of the Satakunta Air Command, Rovaniemi, where the Lapland Air Command is based, and Jyväskylä with the Support Squadron based at Tikka-koski. Utti, Halli and Kauhava are exclusively military airfields.

The proximity of the airforce is visible and audible in the everyday workings of the jointly operated airports but this does not affect scheduled traffic or the normal daily rhythm of these airports.

“The presence of the airforce is a pure pleasure for us. It makes sense for both sides to cooperate and it works extremely well,” declares Kuopio Airport manager Heikki Jouppila. About half of all landings at Kuopio are made by airforce planes.

“The financial benefit for everybody is undeniable — more than half of our aviation-generated turnover at Kuopio currently comes from military flights. It makes more sense to have the airport with the airforce stationed here, and there is also more point in investing in it. The existence of the air base also has a positive effect on local employment. The airport stays open round the clock to enable air surveillance, which also ensures that we can run civilian traffic.”

Correspondingly, without the cooperation, the airforce would face much greater restrictions on its training flights, because it would find the cost of maintaining its own airfields excessive. It works to the benefit of both that the CAA takes care of all the airport’s snow clearing, maintenance and air traffic control and navigation services.

Cooperating for a military exercise

In June, the defence forces mounted a general military exercise in the airspace over southern Finland. “The Air 2002 exercise was an excellent demonstration of the cooperation between the civilian and military aviation authorities in Finland,” comments Heikki Jaakkola, head of the CAA’s air navigation department.

“The exercise was made possible by the joint civil and military air navigation system, which enabled the needs of both operators to be answered compatibly during the simulated emergency, even in the fairly congested airspace over southern Finland,” Mr Jaakkola sums up.

The CAA takes over defence property

The fixed property assets at the airfields owned by the defence administration have been transferred to the Civil Aviation Administration, as part of a major project to restructure the ownership of all defence administration properties. For the CAA, the preparations for the transfer were carried out during the last financial year and involved cataloguing and examining the property and drawing up an outline agreement between the General Staff and the CAA. The actual takeover of the property took place at the beginning of 2003 after a parliamentary debate.

“The CAA intends to manage the property in such a way that we shall retain the land that was transferred to us while the buildings and other structures will be taken over by a CAA subsidiary which is currently being set up,” says CAA deputy managing director, Lauri Vänskä.

This means that the management of these properties will be kept separate from the CAA’s other activities and at the same time will be financially transparent.

“Our management of the property will not change the operation of the defence installations. Relations



between the defence forces and the CAA, which were reinforced by a joint agreement signed in 2001, will remain healthy even after the transfer,” Mr Vänskä declares.

The CAA and Vantaa town: Aviapolis is burgeoning

The municipality of Vantaa, the CAA and more than a dozen important companies have agreed jointly on the development and marketing of what is known as the Aviapolis site. Aviapolis is a business park situated right next to Helsinki-Vantaa Airport, which furnishes Finnish companies with easy access to international markets. Interest in the site is increasing abroad, too.

During the last five years 10 000 new jobs have located to the site. During that time the amount of office building has expanded to more than half a million square metres of floor space, and building continues apace. Among the new occupants are the tenants of the three office buildings in the Airport Plaza Business Park, who moved in in autumn 2002. Meanwhile the

first phase of the Technopolis technology centre, which will eventually accommodate 3,000 skilled workers, will be completed in summer 2003.

The companies located at Aviapolis are also currently creating a high-tech network amongst themselves, which will allow them to improve their logistical and environmental technology capabilities in the area, among other things.

Joint rescue station nearing completion

A joint rescue station is being built at Helsinki-Vantaa Airport as a cooperative venture between the CAA and the municipality of Vantaa. When it is completed in the spring of 2003 the building will serve as Vantaa town's central fire station. The new building will also contain the administration for Helsinki-Vantaa Airport's rescue services as well as the Avia College rescue training facilities. The building has been commissioned and will be owned by the CAA subsidiary Lentoasema-kiinteistöt Oyj.





New brooms sweep clean

Arto Savolainen, supervisor at Helsinki-Vantaa Airport's maintenance department takes the extra workload that accompanied Runway 3 in his stride. The running-in period is behind him, he knows the new access roads by heart and he has endured the rains and snow storms. The job cycle is already straightforward and routine, even though there are still a few terms and designations to learn.

“The training period was effective and there were no surprises — after all, we already gained a feeling of the site from the six years of construction work. It gets busy when the weather deteriorates, because we have to keep at least two runways clear at the same time. The amount of work has obviously increased and we have had to make up the rush with overtime. There is now 56 per cent more asphalted surface than there was before.”

Even though during the start-up phase the new runway was only in use for limited periods of the day

it still had to be constantly kept clear. The snow clearing crews have to check with air traffic control on what time to rush to the scene with their sweepers and mobile snow blowers, followed by a grip-measuring vehicle and possibly a chemical spreader.

Runway 3 is also evident from the amount of new runway clearing equipment. The experts are delighted, for example, with their four new sweeping machines and the advanced labour saving technology in general. For instance, the up-to-date weather observation equipment is a valuable aid in work planning. Improved job skills have also contributed to the quality of the work.

“It is essential to recognise what is important in this job, because at a busy airport you have to clear the field effectively and in one go,” stresses Arto, who has worked for the CAA for 16 years. “Experience is a major asset. With the equipment getting more and more complicated you don't need five hands any more — just your brains!”

The CAA and the Environment



Transport service environmental systems to be assessed in 2004

The environmental policy of the Ministry of Transport and Communications is based on the principle of sustainable development. The environmental tasks of each administrative sector are summarized in the form of an environmental programme based on the ISO 14001 standard. A cooperative committee for environmental affairs has been set up between the Ministry and its subordinate organizations to agree on common policy for the transport sector as well as topical issues.

One of the aims of the Ministry's own operational and financial plan for 2003-2006 is that the institutions and offices of this administrative sector shall have an environmental scheme in place covering their activities, to enable them to carry out the environmental programme for the administrative sector. The Ministry also obliged the CAA to undertake such a scheme when it approved the CAA budget for 2002. The Ministry is planning to assess the environmental programmes of its offices and institutions in 2004.

"In the next few years we shall also have to work with international agencies on drawing up outline plans to reduce emissions from aircraft and maritime traffic crossing our borders, in accordance with the environmental goals of the Ministry of Transport and Communications," says Mikko Viinikainen, head of the CAA's environmental affairs.

"According to a report we are drawing up in conjunction with the ministry, the kinds of financial control methods for reducing emissions which would relate to the length of an air journey would be unfavourable to Finland, because Finns have to fly further to get abroad than do the nationals of many other EU countries," Mr Viinikainen points out.

The CAA approved its own environmental programme and related environmental policy based on ISO 14001 in January 2001. The first review by the managers of the scheme was organized in December of the year under review. The setting of operative environmental goals as part of the CAA's overall operational planning was considered to have worked well, but the definition of measurable goals has still to be improved.

First environmental report completed

The first environmental report for the Civil Aviation Administration Group was completed during the review year, providing information on the environmental effects of the airports and air transport as well as the CAA's role and opportunities for controlling and reducing these effects. The report concentrates on the environmental aspects of the CAA's own activities, such as winter snow clearance, but because this was the CAA's first such report it also contained basic information about the general environmental effects of aviation. The environmental data on the airports was based on the environmental scheme's own internal reporting system.

The CAA will produce its next environmental report in 2005. In the meantime we shall be establishing the procedures for collecting and handling the environmental data as well as the key figures to be used for evaluation. Results gathered in the intervening years will be published in a short review in both printed form and on the Internet.

Follow-up group to assess permit process

The report by the committee on the environmental effects of civilian and military aviation was completed in 2002. It concluded that in the main there was no need to seek new environmental permits for airports already in regular operation. And judging by a registration notice sent to regional environmental authorities in February 2002, no permit obligations have so far been specified. However, the finite nature of previous permits may require new permit applications to be submitted for such places as Tampere-Pirkkala Airport, which applied for permission for the entire airport's operations and those of the Satakunta Air Command.

At the end of the year the Ministry of the Environment set up a new committee to examine special features regarding environmental permits for places of aviation, such as the observance of flight related safety regulations when carrying out pollution control measures.

Touring exhibition on Helsinki-Vantaa development

During the late winter, we arranged seven exhibitions in conjunction with communities around Helsinki-Vantaa Airport to provide information on aircraft noise. These gave local residents the opportunity to learn about the airport's history, the benefits and disadvantages of flying, flight path layouts, how runways are used and the development, monitoring and control of aircraft noise at Helsinki-Vantaa. At the same time they were able to talk to Civil Aviation Administration experts. A total of about 350 residents visited the exhibitions and their opinions were compiled and sent to the environmental authorities for information purposes.

Anti-skid agent research results

The CAA was involved in funding a several year study by the Finnish Environment Institute into anti-skid agents, the laboratory research for which was completed in 2002. Filtration tests suggested that the most promising substitute for the traditional road salt was potassium formate, which breaks down quickly and consumes less oxygen than the other anti-skid agents in the study. Formates have already been used in conjunction with acetates at airports for a number of years. Research will continue during 2003 with ground tests to determine how formates break down under true anti-skid conditions when they are absorbed into the soil with the meltwaters.

Improving skills and operations



Skilled staff from our own college

The most important of the CAA's training projects during 2002 was related to Helsinki-Vantaa Airport's third runway, with air traffic controllers and maintenance and rescue personnel receiving extra training to bring them up to speed for their new operating environment.

The supplementary training was arranged by Avia College, the CAA's own special professional training school. Avia College provides basic professional instruction for those working in aviation as well as refresher courses, higher education and further training for the CAA's needs.

The supplementary training for the air traffic controllers took place in autumn 2002, with each controller undergoing a 5 to 7 day course that included radar and tower working practices with the air traffic control simulator. Undertaking the course were air traffic controllers from Helsinki-Vantaa and Malmi airports, as well as flight information officers and assistants, amounting to about 100 people.

Training for maintenance personnel started about a year before the new runway came into operation. The course dealt with traffic lanes, extra equipment and radio traffic, as well as driving instruction to enable trainees to renew their airport driving permits. Helsinki-Vantaa employs about 60 regular maintenance personnel plus about 40 for wintertime work.

At the general staff training level, the airports provided instruction for the adoption of the new shift-planning scheme. A special job management project was initiated for supervisors of the various occupational branches.

