



House of Commons
Transport Committee

**The future of aviation:
Government response
to the Committee's
First Report of Session
2009–10**

**First Special Report of Session
2009–10**

*Ordered by the House of Commons
to be printed 24 February 2010*

The Transport Committee

The Transport Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Transport and its associated public bodies.

Current membership

Mrs Louise Ellman MP (*Labour/Co-operative, Liverpool Riverside*) (Chairman)
Mr David Clelland MP (*Labour, Tyne Bridge*)
Rt Hon Jeffrey M Donaldson MP (*Democratic Unionist, Lagan Valley*)
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The following were also members of the Committee during the period covered by this report:

Clive Efford MP (*Labour, Eltham*)
Sammy Wilson MP (*Democratic Unionist, East Antrim*)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/transcom.

Committee staff

The current staff of the Committee are Annette Toft (Clerk), Adrian Jenner (Second Clerk), David Davies (Committee Specialist), Marek Kubala (Inquiry Manager), Alison Mara (Senior Committee Assistant), Jacqueline Cooksey (Committee Assistant), Stewart McIlvenna (Committee Support Assistant) and Hannah Pearce (Media Officer).

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First Special Report

The Committee published its First Report of Session 2009–10, *The future of aviation*, on 7 December 2009. The response from the Department for Transport was received in the form of a memorandum dated 4 February 2010, and is published as an Appendix to this report.

Appendix—Department for Transport response

The Government response to the Transport Committee report on The future of aviation, published on 7 December 2009, is below. In each case the Transport Committee's recommendation is published followed by the Government response to it, as necessary.

Government Policy on Aviation

1. The 2003 White Paper, *The Future of Air Transport*, continues to provide a sound basis for aviation policy. It identifies the likely airport infrastructure requirements without authorising or precluding them. However, the Government needs to set out more explicitly the role envisaged for aviation within its overall transport policy as well as the inter-relationships between aviation and other transport modes. It should ensure that the policy is kept up-to-date, taking full account of proposals for highspeed rail and climate change. (Paragraph 25)

Government response

The Government welcomes the Committee's conclusion that *The Future of Air Transport* White Paper continues to provide a sound basis for aviation policy. The white paper was based on extensive analysis and consultation, and a significant programme of work since its publication has ensured that our long-term strategy remains up-to-date. Through a National Policy Statement (NPS) on Airports, we intend to build on that strategy, setting it in the context of our wider policy framework for transport, in order to support the sustainable delivery of airport infrastructure for the benefit of air transport users and the wider UK economy.

The Airports NPS, which we intend to publish in draft in 2011, will be subject to an appraisal of sustainability, consultation and Parliamentary scrutiny. Any future capacity growth supported by the NPS will need to be consistent with our climate change goals. We also recognise that it will be important, when preparing the Airports NPS, to consider all developments which are relevant to the aviation sector, including those in other transport sectors.

The importance of aviation to the UK economy

2. The asymmetric nature of the Open Skies agreement is disadvantageous to the UK economy and particularly to the UK regions, and should be renegotiated at the earliest possible opportunity. (Paragraph 36)

Government response

The Government does not consider that the stage one EU-US Air Transport Agreement is either unbalanced or disadvantageous to the UK economy. Insofar as the rights contained in the agreement are asymmetric, the balance is currently in the EU's favour. The Government took the view that the previous restrictions limiting access to Heathrow, Gatwick and various US gateways were anachronistic, anti-competitive and damaging to consumers, and could no longer be defended. The agreement has delivered greater flexibility for all airlines, enabling them to offer new and more convenient services better matched to passenger demand. Subsequent events, particularly the spike in oil prices and the economic downturn, have made it difficult to draw true comparisons with which to quantify the economic benefits generated so far. However, there is little doubt that the greater commercial freedoms and increased competition allowed by the new agreement have the potential to deliver significant benefits once economic recovery is fully under way.

At the same time, the Government has always maintained that the agreement did not go far enough, and for that reason we strongly supported the inclusion of a requirement to begin negotiations on a second stage agreement within 60 days of the stage one agreement coming into effect. Those negotiations began in May 2008, and are continuing, with the aim of further opening up the ability of airlines to operate like normal commercial businesses within both the EU and the US markets.

3. The Government is right to support the sensible development of air transport in the UK. Choices between economic benefits and environmental costs sometimes need to be made. The “balanced strategy”, set out in the 2003 Air Transport White Paper, requires a good evidence base. The Government should regularly update its assessment of the economic value of aviation to the UK economy and ensure that it is subject to independent external scrutiny. (Paragraph 53)

Government response—see the response at paragraph 21.