“Because of the special nature of the CAA’s operations, staff improvement is essential. Special skills are becoming especially important for expert organizations such as ours, where some of the training activities are already externally regulated to meet international standards,” says Erkki Pitkänen, who heads the administration and personnel department.

“In general, as a staff instructor, the CAA rates highly. Some four to five per cent of its entire staff budget goes on training,” Mr Pitkänen comments. “And its determination to maintain a high level of professional skill illustrates its primary concern for providing safety and the best possible service for its customers.”

Air navigation process analysis

The Civil Aviation Administration continued with its air navigation process analysis which it began in 2001. The work originally arose out of a joint agreement between the CAA and the Finnish air traffic controllers’ union to improve the air navigation working atmosphere.

During 2002 the project was expanded to cover other job sectors, such as maintenance and flight information work. The procedure was also applied to describe the entire airport service chain, and training in the procedure was included as part of the basic training for in-house supervisors.

The work makes use of a modelling procedure for work processes which was developed by the Institute of Occupational Health, by which jobs are examined from various perspectives. The process analysis method has proved to be a useful tool for improving interaction and identifying areas that need improvement within a unit. Process analysis will continue during 2003.

Shift planning and pay calculation improved

A new shift-work planning program, designed to improve shift-work and work time planning as well as pay computing, was in regular use with almost all CAA units where shift-work is practised, by the end of 2002. Automatic transfer of job performance information from this shift planning program to the CAA’s personnel and salaries system began in December 2002, and the program will be in operation for all units by the spring of 2003.

The new program harmonizes the way CAA collective bargaining contracts are applied, makes shift planning, work planning and pay calculation more efficient and reduces the number of mistake-prone manual processes. About 1,400 of the CAA’s personnel are engaged in shift or fixed-term work.

Cooperation zones become profit centres

Joint airport operational areas have been set up for the capital area and Western Finland, Eastern Finland, Central Finland, Northern Finland and Lapland. These cooperation zones were formed in 2001 to increase the level of cooperation between the airports and their local regions and to raise efficiency. Another goal was to create a broader range and higher standard of services at the airports.

In 2002 these joint airport operational areas were reorganized as profit centres, to be responsible for the financial results of their operations as well as the quality and safety of their services and products, in line with the CAA's own general strategy and operating policy.

The cooperation zones were particularly busy during the year under review. For example, the Western Finland zone, which consists of six airports, mounted an image boosting campaign, stepped up the marketing of airport advertising space and implemented an office efficiency development project.

The personnel fund in 2003

Following the approval by the CAA board in November for the foundation of a profit bonus scheme and of a personnel fund, the trade unions which work for the institution decided to set up a personnel fund in 2003.

The personnel fund is a fund owned and managed by the staff, which aims, among other things, to raise profitability and internal cooperation within the enterprise, to encourage workers and to improve the organization's competitiveness and operations in general. A requirement for setting up the fund was that the CAA adopt a profit bonus scheme, in accordance with which it will make bonus payments into the fund. The bonuses will be paid in relation to the CAA's profits.

The CAA is seen as a good employer

A survey of the working atmosphere and welfare among the CAA staff was undertaken in October and November, with 1,128 of the organization's 1,800 staff responding to it.

Judging by the responses, the CAA is regarded as a good employer and relations among employers are also considered to be good. Most of the respondents were satisfied with their current jobs and regarded their duties as interesting and challenging. Asked to assess their own health, they deemed it good. Criticism and suggestions for change were expressed in connection with the management culture, instruction regarding new topics and work-tolerance support measures.

Progressive intoxication policy

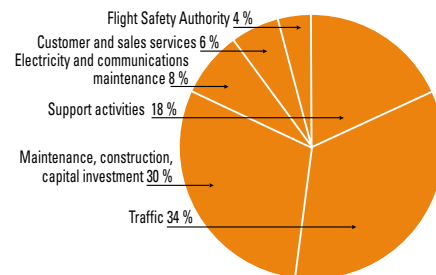
The CAA strives as an employer to create a safe, healthy and productive working place and job environment for every person in its service. As part of this endeavour, the CAA published a policy document during the year under review, setting out its policy on intoxicant use, which for the first time also paid attention to narcotic drugs and drug testing.

Our policy aims at achieving an intoxicant-free environment. In accordance with our published principles, CAA staff must pay serious heed to the dangers which the use of intoxicants pose to air traffic and air safety. The use and possession of illegal drugs is treated with the utmost seriousness.

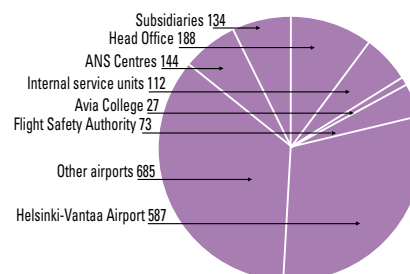
Group accumulated working years

CAA head office	188
CAA internal service units	112
Avia College	27
Flight Safety Authority	73
Helsinki-Vantaa Airport	587
Helsinki-Malmi Airport	16
Turku Airport	52
Pori Airport	29
Mariehamn Airport	20
Vaasa Airport	41
Kauhava Airport	15
Kruunupyö Airport	24
Tampere-Pirkkala Airport	62
Jyväskylä Airport	49
Halli Airport	6
Kuopio Airport	64
Joensuu Airport	25
Lappeenranta Airport	25
Utti Airport	7
Savonlinna Airport	17
Varkaus Airport	5
Oulu Airport	64
Kajaani Airport	22
Kemi-Tornio Airport	24
Rovaniemi Airport	57
Ivalo Airport	27
Kittilä Airport	18
Enontekiö Airport	4
Kuusamo Airport	13
Southern Finland ANS Centre	123
Northern Finland ANS Centre	21
Suomen lentoasemapaalvelut (Airpro)	131
Lentoasemakiinteistöt Oyj	3

CAA ACCUMULATED WORKING YEARS
BY SECTOR 2002



GROUP ACCUMULATED
WORKING YEARS 2002





Always alert

“The third runway is quite a challenge for the rescue squad,” declares Jouni Roos, who heads the rescue services at Helsinki-Vantaa Airport. “Each runway is its own operational area and needs its own rescue station to meet the emergency response times.”

“The new runway means new procedures, extra manning and equipment, so that we can take care of emergency duties with the crews of the three rescue stations working together. Moving our administration and training point into a joint rescue station shared with the Vantaa rescue station gave us the extra facilities we need. In the event of an accident we will work in conjunction with the rescue stations of Vantaa and the local communities.”

One of the tasks of the emergency services is to provide first response, which means being ready to be the first on the scene if an accident alert occurs in one of the terminals or in the airport area. When it does, a yellow fire engine, containing an array of rescue equipment,

rushes to assistance, and an ambulance will be called out if necessary. Some 300 to 400 first response alerts take place each year.

The airport rescue station also provides a first-response fire and rescue unit to accompany units from the Vantaa rescue station, but fortunately, actual firefighting work is rare. Rescue squads are kept occupied with such things as lift alerts and oil clean-up tasks in the airport area, while welding and other naked flame jobs also set off the fire alarms and extinguisher systems. They are also called out when a hare, a fox or some other animal wanders onto the wrong side of the fence.

“Time is also spent on training and maintaining the firefighting and rescue equipment. Maintenance goes with the job. The equipment a fireman wears on his body alone weighs 25 to 30 kilos,” says Jouni, who took over as rescue chief at the end of 2002. “Variety makes for an interesting day. I have never regretted taking up this career.”

Aviation and the EU



Safeguarding civil aviation

An EU directive on the safeguarding of civil aviation was approved in December 2002 and came into force in January 2003. The background to the directive was the terrorist attacks in the United States on September 11, 2001, in which civil aviation was used as an instrument.

The central content of the directive derives from the recommendations of ECAC, the European Civil Aviation Conference, concerning civil aviation safety measures, which in turn are based on the regulations and recommendations of ICAO, the International Civil Aviation Organisation.

“Most of the measures demanded in the EU directive had already been implemented at Finnish airports before the directive came into force, since they are incorporated either in our national regulations or in the norms and implementation instructions laid down by the CAA,” says Lars Lökvist, director of the CAA’s office of international affairs.

“We can cite, for example, the security checks of passengers, their hand luggage as well as their cargo hold luggage, the safety surveillance measures regarding air freight, mail and catering provisions and equipment, and also the access control systems at airports.”

The directive obliges the CAA to, among other things, overhaul its national civil aviation security programme and draw up a national programme for security training. Tangible new measures are staff security checks, security monitoring of cleaning agencies, and a more apparent physical separation of commercial and general aviation activities at the airports.

“The directive strives to make security standards and practices as uniform as possible within the EU, so that traffic can flow smoothly at European airports,” Mr Lökvist explains.

Integrated European airspace

Congestion and the resulting flight delays in central Europe prompted a joint European project, which began in 2001, for the creation of an integrated European airspace. The purpose is to make more efficient use of airspace so that moving within the airspace of a European country or crossing from one country's airspace to another, should take place as smoothly and safely as possible. It was decided that the way to accomplish this was to harmonize air navigation rules, procedures and systems. The project also holds out the possibility of creating supranational airspace slots involving the airspace of numerous countries.

The intention is to create the integrated European airspace in concert with Europe's air navigation organization, Eurocontrol. Political accord was reached concerning the project at the council of transport ministers in December 2002. The joint position of the council will later be assessed by the European parliament.

The CAA convened a committee which discussed preparations for the matter in conjunction with Finland's own views and requirements. The committee included representatives from the Ministry of Transport and Communications, the Defence Ministry, the Ministry of Foreign Affairs, the Airforce General Staff and the Meteorological Institute.

The joint European Union aviation authority

A directive for the setting up of a joint European Union aviation authority, called EASA, the European Aviation Safety Agency, came into force in September 2002. The agency will begin operations in September 2003. The primary purpose of EASA is to achieve a high standard of air safety throughout Europe. The Finnish Flight

Safety Authority, an official regulatory body of the CAA, has been involved in the planning for EASA and will endeavour in future to influence the preparation of its norms and standards, among other things.

EASA's tasks will include preparing norms and declarations as well as drawing up and publishing air worthiness standards and instructions. Type and modification approval will also become the responsibility of EASA. The boundary between what kinds of modifications will need the agency's approval and what kinds will be the responsibility of national authorities has yet to be clarified. Member states will continue to be responsible for registrations and the approval of air worthiness certificates, approval of national organizations and supervision of aviation activities.

Open Skies verdict

In November the European Union court gave its judgement in the case involving Finland and several other member states, concerning air traffic agreements they have reached with the United States of America in the light of Union law. The court confirmed the right of member states to continue to make bilateral agreements with third-party countries.

However, the court considered that not all of the provisions of such agreements were in harmony with European Union law. Areas of contention were regulations concerning computer based reservation systems and fare structures on internal EU routes and also the so called ownership and control clauses, which restrict traffic rights to airlines of the same nationality as the partner company. The judgement has triggered a debate within Finland as well as within the Union on how to proceed in relation to the agreements made with the third party countries.

Annual Report by the Board 2002

Goals for the Year 2002:

The objective of the CAA is to ensure that aviation occurs as safely, efficiently, appropriately and economically as possible in accordance with its line of business and tasks.

The CAA must provide and develop its services in accordance with the requirements for a profitable business. When providing and developing its services, the CAA must take into account the needs of its customers, including military aviation, and the needs of the general public.

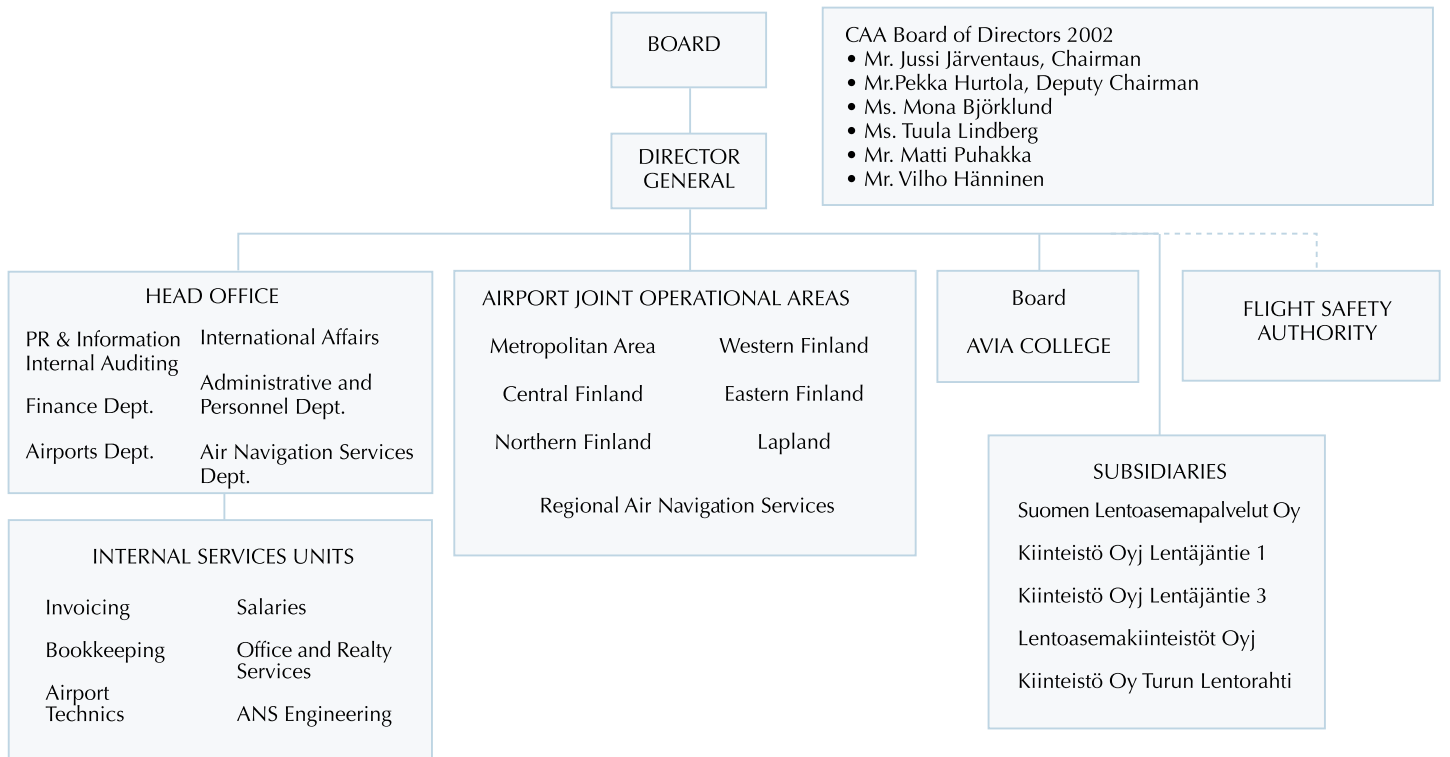
Finland's airports and air navigation systems must be maintained and developed as a single entity and they must be developed to correspond to the demand for these services. The CAA must, first and foremost, strive to ensure the services necessary to maintain scheduled air traffic.

Another objective of the CAA is to capitalize on the land located in the vicinity of the airports as efficiently as possible from the viewpoint of air traffic and society, whilst preserving the proper operation of the airports as its prime concern.

The CAA Board 2002



CAA Finland Group Organization



Air traffic trends and other changes in the operating environment 2002

Air traffic trends in Finland were marked by a gradual recovery after the events of September 2001 on one hand and the economic recession lasting longer than expected on the other.

The effects of terrorism on the trends in Finnish air traffic have been minor compared to what they were elsewhere in Europe. Conversely, the protracted economic recession clearly affected Finnish air traffic. Elsewhere in Europe, air traffic already started to increase in the summer of 2002. In Finland, air traffic growth even at the end of the year was minimal since the expected economic growth for Finland failed to materialize. Overall, passenger numbers were almost as expected, at -5.6 % (exp. -4 %), although the actual development in international and domestic traffic did not exactly conform to expectations. For international traffic, the number of passengers did not diminish as much as expected (-2.4 %); the converse was true for domestic traffic, which showed a fall off that was more than expected at -9.7 %. In particular, the economic recession had the greatest impact on the actual trend, hitting airports dependent on business travel the hardest.

The actual trend in air traffic at the various CAA airports has fluctuated and, in particular, small, lightly trafficked airports have continued to lose passengers. In addition, Finland's second largest airport, Oulu, lost a significant percentage of its passengers (-11.1 %) owing to the reduction in business travel. The only airports that reported an increase in passenger numbers were those dependent on Lapland's tourism.

The number of commercial aviation operations followed the trend for passenger numbers and decreased by 6.8%.

The number of overflights increased by 10.1 %. The majority of these can be accounted for by economically insignificant, extremely short overflights of Lapland. When measured in flight kilometres, overflights increased by 5.3 %.

The most significant change for the business environment in 2002 was related to the hundred per cent security checking of passengers and hand luggage that had already begun for domestic traffic in the autumn of 2001. Preparations were also made, through capital investments, to completely check all cargo hold baggage.

The inauguration of the third runway at Helsinki-Vantaa Airport concluded the largest single investment process made by the CAA, which lasted several years, and which substantially increased the traffic capacity of Helsinki-Vantaa. It can be said that Finland's main airport now has the basic structures in place to manage the traffic growth that will occur in the years to come.

While the financial results for the airlines were improving overall, it appeared that airport finances were not affected by these results. During 2002, the airlines continued their operational policy of focusing on customers that they considered to be high-yield, instead of increasing the numbers of passengers. However, this did not have a positive effect on the finances of the airports, as they are dependent on the amount of air traffic.

Achievements in 2002

On the whole, the service objectives can be stated as having been implemented quite well.

The following can be stated on the implementation of the general service objectives:

The security level of Finland's airports and air navigation services stood firm in 2002. Of the 511 incidents reported to the Flight Safety Authority, 46 were related to the activities of the CAA. Upon closer examination, 19 of these 46 were related to air navigation services or field activities. On the basis of the investigations carried out, two of the aforementioned reported incidents related to the CAA were classified as serious. In the first, three maintenance vehicles had remained in front of a departing commercial airliner at Helsinki-Vantaa Airport. In the second, the prescribed separation minima were undershot to the south of Jyväskylä.

The most important measure of CAA service standards, air traffic delays, decreased in 2002 to half the relative level that it stood at in 2001, mainly due to the decrease in traffic. Finland's air traffic delays chiefly reflect the regulatory measures from air traffic elsewhere in Europe. According to the statistics compiled by Eurocontrol, 3.2 % of flights were delayed in Finnish air traffic. Of these, only 0.3 % were the result of a situation in Finland. The rest were attributed to situations elsewhere in Europe.

The reduction in the amount of air traffic hindered the development of operational efficiency. In spite of the reduction in traffic, the demands placed on the airports in regard to their business hours have, for the most part, stayed the same, which means that resources could not be changed significantly. The number of man-years performed fell by 0.6 % (10 man-years) during the year. The commercial aviation operations in proportion to the number of man-years performed fell by 8.7 %. Correspondingly, efficiency as measured by the number of passengers fell by 5.1%. During 2002, a developmental project for office work at the regional airports was carried out. As a result, human resources could be allocated to the tasks required by the increased security checks whilst allowing economic and administrative resources to be cut and focusing on the larger picture from region to region.

The completion of the third runway made it possible to develop services in accordance with long term demand. In 2002, airport business hours were determined in accordance with the requirements of scheduled air traffic.

During the year, a land transaction was realized that made it possible to start the first phase of construction work on the Aviapolis Business Park, which is located next to Helsinki-Vantaa Airport. The project is being carried out by Technopolis Oy.

Financial result

Result for the CAA Group

The CAA Group consists of the Civil Aviation Administration as well as the Group's subsidiaries Kiinteistö Oyj Lentäjätie 1, Kiinteistö Oyj Lentäjätie 3, Suomen Lentoasemapalvelut Oy, Kiinteistö Oy Turun Lento-rahti and Lentoasemakiinteistöt Oy.

Turnover for the CAA Group during the year under review was EUR 206.8 million (EUR 210.0 million); other revenue totalled EUR 3.9 million (EUR 2.3 million). Turnover for the CAA Group fell by 1.5 %. Net operating profit for the CAA Group was EUR 13.4 million (EUR 18.4 million); the profit totalled EUR 6.9 million (EUR 12.3 million).