The environment

4. Reducing the carbon emissions from aviation is crucial both to the success of climate change policies and to the future of aviation. The aviation industry believes that it can rise to the technological challenge but this will happen only if appropriate ‘sticks and carrots’ are in place. The work of the Committee on Climate Change, due for publication in December 2009, is likely to be crucial in helping to determine what is feasible and how it might sensibly be achieved. It would be wrong for us to try to second-guess or prescribe the outcomes. We believe the following principles should apply to future UK policy on aviation emissions:

- a) aviation and climate change are global in nature, and global solutions are the only realistic response;

- b) aviation should be treated equitably in climate change policy – it should not be demonised or assigned symbolic value beyond its true impacts, and**
- c) carbon reduction measures should be cost-effective and take account of the economic value of aviation. (Paragraph 68)**

Government response

We note the Committee's interest in the advice from the Committee on Climate Change published on 8 December on how the UK might meet its 2050 target for gross aviation emissions. We welcome the CCC's advice and now need time to consider the analysis in detail. We will look carefully over the coming months on how this target can be achieved most cost-effectively and we will set out our plans for achieving the 2050 target in due course.

In adopting this 2050 emissions reduction target for the UK's aviation emissions, alongside the inclusion of aviation in the EU ETS in 2012, the UK has one of the toughest climate change regimes for aviation of any country in the world.

We welcome the Committee's acknowledgement of the importance of developing global solutions for addressing the climate change impacts of aviation. The UK will continue to press hard for the United Nations Framework Convention on Climate Change (UNFCCC) to set a global emissions reduction target for the international aviation sector, consistent with keeping the objective of limiting dangerous climate change to within 2°C compared to pre-industrial levels, within reach.

We were disappointed that no agreement on the treatment of international aviation and shipping emissions could be reached at Copenhagen Climate Change Summit in December 2009. The UK was instrumental in pushing the world as far as it got, and whilst it was not the comprehensive outcome we had hoped for, we are encouraged that there were detailed discussions in this forum on the treatment of international aviation emissions for the first time in years.

In the meantime, we will continue to work with the International Civil Aviation Organisation (ICAO) in the development of global solutions for this issue as urgently as possible. In particular, the UK will be working with ICAO in a high level group towards a draft resolution on global measures to reduce emissions from aviation for the 2010 ICAO Assembly. It is crucial that the framework of action is set and delivered through ICAO, ensuring an international agreement that does not lead to competitive distortions within the sector, or carbon leakage.

The Government agrees that carbon reduction measures should be cost-effective and take account of the economic value of aviation. The UK's favoured approach is emission trading, which delivers clearly defined emissions reductions in a flexible and cost-effective manner. It allows a sector like aviation—in which emissions reductions are difficult and relatively expensive—to access emissions reductions in the sectors where these are cheapest in a way that national taxation has a limited ability to achieve.

5. We are concerned that the EU Emissions Trading Scheme has an appalling track record and that it may prove insufficient to drive investment in low-carbon aviation, especially in these difficult economic times. We await with interest the forthcoming advice of the Committee on Climate Change to the Government on these issues. (Paragraph 69)

Government response

We remain committed to the EU Emissions Trading System (ETS), which we believe provides the most effective way of tackling aviation's carbon emissions. We believe that it is right that this is implemented at the European level—to do so unilaterally could distort competition in the aviation sector and increase the risk of carbon leakage.

We note the Committee's comments about the current level of the cap and availability and cost of allowances. However, a cap on overall emissions allows these to be contained within a fixed limit, and defines a market price of carbon consistent with that overall limit. It allows a sector like aviation—in which emissions reductions are difficult and relatively expensive—to access emissions reductions in the sectors where these are cheapest. Aircraft operators will join the ETS in 2012 and will be required to surrender allowances in 2013.

Including aviation in the EU ETS will also have a lesser impact on the economy than if the same environmental improvement were to be achieved through other measures such as a fuel tax or an emissions charge.

The ETS is not intended to provide a total solution. Instead, it is part of a comprehensive European approach, which includes more efficient technology, operations, air traffic management and alternative fuels.