Financial result for the Civil Aviation Administration

The Government set the profit target for 2002 for the CAA at EUR 1.3 million. This profit target was surpassed and the profit was EUR 4.1 million, which is still EUR 3 million less than the 4 % revenue target for basic equity that the Ministry of Transport and Communications set for businesses.

In 2002, turnover for the CAA was EUR 202.4 million; in comparison with 2001, it fell by 2.1 %. The other operational revenue of the CAA fell by 63 % and stood at EUR 0.6 million in 2002. Traffic revenue accounted for EUR 136 million (67.2 %), whilst commercial revenue totalled EUR 66 million (32.4 %). Revenue from official sources totalled EUR 0.8 million (0.4 %).

Traffic revenue decreased by 4.3 % from the previous year, thus falling short of the budgeted amount by EUR 3.2 million. Airport revenue for domestic traffic decreased by 7.3 %, thus falling short of the budgeted revenue level by EUR 2.4 million, which was mainly caused by the reduction in domestic air travel and also in the supply of domestic transport by airlines. Revenue from airport fees for international traffic fell by 2.6 %

compared to the previous year, which was only EUR 0.2 million short of the budget. This was because of the lower than predicted growth in traffic. Overflight revenue (EUR 8.4 million) exceeded the budget by EUR 0.3 million and grew 4.5 % in comparison with 2001. Flight route fees paid by other traffic fell short by EUR 0.9 million, which was caused by the reduction in traffic.

Revenue from commercial services (EUR 65.6 million) remained the same as last year, in spite of the reduction in traffic. Budgeted commercial revenue was exceeded by EUR 0.6 million. There were no structural or other changes in the commercial operations compared with 2001.

In 2002, operating costs for the CAA were EUR 151.1 million (EUR 148.2 million), increasing from the previous year by 2.0 %. This growth was mainly due to the increase in security checks for passengers and their hand luggage. The purchasing of external security check services grew by EUR 2.2 million, in addition to which, independent security checks fundamentally increased. Fuel and lubricant expenses increased by almost EUR 1.0 million in comparison with 2001. This is not actual growth, however, as in 2001, we switched to logging according to consumption, which improved the result in 2001 by EUR 0.9 million. Expenses for rental activities increased by EUR 0.9 million, which was caused by the increased rental of machinery and equipment as necessitated by the third runway. In addition, charges for financial costs grew.

Operating costs fell short of budget by EUR 4.3 million. EUR 1.0 million of this shortfall was caused by the reimbursement in 2001 of excess pension payments and by the EUR 0.7 million on termination of the mandatory expense reserve for security checks that was in the financial statement for 2001. The rest of the surplus, EUR 2.6 million, came from labour expenses as well as expenses for repair and maintenance work.

Planned depreciations decreased by EUR 0.6 million from 2001 and stood at EUR 41.3 million. In addition, depreciations of EUR 2.7 million were made (EUR 3.2 million in 2001).

The net operating profit for CAA was EUR 7.9 million (EUR 15.7 million in 2001).

Pricing services

The general pricing objective of the CAA has been to ensure that traffic charges change at a lower rate than inflation. Any changes in charges caused by external factors, however, such as those caused by increased security checks, are not included as changes in prices.

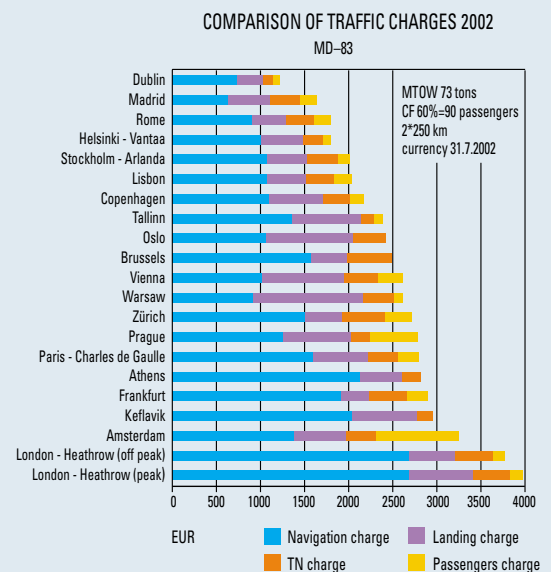
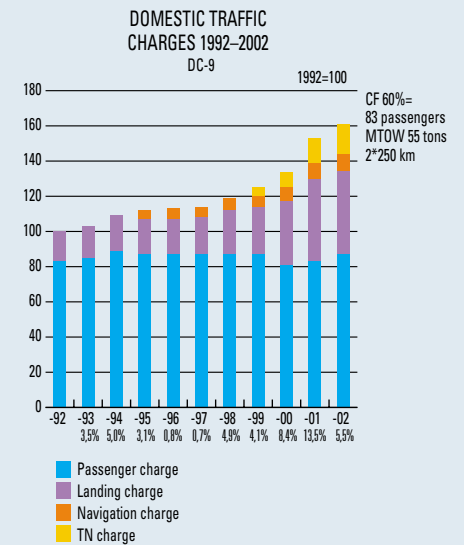
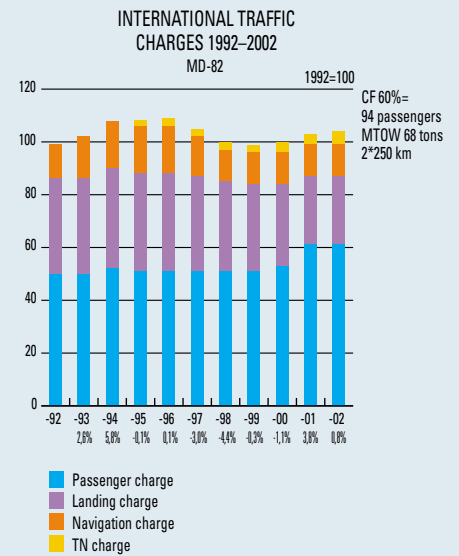
In order to support the worsened financial state of the airlines after the terrorist attacks of September 2001, the Civil Aviation Administration Board decided to not change traffic charges until the beginning of April 2002. In addition, the Board decided to raise the passenger fee for domestic traffic starting on 1 May 2002 due to the additional costs incurred by security checks for domestic traffic.

The overall effect of the increase in traffic charges for 2002 was 2.9 %. The overall change without the increase caused by additional security checks for domestic traffic was 1.8 %. Actual inflation for 2002 was 1.6 %, which means that the pricing objective set was not quite reached, even though the anticipated inflation was approximately 2.0 % when making the pricing decisions.

The increases for domestic traffic charges were 6.3 % and for international, 0.9 %.

The actual average revenue change for traffic charges was 1.3 % for each trip. For domestic traffic, the change was 4.2 % and for international, 0.4 %.

Airport charges were increased by a total of 2.4%, which can be divided into increases in domestic traffic (4.8 %) and in international traffic (1.0 %).



Route fees were defined for the first time in accordance with the principles set out by Eurocontrol. The programme for standardizing route fees for domestic traffic was continued, its objective being the standardization of fees starting in 2003. The overall increase in route fees was 4.8 %, which included an increase in fees for domestic traffic of 19.5 %. The route fee for international traffic, however, rose by only 0.9 %.

Capital investments

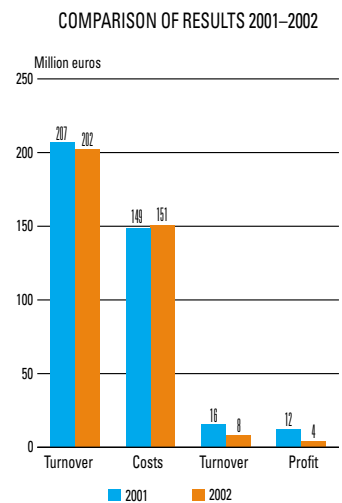
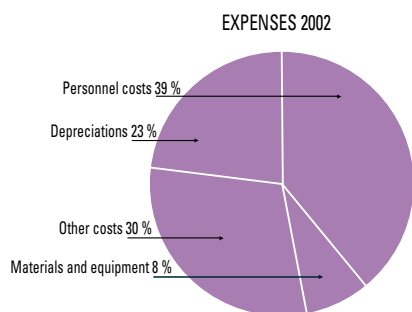
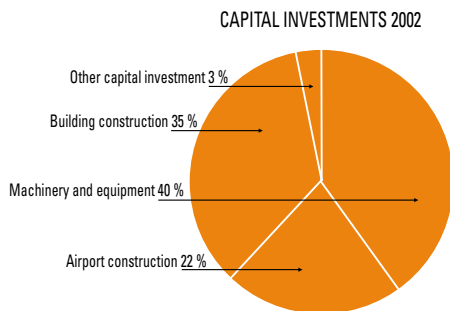
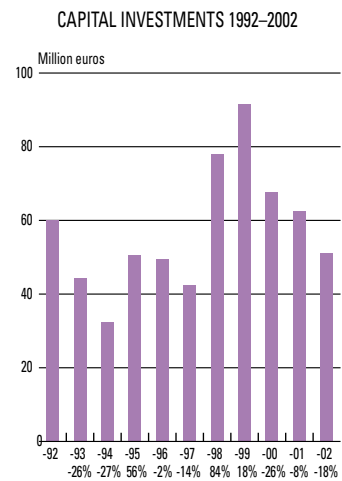
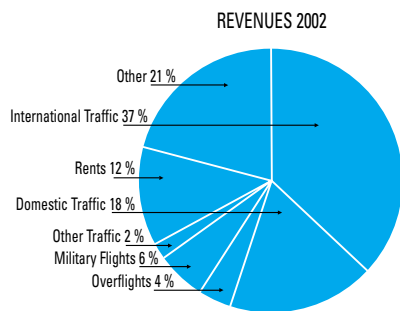
The amount of capital investments totalled EUR 51.1 million. The maximum amount for capital investments set by the Council of State was EUR 76.0 million. The most significant capital investment that was completed was Helsinki-Vantaa Airport's third runway, which was introduced in November. The total cost of the project was EUR 106,4 million. In 2002, the main capital investments that were completed were related to the expanded security checks, the total cost of which was EUR 17.4 million in 2002. The total cost of the expanded security systems will be EUR 25.8 million and they will be completed in 2003.

Financing

The CAA's financing costs in net terms were EUR 3.8 million in 2002, which is 1.9 % of turnover. Net financing costs for the whole CAA Group came to EUR 6.0 million, which is 2.9 % of turnover. The Government's budget allowed the CAA to raise a maximum of EUR 34.0 million in long-term credit from financial institutions and also to pledge security as collateral for its subsidiaries' loans to the amount of EUR 25.0 million. In 2002, one new, long-term, floating rate credit was taken for EUR 25.0 million and a security of EUR 11.0 million was given for the credit of a subsidiary. A total of EUR 18.5 million of the credit that the CAA has taken out was paid back.

The credit with interest taken by the CAA stood at EUR 134.2 million at the end of the fiscal period, which means that the CAA's balance sheet structure remained nearly the same. The credits with interest for the Group were EUR 215.0 million at the end of the year. The average interest rate of the credit taken by the CAA was 3.29 % at the end of the year. The proportion of loans that had been changed to fixed-interest through interest swaps out of the credit with interest was approximately 30 % at the end of the year. Of the CAA's credit portfolio, 20 % will fall due within the next five years. Long-term credit and flexible payment schedules were desired to maintain the CAA's the liquidity in an uncertain economic environment.

Cash flow for the CAA generated by operations stood at EUR 48.0 million, that is EUR 9.6 million lower than the year before. Capital investments were adjusted to better correspond to the weakened cash flow and much less money was committed to these investments than the previous year, coming to a total of EUR 50.9 million (EUR 62.6 million in 2001), following which the cash flow before financing was EUR -2.9 million (EUR -5.0 million in 2001). Cash flow before financing for the whole Group was EUR -4.8 million



CAA income distribution

	2002 1000 €		2001 1000 €	
Turnover and revenue on other operations	203 042		209 119	
Costs of providing service	-68 189		-64 130	
Financing revenues	1 904		3 941	
Incidental earnings	0		0	
Sum for distribution	136 757	93 %	148 930	100 %
Preliminary taxes	20 537		19 900	
Social security payments	1 988		2 269	
Unemployment insurance contributions	1 128		1 141	
Property tax	1 173		1 147	
Other official payments	340		372	
1. Community	25 166	17 %	24 828	17 %
Salaries paid	64 416		63 715	
Preliminary taxes	-20 537		-19 900	
Pension payments	10 784		12 059	
Soc. security + unemployment contributions	(-3116)		(-3410)	
Other personnel costs	1 471		1 234	
Training	3 397		2 647	
2. Staff	59 531	40 %	59 755	40 %
Financing costs incl. valuation items	6 110		7 488	
3. Finance Providers	6 110	4 %	7 488	5 %
Maintenance of capital assets	44 062		44 676	
Change in reserves	0		0	
Undistributed profit	4 119		12 183	
4. Development of infrastructure	48 181	32 %	56 859	38 %
Sum for distribution in proportion to flights and air passengers				
Flights (no.)	339 047		352 987	
Air passengers (no.)	10 288 225		10 771 371	
Sum for distribution (euros):				
per flight	403		422	
per air passenger	13		14	

Personnel

On average, 1,816 people were employed by the CAA during the year (in 2001: 1,826). Correspondingly, the CAA Group employed an average of 1,950 people (1,921). The total personnel reduction for the CAA was 10 man-years. The following changes in personnel have occurred:

Helsinki-Vantaa and Malmi	0,7
Other airports	-17,6
Air Navigation Service Centres	-1,7
Head Office	7,5
Avia College	8,8
Internal service units	-5,8
Official activities	- 2,3

Outlook for 2003

It is estimated that 2003 will be a year of low economic growth. The economic forecast is being substantially lowered from the level that was being predicted at the end of the year. This is supported by the relatively low economic growth in Europe's large countries of Germany and France, as well as the forecast for the economic growth of the United States of America. The threat of war in Iraq is already affecting economic growth and air traffic. If war finally breaks out, it will have a crucial effect on the development of future air traffic in Finland and throughout the world.

The profit target for the CAA in 2003 is EUR 7.2 million. The realization of this profit target requires approximately 3 % growth in the number of passengers. The aforementioned economic uncertainty will, however, make it difficult to achieve this profit target.

In spite of the economic uncertainty, the CAA estimates that its result for 2003 will be positive.

Last year, salaries and bonuses were paid in the following amounts:

	Group		CAA	
	1000 €		1000 €	
	2002	2001	2002	2001
Board members and managing director	345	305	192	181
Other personnel	62 586	59 699	59 771	57 731
Holiday bonuses	3 232	3 112	3 144	3 052
Change in the holiday pay provision	-158	932	- 284	865
Fringe benefits	197	182	176	164

Income statement 1.1.2002 - 31.12.2002

	GROUP		CAA	
	2002 1000 €	2001 1000 €	2002 1000 €	2001 1000 €
TURNOVER	206 832	210 046	202 419	206 817
Other operating income	3 998	2 326	623	2 302
EXPENSES				
Materials and supplies				
Purchases made during the financial year	15 466	16 191	15 400	15 747
Increase(-)/decrease(+) in inventory	111	-1 855	116	-1 882
External servicest	35 826	34 891	37 511	36 465
MATERIALS AND SERVICES	51 403	49 227	53 027	50 330
STAFF EXPENSES				
Salaries	66 004	64 033	62 822	61 829
Indirect staff expenses				
Pension expenses	11 295	12 390	10 784	12 059
Other indirect staff expenses	3 269	3 524	3 072	3 359
TOTAL STAFF EXPENSES	80 568	79 947	76 678	77 247
DEPRECIATIONS AND VALUE ADJUSTMENTS				
According to plan				
Buildings and structures	15 434	13 882	13 354	12 486
Machinery and equipment	21 265	20 692	20 340	20 268
Ground structures	9 607	11 631	9 581	11 832
Intangible rights	728	538	727	537
Goodwill - Group	58	58		
Other long-term expenset	67	66	60	60
DEPRECIATIONS	47 159	46 867	44 062	45 183
Other operating costs	18 285	17 963	21 351	20 629
NET OPERATING PROFIT	13 415	18 368	7 924	15 730
FINANCING INCOME AND EXPENSES				
Income from other fixed-asset investments	14	30	14	18
Share of associated company profits	9	14		
Other interest and financing income	3 075	5 036	1 889	3 923
Depreciation on non-current investment assets	-26	-330	201	-330
Interest and other financial expenses	-9 120	-10 665	-5 909	-7 158
	-6 048	-5 915	-3 805	-3 547
PROFIT BEFORE EXTRAORDINARY ITEMS	7 367	12 453	4 119	12 183
Extraordinary items				
Extraordinary earnings				
PROFIT BEFORE PROVISIONS AND TAXES	7 367	12 453	4 119	12 183
Direct taxes	-164	-1		
Change in the deferred tax liability	-336	-338		
PROFIT BEFORE MINORITY SHARE	6 867	12 114	4 119	12 183
Minority share of profit for the fiscal year	1	165		
PROFIT FOR THE FISCAL YEAR	6 868	12 279	4 119	12 183

Balance sheet 31.12.2002

	GROUP		CAA	
	2002 1000 €	2001 1000 €	2002 1000 €	2001 1000 €
ASSETS				
FIXED ASSETS				
Intangible assets				
Intangible rights	3 478	3 976	2 784	3 385
Group goodwill	58	116		
Other long-term costs	217	244	211	234
	3 753	4 336	2 995	3 619
Tangible assets				
Land	39 798	39 930	39 423	39 554
Buildings and structures	306 213	301 357	230 907	228 156
Machinery and equipment	94 126	85 030	89 474	80 620
Ground structures	185 740	105 840	185 284	105 356
Advance payments and work in progress	25 513	106 643	19 111	103 070
	651 390	638 800	564 198	556 756
Investments				
Shares in associated companies	25	52		
Shares in CAA Group subsidiaries			9 967	9 900
Shares and other holdings	462	462	458	458
Other investments	23 163	22 604	23 163	22 604
	23 650	23 118	33 588	32 962
CURRENT ASSETS				
Inventory				
Materials and supplies	1 932	1 664	1 905	1 664
Finished goods	896	1 073	896	1 050
	2 827	2 736	2 801	2 713
Receivables				
Accounts receivable	16 797	15 088	16 544	14 629
From Group subsidiaries			241	238
Other receivables	617	2 129	290	1 634
Receivables carried forward	3 116	3 723	2 988	3 552
	20 531	20 940	20 064	20 053
Current financial securities				
Other securities	23 669	23 087	23 669	23 087
Cash in hand and at banks	1 309	2 914	714	2 177
	727 129	715 931	648 028	641 367
LIABILITIES				
EQUITY				
Tied-up equity				
Basic equity	184 542	184 542	184 542	184 542
Spare capital				
Other equity	212 275	212 275	212 275	212 275
Profit for the prev. fiscal period	70 907	63 103	78 219	70 509
Profit for the fiscal period	6 868	12 279	4 119	12 183
	290 050	287 657	294 613	294 967
MINORITY HOLDINGS	2 572	2 573		
PROVISIONS				
Mandatory provisions	18	708	18	708
BORROWED CAPITAL				
Long-term				
Loans from financial institutions	185 903	193 383	132 978	118 478
Connection charges	920	555	1 126	870
Deferred tax liability	727	391		
	187 550	194 329	134 105	119 348
Short-term				
Loans from financial institutions	29 129	13 360	1 250	9 250
Advances received	864	902	833	884
Accounts payable	11 229	10 452	10 203	9 111
Debt to other Group subsidiaries			3 772	3 067
Other debt	3 765	3 600	3 385	3 393
Accrued expenses	17 409	17 808	15 308	16 097
	62 396	46 122	34 751	41 802
	727 129	715 931	648 028	641 367