The EU ETS is the world's first functioning emissions trading system and has shown that it is possible to establish a market for carbon. While we recognise there was over-allocation in Phase I (2005–2007), lessons have been learnt in Phase II (2008–2012). Phase II has been improved with tighter Member State emissions caps set so that there is a greater level of scarcity and a more consistent carbon price. Auctioning of carbon allowances (7% in the UK) has also been introduced to improve the environmental effectiveness and economic efficiency of the system. In 2008, UK emissions within EU ETS had been reduced on a like for like basis by 4.5% (11.1MtCO_{2e}) below 2007 levels. Across the EU, emissions were 55MtCO_{2e} below 2007 levels.

6. Aircraft noise is a nuisance to a large number of people, which detracts from their quality of life and presents health hazards which are not fully understood. It should be remembered that, as aviation has grown, planes have become quieter and noise levels have reduced for millions of people. The Government must act decisively to ensure that older, noisier aircraft are taken out of use as soon as possible. This should be achieved firstly by seeking to influence international noise standards (set by the International Civil Aviation Organization) and secondly through guidance to local airports. (Paragraph 81)

Government response

The Government fully supports the ICAO recommendation that a balanced approach should be pursued in controlling noise at airports. A key element of this approach is the reduction of noise at source. ICAO has overall responsibility for aircraft noise certification standards, and the UK will be calling for an increase in stringency at the next meeting of ICAO's Committee on Aviation & Environmental Protection in February 2010.

The Government has no plans to issue new guidance to local airports on the management of local noise impacts. We note that guidance was issued in March 2009 to major airports to assist them in the preparation of noise action plans required under the EU Environmental Noise Directive. This guidance established criteria consistent with the principles of the Directive of avoiding, preventing or reducing environmental noise.

7. The Government needs to revisit its procedures for assessing the impacts of aircraft noise, the compensation arrangements and the effective enforcement of noise regulations. The Government should also review the adequacy of research into the effects of aircraft noise, particularly on human health. (Paragraph 82)

Government response

The 2003 Air Transport White Paper set out our aim of limiting and where possible reducing the number of people significantly affected by aircraft noise.

As stated in our response to Recommendation 6 above, major airports are required to develop noise action plans this year in response to the European Environmental Noise Directive. This process provides a key opportunity for airport operators to engage with local communities to address local noise issues. Most airports have now submitted draft plans to Government for consideration as to formal adoption under the Directive.

In terms of compensation arrangements, airport operators currently operate voluntary schemes to mitigate the impact of aircraft noise. To assist airport operators in development of such schemes, the 2003 White Paper set out a number of measures that the Government wishes to see applied as a benchmark for mitigating aircraft noise. The Government also wishes to see a continuation of these existing voluntary arrangements.

The Government recognises that noise exposure can cause annoyance and sleep disturbance both of which impact on quality of life. It is also considered by many experts that annoyance and sleep disturbance can give rise to adverse health effects. The distinction that has been made between 'quality of life' effects and 'health' effects recognises that there is emerging evidence that long term exposure to some types of transport noise can cause an increased risk of direct health effects. The Government will continue to monitor emerging research on the health effects of long term exposure to noise, and will take action as necessary.

8. We urge the Government, in partnership with airports and airlines, to bring forward measures to improve air quality around our major airports. The pollutants come from a variety of sources, including aircraft, airport traffic and background sources. The Environment Agency has techniques to assess the air quality impacts for major airport

developments and we recommend that the Government and airport developers take full advantage of these. (Paragraph 87)

Government response

The Government is committed to meeting our EU obligations on air quality. The particulate matter limits immediately around Heathrow are met. However, further action will be necessary to ensure that we can demonstrate to the European Commission that the limits for Nitrogen Dioxide will be met by 2015. Defra is working with DfT and other delivery partners including local authorities and BAA to agree the necessary actions with a view to consulting on our application prior to submission to the Commission by September 2011 at the latest.

Responsibility for assessing air quality including around airports rests with Defra and local authorities. The Environment Agency has responsibility for regulating emissions to air from large industrial installations.

The Government announcement in January 2009 included a commitment to put in place a regulatory mechanism to ensure environmental limits are met around an expanded Heathrow Airport. The EA will have a new role in respect of air quality compliance around Heathrow in the event of expansion there. See also the response to Recommendation 9 below.