Financing statement 1.1.2002 - 31.12.2002

	GROUP		CAA	
	2002	2001	2002	2001
	1000 €	1000 €	1000 €	1000 €
CASH FLOW FOR BUSINESS OPERATIONS				
Operating profit	13 415	18 368	7 924	15 731
Amendments to operating profit	42 997	45 478	43 261	43 781
Change in working capital	443	-8 682	675	968
Interest and charges paid	-9 098	-10 664	-5 686	-6 957
Dividends received	20	17	14	17
Interest received	3 026	5 035	1 841	4 073
Taxes	0	-1		
Total	50 803	49 551	48 029	57 613
CASH FLOW FOR CAPITAL INVESTMENTS				
Land	28	110	28	44
Buildings and structures	20 488	42 341	16 159	14 047
Machinery and equipment	30 327	17 795	29 159	14 301
Ground structures	89 518	9 127	89 518	8 802
Shares and holdings	0	0	67	9
Intangible rights	239	2 163	135	2 163
Other long-term costs	36	264	36	264
Advance payments and work in progress	-81 694	14 900	-84 215	22 757
Sale price of capital assets	-3 681	-1 644	-310	-1 563
Total investment in capital assets	55 261	85 056	50 577	60 824
Change in financial market investments	359	1 809	359	1 809
CASH FLOW FOR INVESTMENTS AND FINANCIAL MARKET INVESTMENTS	55 620	86 865	50 936	62 633
CASH FLOW BEFORE FINANCING	-4 817	-37 314	-2 907	-5 020
FINANCING CASH FLOW				
Increase(+)/decrease(-) of long-term loans	3 953	32 080	6 500	-6 728
Withdrawals(+)/payments(-) of short-term loans	-4 314	-12 246	0	
Increase in equity	0	8		
Dividend paid	-4 474	-3 498	-4 474	-3 498
Total	3 793	16 344	2 026	-10 226
CHANGE IN LIQUIDITY	-1 024	-20 970	-881	-15 246
Liquidity 1.1.	26 001	46 971	25 264	40 510
Liquidity 31.12.	24 977	26 001	24 383	25 264
	-1 024	-20 970	-881	-15 246

Notes to the financial statement

1. Group accounting principles

The financial statement for 2002 has been prepared in accordance with the accounting principles for state enterprises and groups as laid down in the decision by the Government on December 17th, 1998 (1023/98).

All of the companies belonging to the Group as well as the associated company Nurminen Airport Services Oy have been included in the financial statement. The associated company Helsinki-Vantaan Lentoaseman Taksipalvelut Oy has been omitted due to its negligible influence on the Group's equity.

More detailed information on the companies that belong to the Group is given in the Appendix "CAA Group Companies".

Internal transactions within the Group, including internal receivables and liabilities, have been eliminated. Cross-ownership of shares has been eliminated using the past-equity procedure. Minority shares have been removed from the Group's own equity capital and earnings and presented as a separate item on the balance sheet. The associated company has been included using the equity method. The Group's proportionate share of the associated company's profits has been presented under financing items. The deferred tax liability on balance sheet transfers has been shown as a separate item.

Valuation principles used in the financial statements

Capital assets are activated to expedite acquisition costs. Plan depreciations are calculated within the Group according to a uniform principle governing the economic life of the capital asset. Non-current investment assets and financial instruments held as liquid assets are valued according to their purchase price or at their lower market price.

The value of the inventory has been calculated according to weighted average prices. In the financial statement for 2001, the cost of some maintenance supplies and fuel, lubricant and anti-skid agents was activated to inventory, whereas they had previously been entered directly as expenses. Due to this change, the change in stock improved the result for 2001 by EUR 1.4 million.

Foreign receivables and debts have been converted into euros using the average rate from the European Central Bank prevailing on the date of the financial statement. All exchange rate profits and losses that affect the balance sheet have been included in the profit and loss account. The financial statements concerning the electric power grid and the sale of electricity appear separately in the notes to the financial statements, as required by the Electricity Market Act.

Notes to the profit and loss account

The figures in the tables are in thousands of euros, unless otherwise stated.

	2002	CAA	2001
2. Turnover according to business			
The CAA turnover can be divided into the following categories:			
Traffic revenue	135 974		140 315
Commercial revenue	65 647		65 605
Revenue for the Flight Safety Authority	798		897
	202 419		206 817

Other operating income is mainly derived from the sale of land and other capital assets.

	2002	GROUP 2001	2002	CAA 2001
3. Salaries for the fiscal period				
Directors and managing director				
Salaries	345	305	192	181

CAA personnel are covered by the state pension scheme. Performance-based pension payments, calculated according to the salary bill for 2002 in compliance with actuarial principles providing full coverage, are entered in full in the profit and loss account. The State Treasury set the pension contribution rate at 18.36% (18.75% in 2001).

For 2001, the final pension percentage for the employer was 17.60%, for which reason the State Treasury returned EUR 758,385 in April of 2002.

	2002	GROUP 2001	2002	CAA 2001
4. Personnel employed by the CAA Group				
Average number of employees	1 950	1 921	1 816	1 826
Hired for operations	1 938	1 902	1 804	1 807
Hired for investment projects	12	19	12	19
Employees at the end of the year	2 110	2 026	1 935	1 903
Permanent	1 836	1 781	1 723	1 711
Temporary	274	245	212	192

Notes to the financial statement

Notes on the balance sheet

5. Intangible and tangible assets and depreciations

The lifetimes and depreciation percentages are as follows:

	Year	Depreciation %	
Intangible assets			
Intangible rights	5	20 %	Straight-line depreciation
Group goodwill	5	20 %	Straight-line depreciation
Other long-term expenses	5	20 %	Straight-line depreciation
Tangible assets			
Buildings and structures	10 - 40	2,5 - 10 %	Straight-line depreciation
Machinery and equipment	3 - 15	6,7 - 46,7 %	Reducing balance
Ground structures	10 - 40	2,5 - 10 %	Straight-line depreciation

Changes in the balance sheet items:	GROUP		CAA	
	2002	2001	2002	2001
Intangible rights				
Acquisition cost 1.1.	5 956	5 476	5 365	4 885
+ Increases during the fiscal period	239	2 163	135	2 163
- Decreases during the fiscal period	-41	-1 683	-41	-1 683
Acquisition cost 31.12.	6 154	5 956	5 458	5 365
- Accum. depreciations according to plan 31.12.	-2 676	-1 980	-2 674	-1 980
Book value 31.12.	3 478	3 976	2 784	3 385
Group goodwill				
Acquisition cost 1.1.	289	289		
+ Increases during the fiscal period	0	0		
- Decreases during the fiscal period	0	0		
Acquisition cost 31.12.	289	289		
- Accum. depreciations according to plan 31.12	-231	-174		
Book value 31.12.	58	116		
Other long-term expenses				
Acquisition cost 1.1. .	585	1 040	571	1 027
+ Increases during the fiscal period	36	264	36	264
- Decreases during the fiscal period	0	-719	0	-719
Acquisition cost 31.12.	621	585	608	571
- Accum. depreciations according to plan 31.12	-404	-341	-397	-337
Book value 31.12.	217	244	211	235
Land				
Acquisition cost	39 930	39 882	39 554	39 571
+ Increases during the fiscal period	28	109	28	44
- Decreases during the fiscal period	-159	-61	-159	-61
Acquisition cost 31.12.	39 798	39 930	39 423	39 554
Buildings and structures				
Acquisition cost 1.1.	402 600	360 232	323 404	309 619
+ Increases during the fiscal period	20 345	42 630	16 160	14 046
- Decreases during the fiscal period	-921	-262	-914	-262
Acquisition cost 31.12.	422 024	402 600	338 649	323 404
- Accum. depreciations according to plan 31.12	-115 811	-101 243	-107 743	-95 247
Book value 31.12.	306 213	301 357	230 907	228 156

Notes to the financial statement

Changes in the balance sheet items:	GROUP		CAA	
	2002	2001	2002	2001
Machinery and equipment				
Acquisition cost 1.1.	262 143	251 928	254 750	248 015
+ Increases during the fiscal period	30 327	17 814	29 160	14 315
- Decreases during the fiscal period	-9 313	-7 599	-9 313	-7 580
Acquisition cost 31.12.	283 156	262 143	274 596	254 750
- Accum. depreciations according to plan 31.12	-189 031	-177 112	-185 123	-174 130
Book value 31.12	94 125	85 030	89 473	80 620
Ground structures				
Acquisition cost 1.1.	228 384	219 264	227 804	219 015
+ Increases during the fiscal period	89 518	9 128	89 518	8 802
- Decreases during the fiscal period	-3 485	-8	-3 485	-14
Acquisition cost 31.12.	314 417	228 384	313 837	227 804
- Accum. depreciations according to plan 31.12	-128 677	-122 544	-128 552	-122 448
Book value 31.12.	185 740	105 840	185 284	105 355
Shares and holdings (subsidiaries and other shares)				
Acquisition cost 1.1.	514	671	10 358	10 491
+ Increases during the fiscal period	0	15	67	9
- Decreases during the fiscal period	-26	-172	0	-142
Acquisition cost 31.12.	487	514	10 426	10 358
TOTAL				
Acquisition cost 1.1.	940 399	878 782	861 805	832 624
+ Increases during the fiscal period	140 494	72 121	135 103	39 643
- Decreases during the fiscal period	-13 946	-10 504	-13 912	-10 461
Acquisition cost 31.12.	1 066 947	940 399	982 997	861 806
- Accum. depreciations according to plan 31.12	-436 830	-403 393	-424 489	-394 142
Book value 31.12.	630 117	537 007	558 508	467 664
6. Investments		Book value		Book value
Shares in subsidiaries				
Kiinteistö Oyj Lentäjätie 1			5 520	5 520
Suomen Lentoasempalvelut Oy			134	67
Kiinteistö Oyj Turun Lentorahti			841	841
Kiinteistö Oyj Lentäjätie 3			949	949
Lentoasemakiinteistöt Oyj			2 523	2 523
			9 967	9 900
Shares in associated companies				
Acquisition cost 1.1.	52	71		
Increases	0	14		
Decreases	-27	-33		
Acquisition cost 31.12	25	52		
Other shares and holdings				
Shares and holdings	462	462	458	458
Total shares and holdings	487	514	10 425	10 358
Other investments				
Investments in financial markets 1.1.	22 604	21 049	22 604	21 049
Increases during the fiscal period	559	1 555	559	1 555
Investments in financial markets 31.12	23 163	22 604	23 163	22 604

Notes to the financial statement

		CAA			
		2002	2001		
7. CAA Group companies		Result			
Group companies					
Kiinteistö Oyj Lentäjätie 1		-48	-340		
Suomen Lentoasempalvelut Oy		-173	4		
Kiinteistö Oyj Turun Lentorahti		2	2		
Kiinteistö Oyj Lentäjätie 3		79	-26		
Lentoasemakiinteistöt Oyj		1 368	-967		
Associated companies					
	Number of shares	Group holding (%)	Book value	Group holding of own equity	Result for the fiscal period
Nurminen Airport Services Oy	3000	25	25	17	-27
H:ki Vantaan Lentoaseman Taksipalvelut Oy	50	25	8	44	16
		GROUP		CAA	
		2002	2001	2002	2001
8. Substantial receivables carried forward					
Rent receivable		509	728	509	728
Interest receivable		419	362	403	355
Portion of investments to be financed by outside investors, (T&E Centres, EU, municipalities)		870	1 198	870	1 198
Receivables from occupational health care (KELA)		573	283	556	274
Others		745	1 152	650	997
At the end of the fiscal period		3 116	3 723	2 988	3 552
9. Increase and decrease in own equity items					
Basic equity					
At the beginning of the fiscal period		184 542	184 542	184 542	184 542
+ Increases / Decreases					
At the end of the fiscal period		184 542	184 542	184 542	184 542
Other equity					
At the beginning of the fiscal period		212 275	212 275	212 275	212 275
Profit/loss from the previous fiscal periods		75 382	66 601	82 693	74 008
Shareholder dividend		-4 474	-3 498	-4 474	-3 498
		70 908	63 103	78 219	70 510
Profit (+)/Loss (-) for the fiscal period		6 868	12 279	4 119	12 183
At the end of the fiscal period		290 051	287 657	294 613	294 968
Total equity		474 593	472 199	479 155	479 510
10. Provisions					
Mandatory provisions		18	708	18	708
11. Long-term borrowed equity					
Debt to be repaid after 5 years or longer					
Loans from financial institutions		128 108	115 871	107 851	96 383

Notes to the financial statement

	GROUP		CAA	
	2002	2001	2002	2001
12. Substantial items of accrued expenses				
Holiday bonuses with social security expenses	12 997	13 259	12 606	13 024
Periodic salaries with social security expenses	1 040	1 511	943	1 365
Interest owed	2 068	1 957	824	601
Others	1 304	1 081	935	1 107
Total	17 409	17 808	15 308	16 097
13. Financing from the State's budget				
Funding for services supplied				
To the Air Force			6 638	6 706
Reimbursement for standby duties			4 575	4 574
To the Border Guard Service			84	76
To the Meteorological Institute			220	212
Maintenance of SAR services			84	84
Subvention for vocational training			2 186	1 346
			<u>13 787</u>	<u>12 997</u>
Gratuitous financing				
To carry out investment projects			1 706	2 103
For operational procedures			666	798
			<u>2 372</u>	<u>2 901</u>
14. Personnel covered by State funding				
Number of employees			58	56
Salaries and bonuses paid			1 058	968
15. Funding from local authorities				
Gratuitous financing				
To carry out investment projects			130	343
16. Funding from the EU				
Gratuitous financing				
To carry out investment projects			1 750	882
17. Guarantees, pledges and liabilities				
The numbers listed are in accordance with the remaining equity values.				
Debt of the subsidiaries for which the pledge was given:				
Loans from financial institutions	80 805	79 015	80 805	79 015
Bank account limit (not in use)	84	84	84	84
Guarantees given on behalf of				
Kiinteistö Oy Lentäjantie 1	32 538	33 271	32 538	33 271
Kiinteistö Oy Lentäjantie 3	11 437	12 152	11 437	12 152
Kiinteistö Oy Turun Lentorahti	1 428	1 496	1 428	1 496
Lentoasemakiinteistöt Oyj	35 402	32 096	35 402	32 096
Suomen Lentoasemalvelut Oy	84	84	84	84
Pledges on own behalf:				
Kiinteistö Oy Turun Lentorahti	2 523	2 523	2 523	2 523
Leasing liabilities				
To be paid during the fiscal period 2003	2 503	1 556	2 296	1 398
To be paid later	9 716	3 986	9 035	3 186
Guarantees, pledges and liabilities (total)	95 631	87 164	94 743	86 206

The City of Vantaa, Vantaa Waterworks and the Energy and Water Unit at the Helsinki-Vantaa Airport have been negotiating over the connection charges to the water distribution network and the updating of the existing agreement. The City of Vantaa and the CAA have differing interpretations of the existing agreement.

18. The CAA in the state budget 2002

During the fiscal year, EUR 51.1 million was spent on capital investments, whereas the budget estimated that such spending would amount to EUR 76 million if the profit target were realised. The CAA was authorised to make capital investment-related commitments in the amount of EUR 101 million, of which only EUR 14.1 million was actually used.

The CAA was granted authorisation to borrow EUR 34.0 million, of which EUR 25.0 million was actually used.

The CAA was granted the authorisation to directly provide enforceable guarantees to its subsidiaries that provide airport and air navigation services and to its property companies that are involved in the operations of the CAA without requiring counter guarantees as assurance for loans up to a total of EUR 25 million. During the year, no guarantees were pledged nor did any subsidiaries apply for new long-term loans.

Key figures	CAA				
	1999 actual	2000 actual	2001 actual	2002 budgeted	2002 actual
Turnover (EUR millions)	184,8	195,8	206,8	205	202,4
- change %	1,7	5,9	5,6	-0,4	-2,1
Operating margin (EUR millions)	52,9	55,9	60,9	50,4	52,0
-operating margin as % of the turnover	28,6	28,5	29,4	24,6	25,7
Profit (EUR millions)	14,3	11,7	12,2	1,3	4,1
- -profit as % of the turnover	7,7	5,9	5,9	0,6	2,0
Return on invested capital-% 1)	3,2	3,1	3,2	1,1	1,6
Return on basic equity %	7,7	7,3	6,6	0,7	2,2
Return on total equity %	2,4	2,1	1,9	0,2	0,6
Solvency ratio-% 2)	77,7	73,6	74,9	72,9	73,9
Investments as % of turnover	51,3	35,5	30,2	27,1	25,3
Average price change %			3,6	1,7	2,9
Number of personnel	1 852	1 872	1826	1 870	1816

Formulae:

1) Profit before extraordinary items + financing expenses / invested capital (balance sheet total - interest-free debt)

2) Own equity + provisions/ balance sheet total

19. Official activities and their finances 2002/2001

A separate official body called the Flight Safety Authority is responsible for aviation safety affairs.

In addition, the International Affairs Office is responsible for making and managing international agreements, granting charter and route permits, the general management of air traffic safety measures and the development and supervision of matters outside the scope of the Flight Safety Authority. The operating expenses of the International Affairs Office in 2002 totalled EUR 1,001,000 (in 2001, EUR 961,000).

The turnover for the Flight Safety Authority is derived from fees for the provision or renewal of various kinds of licenses, training license fees for training schools and operating charges for commercial flying and service companies. In addition, fees are charged for supervising that aircraft are airworthy and for inspecting air navigation equipment. Fees are also charged in relation to the maintenance of the aircraft registry.

The average number of people employed by the Flight Safety Authority during the fiscal period was 73 (76).

Income statement	2002	2001
Turnover	864	898
Personnel expenses	3 619	3 464
Other expenses	1 132	1 082
General expenses		
office expenses	132	140
other general expenses	251	250
general expenses (total)	383	390
Total operating costs	5 134	4 936
Operating margin/deficit	-4 270	-4 038
Depreciations	162	148
Result for the fiscal period (deficit)	-4 432	-4 186

Notes to the financial statement

Changes to the balance sheet assets	2002	2001
Intangible rights		
Acquisition cost 1.1.	751	420
Increases / investments		331
Decreases	-8	
Acquisition cost 31.12.	<u>743</u>	<u>751</u>
- Accumulated depreciations according to plan 31.12.	-523	-378
Book value 31.12.	<u>220</u>	<u>373</u>
Tangibles		
Acquisition cos 1.1.	1 390	1 390
Increases / investments		10
Decreases	-973	
Acquisition cost 31.12.	<u>417</u>	<u>1 390</u>
- Accumulated depreciations according to plan 31.12.	-385	-1 239
Book value 31.12.	<u>32</u>	<u>151</u>

20. CAA electric power grid operations

Itemised statement for the electric power grid operations and sales revenues as required by the Electricity Market Act (386/95).

Principles for categorising the joint costs and balance sheet items

Profit and loss account

Other expenses

A share of the general running costs of the Helsinki-Vantaa Airport has been assigned to the electric power grid operations in proportion to the number of staff. In addition, a proportion of the expenses incurred by the CAA Group/Headquarters has been assigned in proportion to the number of people.

Balance sheet

Changes to balance sheet items (fiscal periods of 2002-2001)

When electric power grid operations began in 1996, the opening balance sheet consisted of fixed assets for carrying out such operations (machinery and equipment). Assets under balance sheet liabilities were divided into basic equity capital and other start-up capital.

	2002	2001
Intangible rights		
Acquisition cost 1.1.	37	
Increases during the fiscal period		37
Acquisition cost 31.12.	<u>37</u>	<u>37</u>
- Accum. depreciations according to plan 31.12.	-8	-1
Book value 31.12.	<u>29</u>	<u>36</u>
Machinery and equipment		
Acquisition cost	10 601	9 956
Increases during the fiscal period	963	645
Decreases during the fiscal period	-689	0
Acquisition cost 31.12.	<u>10 875</u>	<u>10 601</u>
- Accum. depreciations according to plan 31.12.	-7 413	-7 479
Book value 31.12.	<u>3 462</u>	<u>3 122</u>

Short-term borrowed capital

Accounts payable consist of purchases made for grid operations
Accrued expenses include obligatory staff holiday provisions and other accrued salaries.

Personnel

The average number of staff employed for grid operations during the fiscal period was 9 (9).