Infrastructure needs

9. In view of the economic benefits to the UK, we endorse the Government's January 2009 decision to support a third runway at Heathrow and an additional terminal. We note the conditions for noise and air quality, imposed by the Government, and arrangements to limit CO₂ emissions from aviation generally. It is crucial that these are applied effectively. We are concerned, however, about the lack of clarity on the timescale for completion of this project. (Paragraph 102)

Government response

The Government welcomes the Committee's endorsement of its decisions on adding capacity at Heathrow and remains committed to meeting the noise and air quality limits. The Department for Transport is working with Defra, the Civil Aviation Authority and the Environment Agency to develop appropriate arrangements to ensure this and expects to consult on proposals later in 2010.

The timing of a planning application is a matter for BAA. In announcing its decisions, the Government noted the need for timely investment in additional capacity and invited the airport operator to consider submitting an application at the earliest opportunity. The new planning regime is designed to ensure that decisions on infrastructure proposals of national significance are not only fairer and more transparent but also faster.

10. We are not convinced that a national case for an additional runway at Stansted has been made. (Paragraph 107)

11. The delays in arriving at a final decision on a second runway at Stansted, coupled with the recession and declining passenger numbers, mean that a second runway at

Stansted is unlikely to be completed prior to 2019 when the restriction on an additional runway at Gatwick expires. The Government should reconsider whether the additional runway, if required, should be located at Gatwick rather than Stansted. (Paragraph 110)

Government response

Support in the 2003 Air Transport White Paper for an additional runway at Stansted followed extensive investigation and assessment of options. Although passenger numbers have fallen recently, the long-term trend is still for strong growth at Stansted in the period to 2030. Airport runways are pieces of national infrastructure lasting perhaps 50 years or more. The fact that passenger numbers have fallen at Stansted over the last 12 months is not significant when viewed against this much longer time horizon.

The Government's policy concerning the relative case for expansion at Gatwick and Stansted remains unchanged to that confirmed in the 2006 *The Future of Air Transport Progress Report*. The Government supports making the maximum use of Stansted's existing runway, and the construction of a new runway at Stansted in the period to 2030, subject to the necessary planning approvals. In addition, the Air Transport White Paper made clear that land around Gatwick should be safeguarded for a possible second runway after 2019 in case the conditions attached to the development of Heathrow could not be met. The timing of any planning applications and improvements is a commercial matter for the airport operator.

12. Even with a third runway at Heathrow, it is unlikely that the airport will become a hub airport for many UK cities. In order to maximise the economic benefits of an enlarged Heathrow, it is essential that direct access from the national rail network to Heathrow be provided. (Paragraph 103)

13. We look forward to the creation of a high-speed rail network for the UK. It is imperative that this includes links to some of our major airports. Provided that good quality airport links are provided, high-speed rail will provide an alternative to some domestic flights, a welcome choice for passengers and strengthen the UK's major airports. Enhancing rail access to Heathrow will also maximise the economic benefits of the UK's international gateway airport. (Paragraph 121)

14. High-speed rail is unlikely to replace all UK domestic flights, especially east-west links between regions and flights to Northern Ireland and the Scottish Highlands. In any event, the number of flights from UK airports to Heathrow is relatively small. As such, there is no evidence that high-speed rail offers a viable alternative to expansion of Heathrow. (Paragraph 122)

Government response

The Government agrees that airports need good rail links and Heathrow is already relatively well served by rail. However, we specifically asked High Speed 2 (HS2) to examine the scope for a link to a possible high speed route as part of its study: HS2's detailed report was submitted to the Secretary of State at the end of 2009 and is now being reviewed. We propose to make an announcement by the end of March on how we intend to take high speed rail forward.

The Government also agrees that high-speed rail is complementary to rather than an alternative to expanding Heathrow. Only 8% of Heathrow's passengers are on domestic flights and the numbers travelling by plane within the UK are falling, while they are increasing for rail. We are keen to see this trend continue as rail services become better and faster. However, as the Committee recognises, it is unrealistic to expect that rail can provide an alternative to internal flights in every case, particularly where passengers are connecting onto international flights. Ultimately, it is for airlines to decide what air services they operate—and from which airports—based on commercial considerations and market conditions, and for passengers to choose the best mode of travel for their journey.

Taxes and charges

15. Taxation is an aspect of aviation that is hotly disputed. The industry argues that it contributes heavily to the Treasury whilst critics say it should pay more. Yet it ought to be relatively straightforward to provide a factual account. We asked for this, but did not receive one. It would be helpful if the Government clarified this issue with a statement of the revenues raised, the extent of any tax exemptions and how these compare to the social and environmental costs of aviation. As part of this clarification, the Government needs to explain the basis for its earlier statement that an additional £10 billion might be raised if VAT and fuel duty were applied to aviation. (Paragraph 127)

Government response

Air Passenger Duty (APD) is a revenue-raising instrument, and is not intended or designed to be an exact match for the environmental and social costs from aviation. However, the Government believes that where possible and appropriate, it is right for the structure of revenue-raising taxes to reflect environmental impacts, as in the case of the reformed APD.