Notes to the financial statement

PROFIT AND LOSS ACCOUNT	POWER PLANT			
	GRID OPERATIONS		SALES OPERATIONS	
	2002	2001	2002	2001
TURNOVER	2 057	1 973	1 647	1 421
Other operating income				
EXPENSES				
Materials and supplies				
Purchases during the fiscal period	17	50	0	0
External services	679	643	1 550	1 152
Staff expenses				
Salaries and bonuses	323	288	30	31
Indirect staff expenses				
Pension expenses	58	57	7	6
Other indirect staff expenses	14	15	2	2
Depreciations and value adjustments				
According to plan				
Intangible rights	7	1		
Machinery and equipment	563	596		
Depreciations and value adjustments, total	570	597		
Other business-related expenses	473	428	46	74
OPERATING PROFIT	-77	-105	12	156
PROFIT BEFORE PROVISIONS	-77	-105	12	156
PROFIT FOR THE FISCAL PERIOD	-77	-105	12	156

Notes to the financial statement

	POWER PLANT Grid operations	
BALANCE SHEET	2002	2001
ASSETS		
FIXED ASSETS		
Intangible rights	29	36
Material goods		
Machinery and equipment	3 490	3 122
	<u>3 519</u>	<u>3 158</u>
CURRENT ASSETS		
Receivables		
Accounts receivable	168	170
Receivables carried forward	52	0
	<u>220</u>	<u>170</u>
TOTAL ASSETS	3 739	3 328
LIABILITIES		
EQUITY		
Basic equity	1 312	1 312
Other start-up equity	875	875
Profit from the prev. fiscal years	604	710
Profit from the fiscal year	-77	-105
	<u>2 714</u>	<u>2 792</u>
PROVISIONS		
BORROWED CAPITAL		
Long-term		
Connection charges	3	
Short-term		
Accounts payable	163	180
Other short-term debt	735	244
Accrued expenses	124	112
	<u>1 022</u>	<u>536</u>
TOTAL LIABILITIES	3 739	3 328

Return on capital invested %

The return on capital invested (%) in grid operations totalled -2.08% (-3.8%).
formula:

$$\frac{(100 \times \text{result before extraordinary items} + \text{interest expenses and other financing expenses})}{\text{tied-up equity}}$$

Proposal for the use of the profit

The Board recommends that the Government approve the financial statement for 2002 and that EUR 1,020,000 of the profit of EUR 4,119,109.28 for the fiscal year be taken up as income by the State, with the balance of EUR 3,099,109.28 being entered into the profit and loss account for the previous fiscal years.

Vantaa, February 28th, 2003

Mona Björklund
Sami Fabritius
Pekka Hurtola
Jussi Järventaus
Eeva Niskavaara
Matti Puhakka
Mikko Talvitie, *General Director*

The foregoing financial statement has been drawn up in accordance with good accounting practice. An auditor's report on the accounts has been issued today.

Vantaa, March 13th, 2003

Seppo Akselinmäki
Chartered Public Finance Auditor

Jorma Tuominen
Chartered Accountant

Auditors' report

We have audited the accounting, the financial statement, the Group's financial statement of the CAA as well as its administrative practices and finances for the fiscal period of January 1st– December 31st, 2002. The financial statements, which have been prepared by the Board and the Managing Director, include the Annual Report for CAA and the Group, the profit and loss accounts, the balance sheets and the notes to the financial statements with their financing statements.

We have conducted the audit in accordance with the Finnish Standards for Auditing, which require that we perform the audit to obtain reasonable assurance on whether the financial statements are free of material misstatement. An audit of Management has confirmed that the members of the Board and the Managing Director have acted legally in accordance with the State Enterprises Act and the regulations governing the Civil Aviation Administration.

We hereby declare that

- The management of the Civil Aviation Administration is properly organized.
- Bookkeeping has been arranged and conducted in accordance with the regulations and with good accounting practice.

- The financial statement has been prepared in accordance with prevailing regulations and with good accounting practice.
- The financial statements of the CAA and of CAA Group with their appendices, together with the annual report submitted to the Government provide an accurate account of the Civil Aviation Administration's finances and the achievement of objectives set by Parliament and the Government.

We have examined the profit and loss accounts, the balance sheets and the additional information that has been itemised separately in accordance with the Electricity Marketing Act. The calculations have been performed correctly in all essential aspects in accordance with the Electricity Marketing Act and the regulations and provisions relating to it.

We recommend that the accounts be closed and the Group financial statement be approved and that the proposal by the Board contained in the annual report on the disposal of profit be accepted.

Vantaa, March 13th, 2003

Seppo Akselinmäki
Chartered Public Finance Auditor
Jorma Tuominen
Chartered Accountant

Responsible Air Safety Work

The Flight Safety Authority

- is an official body within the CAA which makes decisions independently of it
- maintains and improves air safety in Finland
- issues Finnish aviation regulations, grants various kinds of permits, licences and certificates, and supervises the activities of permit and licence holders.
- approves aviation equipment and maintains a registry of aircraft
- employs more than 80 people in various expert and support positions related to aviation supervision

The Flight Safety Authority publishes its own annual reports, the latest of which contains more detailed information about its activities in 2002.

The primary duty of the Flight Safety Authority is to use its official status to ensure that aviation safety in Finland remains at a high international standard. In line with the policy of the European aviation authorities JAA (Joint Aviation Authorities), the safety objective of the Flight Safety Authority is to achieve a constant reduction in the annual number of flying accidents and resultant deaths, despite the increasing volume of air traffic.

In order to achieve this goal, the Flight Safety Authority makes sure that the common, officially accepted European safety norms are introduced in Finland in accordance with jointly approved timetables and procedures. By participating in the work of the joint European aviation authorities, the Flight Safety Authority seeks to influence regulations so that they take account of Finland's special circumstances wherever possible. The knowledge gained from the investigation of accidents and hazardous situations (incidents), at both international and national levels, is put to use in our efforts to ensure air safety.

Income and expenses

The Flight Safety Authority derives the majority of its revenue from legally levied charges as laid down by the Ministry of Transport and Communications. During 2002, the income of the Flight Safety Authority amounted to 864,000 euros, while expenses came to 5,134,000 euros. The deficit on official activities will be covered from the profits from the Civil Aviation Administration's commercial operations.

A law passed at the end of the year concerning government owned commercial enterprises may in future result in changes to the Flight Safety Authority's financial structure, so that some of its income may come as an allocation from the national budget.

Safety standards remained high

The follow-up and investigation of incidents and occurrences is based on the reports made to the Flight Safety Authority. If necessary, initiatives will be made on the basis of these reports for improving air safety. During 2002, 511 air safety reports were made to the Flight Safety Authority. The Accident Investigation Board initiated accident and incident investigations in 15 cases.

Air safety in Finland in 2002 was good. There was not a single accident involving commercial or general aviation which resulted in death. Nor was there a single accident in airline operations, but two serious incidents did occur.

Three general aviation accidents occurred, one of which involved a Finnish aeroplane in Norway. One person was seriously injured in a general aviation accident. In addition there were 11 cases of aircraft damage. There were three incidents. Three damage incidents occurred to hot air balloons.

In sports aviation, two accidents occurred which resulted in death and one occurred which caused serious injury. The fatal accidents resulted from a parachuting incident and from an incident involving a powered hang-glider. The injury resulted from an ultralight aircraft accident. The aircraft damage cases occurred during 23 sport aviation incidents, 11 of which involved gliders, 11 ultralight planes and one a powered paraglider.

Ministry sets the targets

The Ministry of Transport and Communications sets the operative targets for the Flight Safety Authority. The main targets for 2002 and how they were carried out was as follows:

Preparations for the setting up of the European Union aviation safety agency and other regulatory projects concerning the Flight Safety Authority within the EU in cooperation with the Ministry of Transport and Communications.

The Flight Safety Authority was involved in the setting up of the European Aviation Safety Agency (EASA), and when it begins operations will represent Finland in the workings of its board. The directive for setting up EASA came into force in September 2002.

Participation in the activities of JAA and the Eurocontrol Safety Regulation Commission, in development work and in the implementation of jointly prepared regulations.

The Flight Safety Authority participates in the preparation of norms within the JAA as before. Meetings of the Safety Regulation Commission were attended and the implementation of common European safety regulations was continued with the preparation of national aviation regulations. The FSA also took part in the workings of a Nordic committee for harmonizing the implementation of joint European safety regulations.

Management of official duties in respect to the adoption of operative procedures relating to the introduction of Helsinki-Vantaa Airport's third runway.

The activities of the Flight Safety Authority's airports and air navigation services division focused on the official duties relating to the introduction of the third runway at Helsinki-Vantaa Airport. Construction work and other preparations were closely monitored throughout the year. Before the runway came into operation in November, the Flight Safety Authority inspected and

approved the instructions, systems and equipment for numerous operative applications. Among these were lighting systems, signs and markings as well as the runway approach installations, the weather observation system and the technical expansion of the ground radar system for the runway and taxi-ways.

Publication of restrictions on pilot flying time and working hours.

In October, the Flight Safety Authority published a set of regulations on the restriction of flying and working hours for commercial air transport. The regulations came into force at the beginning of 2003 and companies have until April 1st, 2004 to update their existing Operational Manuals and planning and monitoring systems. An EU project to implement a joint European requirement on flying time and working hours did not proceed as hoped.

Final implementation of the recommendations contained in the ICAO's audit of Finnish aviation practices with the publication of aviation regulations governing private flying activities and aerial work.

The Flight Safety Authority completed its regulations governing private aviation and aerial work which it is trying to make available for circulation to aviation organizations for comment at the beginning of 2003. A draft of regulations governing helicopter flying is still in progress.

Adoption of a joint European database for analyzing incidents and occurrences.

A number of deficiencies were observed during assessment of the computer system. Following delivery delays resulting from the correction of these flaws, the joint research centre of the European Commission will supply production versions for use by national air safety authorities during 2003.

Updating of the publication system for aviation regulations.

The process for drawing up and publishing aviation regulations and advisory circulars was renewed with upgrades and new instructions for the system, among other things. All forms were removed from appendices to the regulations and circulars and transferred for publication to the Internet. Some forms also can be filled in electronically. The next stage of this development work will be to produce more forms for filling in electronically and these may be sent directly via the Internet to the database. We also began to circulate national regulations intended for comment via the Internet as well as draft JAA norms, for which the Flight Safety Authority will issue its own comments.

Improving staff skills.

The Flight Safety Authority has initiated a project for improving customer service, interaction and cooperative skills among the staff, which is still in progress. Skill management development began as a pilot project in the technical division and the model will be extended to other divisions of the FSA during 2003.

Emphasis on service efficiency and quality, attention to equal treatment for all customers, and clarification of the Flight Safety Authority's role and public image.

During the review year we instigated a campaign to improve internal service procedures, inter-office cooperation and customer service processes. The process of improving customer services continued with a customer satisfaction survey relating to aircraft inspection services. An information and profiling campaign was undertaken to clarify the FSA's role and public image. The Flight Safety Authority sent out information about its work to the aviation press and also posted it on its Internet web site. At the end of the year the FSA also published a general brochure telling of its activities.





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