APD revenue forecasts are outlined in each Budget and Pre-Budget Report (PBR). In 2008/09, APD raised £1.9 billion, and for 2009/10 it is also projected to be £1.9 billion.

Exemptions from the tax include non-paying passengers (cabin crew), children under two, flights from the Scottish Highlands and Islands, military flights, and transfer and transit passengers. The estimated cost of the “non-passengers” relief was £110 million in 2008/09, as published in Budget 2009.

DfT's Aviation Emissions Cost Assessment 2008¹ offers an analysis of the climate change costs of the aviation sector depending on a range of scenarios, but it is important to bear in mind the considerable uncertainties associated with this data. It is not possible to give an accurate estimate of the costs of aviation.

Finally, the Committee asked for clarification of the basis of the statement that if fuel duty could be levied on international journeys, and VAT could be levied on the full value of the tickets, it could add up to £10 billion per year. This figure is rounded and purely illustrative, and was calculated by using ONS 2008 data on expenditure on air travel from household final consumption, and DECC energy statistics on volume of aviation turbine fuel. According to the rounded figures used, over £13 billion was spent on air travel in 2008, and approximately 16 billion litres of aviation fuel used. Applying the reduced 15%

1 <http://www.dft.gov.uk/pgr/aviation/environmentalissues/aviationemissionscostassess/aviationemissionscost.pdf>

rate of VAT, and the then main fuel duty rates respectively equalled roughly £2 billion plus £8.5 billion. The underlying figures have since been updated, and tax rates changed, which would slightly increase the overall estimate. These are first order estimates, and there would be behavioural effects to consider.

16. It is right that the aviation sector should be contributing its fair share to Government revenues. Air Passenger Duty was introduced to raise revenue for the Government. It has been modified to provide ‘green signals’ but the Government states that it is not an environmental charge. The major environmental cost of aviation—climate change impacts—will be covered by the EU Emissions Trading Scheme charges from 2012. The level of Air Passenger Duty should therefore be set according to the Government’s revenue needs, taking careful account of the economic importance of the aviation industry. It also needs to be mindful of the state of the aviation industry in the current economic recession and to take account of competition from other European airports. (Paragraph 132)

Government response

The Chancellor sets taxes in the normal PBR and Budget process based on his overall judgment. In making these decisions, the Chancellor takes account of the full range of relevant factors.

17. We urge the Government to do all it can to develop aviation security procedures that minimise cost and delays for passengers, whilst not sacrificing safety and security. (Paragraph 138)

Government response

The protection of aviation against acts of terrorism requires constant vigilance and adaptability. A great deal of progress has been made in enhancing aviation and border security since 9/11, but terrorists are inventive, the scale and nature of the threat changes, and new technology needs to be harnessed to meet new threats, while minimising any inconvenience to passengers.

We continue to consult and engage with the aviation industry to ensure that measures are proportionate and appropriate. We remain mindful of the potential impact in terms of costs and delays, although the security of our travellers and all those who work in the aviation industry must remain our principal concern.

Passenger representation and protection

18. We welcome moves to strengthen the voice of air passengers and the increased emphasis on the passenger in the remit for the CAA. It is not clear how the Government’s proposal to replace the Air Transport Users Council with Passenger Focus would influence the airlines or airports. This is true despite the proposal to beef up the passenger advocacy role of Passenger Focus, as compared to AUC’s current remit. No new powers are proposed. Government influence over bus and rail companies, for example through the specification of rail franchises, does not extend to the aviation sector which is heavily prescribed by international legislation. The air travel market is highly competitive and operators take a hard-nosed approach to service

costs and standards. Whatever the Government decides regarding passenger representation, it is essential that the powers of a body defending passengers' rights match its remit. If not, it may create false expectations. (Paragraph 145)

Government response

Since the publication of the Committee's report, we have confirmed our decision to give Passenger Focus responsibility for air passenger representation.

We believe there are advantages in developing an existing body with expertise in passenger advocacy compared to setting up a new stand-alone statutory body independent of the regulator. As a body which already represents passengers using other modes of transport, Passenger Focus will be able to represent the interests of air passengers as part of an integrated transport system within a wider end-to-end journey.

Passenger Focus' two main roles will be to establish an independent advocacy function, covering both airline and airport related issues, and to mediate complaints where the passenger and service provider have been unable to reach agreement. This will include taking on the AUC's current responsibilities. We acknowledge the differences between the air transport sector and the rail and bus sectors but we expect Passenger Focus to acquire quickly the necessary sectoral knowledge, ensuring that the expertise and experience built up within the AUC is transferred to Passenger Focus.

We agree that Passenger Focus will need adequate powers. We will be considering what powers might be needed, taking account of its existing powers for rail representation and proposed powers for bus representation, as well as the powers of the CAA.

19. We remain concerned that air passengers are not adequately protected from airline collapse. As the number of people who book flights over the internet increases, the number at risk also rises. We repeat our recommendation that the ATOL levy should be increased and extended to include all flights overseas and not merely package holidays. (Paragraph 150)

Government response

The ATOL Protection Contribution (APC) was increased from £1 to £2.50 per passenger on 1 October 2009, following consultation, to help the Air Travel Trust Fund meet the costs arising from the failure of XL Leisure Group in September 2008.

As the report notes, the Government rejected a proposal to extend financial protection to all flights in 2005 on the basis that it would be disproportionate regulation. This remains the Government's view, especially given the expansion of Scheduled Airline Failure Insurance (SAFI) and the practice now established of airlines offering reasonable repatriation fares to customers of failed carriers. However, in today's market for holidays, the Government recognises that the coverage of the ATOL scheme is not always clear to consumers. To address this, the 'Regulating Air Transport' consultation, published on 10 December 2009, sets out proposals to improve the clarity of the ATOL scheme by extending financial protection to any purchase of a flight together with another significant holiday element, such as accommodation or car hire. The consultation also includes

options to reform the existing protection of flight-only sales by parties other than an airline, to either exclude or include all such third party flight sales in the ATOL scheme.

20. We also urge the Government to work with the insurance industry to make it clear to passengers that standard travel insurance does not normally include flights home in the case of economic collapse by the airline. (Paragraph 151)

Government response

Following the failure of XL Leisure Group, in 2009 the Government launched a publicity campaign to increase passengers' awareness of the options for protection against airline or tour operator insolvency, and what to do in the unlikely event of being affected by the collapse of an air travel company. The campaign included information for consumers available on the Directgov website about holiday financial protection options and the ATOL scheme.² This includes information about SAFI cover. Evidence from the industry suggests that in the past 15 months many more UK travel insurance policies have included this as standard, or it can be bought as an add-on or separate insurance. Given this and the information on Directgov the Government believes that consumers should have increasing knowledge of the financial protection options available to them.

Conclusion

21. We believe that the aviation industry is very important to the UK economy. We therefore find it unsatisfactory that the Government leaves such a key industry to the vagaries of the market. The Government needs to carefully assess which parts of the industry contribute most to the economy, including regional economic development, and consider a more proactive role so as to ensure that strategic assets are not lost in these difficult economic times. (Paragraph 153)

Government response

The Government recognises the economic value of aviation and has an ongoing programme of work to develop and improve the evidence base in this area. In particular, DfT periodically updates and improves its forecasts of air passenger demand and assessment of benefits from increased airport capacity.

We expect to publish updated aviation forecasts and updated assessments of the benefits of airport expansion in 2010, potentially alongside the Government's response to advice from the Committee on Climate Change in relation to the Government's target to reduce aviation CO₂ emissions to below 2005 levels by 2050.

The Air Transport White Paper was based on extensive analysis and consultation, and a significant programme of work since its publication has ensured that our long-term strategy has remained up-to-date.

We note the Committee's acknowledgement of the importance of regional airports to the aviation industry and to regional economies, as outlined in the Air Transport White Paper.

² <http://www.direct.gov.uk/holidayprotection>
http://www.direct.gov.uk/en/TravelAndTransport/TravellingAbroad/BeforeYouTravel/DG_4019390

DfT proposes to commission research to improve the evidence base on the importance of international connectivity by air to economic growth at a national and regional level.

The Government is prepared to intervene in the aviation industry where necessary. For example, the Government has recently published its decision on reforming the framework for the economic regulation of airports. The reforms will put passengers at the heart of the regulatory regime, support sustained investment at airports and enable more flexible, targeted and effective regulation to protect passengers in the absence of effective competition.