

Transport Committee

Oral evidence: [Airlines and airports: supporting recovery of the UK aviation sector](#), HC 683

Wednesday 17 November 2021

Ordered by the House of Commons to be published on 17 November 2021.

[Watch the meeting](#)

Members present: Huw Merriman (Chair); Mr Ben Bradshaw; Ruth Cadbury; Simon Jupp; Chris Loder; Karl McCartney; Grahame Morris; Gavin Newlands; Greg Smith.

Questions 57–159

Witnesses

I: Tim Alderslade, Chief Executive, Airlines UK; Karen Dee, Chief Executive, Airport Operators Association; and Willie Walsh, Director General, International Air Transport Association.

II: Neena Bhati, Head of Campaigns, Which?; and Rt Hon Jenny Willott OBE, Chair, CAA Consumer Panel.

Written evidence from witnesses:

- [Airport Operators Association](#)
- [Airlines UK](#)
- [International Air Transport Association](#)
- [Which?](#)
- [CAA Consumer Panel](#)



Examination of witnesses

Witnesses: Tim Alderslade, Karen Dee and Willie Walsh.

Q57 **Chair:** This is the Transport Select Committee's second evidence session in our aviation inquiry. Last week the Committee visited Germany to see how their aviation and travel industry was faring. That was a very interesting trip. We will no doubt touch on it in this morning's session.

We have two panels before us. The first panel will be from aviation trade associations. We are looking to cover how the UK recovery compares with those of other competitive aviation markets across the globe, the UK's testing regime, refunds, sustainability, regional connectivity, slots and the proposed increase in charges at Heathrow. Good morning, panel. Can I ask you to introduce yourselves? I will follow the order in my brief and start with Willie Walsh. *[Interruption.]* You are on mute, Mr Walsh.

Willie Walsh: Good morning, Chairman. I hope you can hear me now. This is Willie Walsh, the director general of the International Air Transport Association.

Q58 **Chair:** Good morning, Mr Walsh. Karen Dee is next.

Karen Dee: Good morning, everyone. I am Karen Dee, the chief executive of the Airport Operators Association.

Q59 **Chair:** Good morning, Karen. Tim Alderslade is next.

Tim Alderslade: Good morning, everyone. I am Tim Alderslade, the CEO of Airlines UK.

Q60 **Chair:** Good morning, Tim. I hope that it is okay to address all of you by your first names. I extend a warm welcome to all three of you. Welcome back. You have given evidence before, and it is always gratefully appreciated.

I will start by asking about the UK aviation sector's recovery from the pandemic. I am keen to ask you about the next six months. How do you see transactions moving forward? How is the UK comparing with other markets across the globe? Willie, we will start with you, if we may.

Willie Walsh: It is fair to say that the coronavirus pandemic has devastated the airline industry globally. Airlines lost \$138 billion in 2020. We are forecasting losses of \$52 billion this year, with losses reducing to about \$12 billion next year. It has been absolutely devastating from a financial point of view.

It is also fair to say that we are past the worst of it. In fact, air cargo is now 9% above pre-crisis levels. Where Government restrictions have been relaxed or removed, we have seen a swift recovery. This year we expect domestic markets globally to recover to about 75% of pre-pandemic levels, but international markets are still lagging at about 22% of pre-Covid levels. In the year to the end of September, international passenger demand was at 19.8%. There is quite a difference between



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some of the figures I talk about, which relate to passengers, and others that relate to flights. We are seeing a stronger recovery in the number of flights being operated, but those flights are not full and are carrying lower seat factors than would traditionally be normal.

The UK has definitely lagged the recovery. According to data from Eurocontrol—again, for flights—the UK, which was traditionally the No. 1 market, has now fallen to No. 4. What is significant about that is where it has lost ground. It has lost ground to Germany, Spain and France. It is now 24% smaller than Germany. It is 16% smaller than Spain, when it used to be 26% bigger. It is 15% smaller than France, when it used to be 36% bigger. One of the most significant falls is in relation to Turkey, which used to be about half the size of the UK in terms of flying activity. It is now just 7% smaller. In fact, the UK has lost ground to 38 of the other 40 countries that the Eurocontrol data demonstrate.

The problem for the UK is twofold. First, it has a small domestic market. As I said in my opening comments, domestic markets are recovering faster than international markets. Secondly, Government policies in relation to restrictions, and, in the case of the testing regime, the cost of testing, have suppressed demand in the UK much more than in other European countries.

To summarise, all countries were heavily impacted. No airline has escaped, except for those that were all-cargo operators, but the UK and UK airlines have definitely struggled versus most of the other global airlines, particularly the European airlines. The recovery in the UK is lagging behind the rest of Europe. The recovery for UK airlines is also lagging behind their European competitors.

Q61 Chair: Thank you. I will come back to some of the points you raised, but out of politeness I will continue to go around the screens. Karen, how do things look for the next six months for the airports?

Karen Dee: UK airports' position is very similar to the one that Mr Walsh has just explained. We have lost out much more strongly than some of our European competitors. The most recent relaxation is bringing in a boost. In time for the English half-term, at least, we saw some considerable uplift, but our system is still much more restrictive than that in Europe. We still have a testing and PLF requirement that is more stringent and more onerous on passengers. That is certainly impacting on travel. We are optimistic for the rest of winter, but let's not forget that winter is normally a loss-making system.

In contrast, over the summer, when European airports were back up to 60% or 70%, sometimes higher, most UK airports struggled to get above the low double-digit percentages. Since the most recent relaxations, we are seeing around 30% to 50% across airports, depending on the different mixes, but that is for a relatively short period.



We are optimistic about going forward, and much more optimistic about spring and summer next year, but there is still quite a large amount of uncertainty. It depends on what happens with the virus, whether we see further restrictions being brought in and whether we can continue to persuade the Government to release some of our more onerous restrictions, so that we can take advantage of that. It is much better than it was at the start of the year, but, given the length of time and the losses that UK aviation has made across the board, it is still a very difficult time.

Q62 Chair: Tim, is your outlook similar to what has just been mentioned? Do you have anything to add?

Tim Alderslade: I will focus just on the UK. I agree with everything that Karen and Willie said. In the Eurocontrol figures from just a couple of weeks ago, the UK was 33% down on the same week in 2019, which is still the highest figure across Europe; it compares with 13% for France and 24% for Germany. Across Europe as a whole, the figure is 21%, so we are clearly lagging behind. As Karen said, in effect, we had a lost summer, with heavy restrictions when Europe was surging ahead and unlocking more quickly than the UK.

Looking ahead to next year, things are looking up, but it is important to know that we are not out of the woods yet if we look at some of the bookings. Just last week, Virgin was at 40% of 2019 levels. They think that over Easter and in the summer it will be at 60% to 70% of 2019 levels in the same period. Likewise, IAG is looking at around 60% for Q4; Q1 capacity in 2021 was 37% overall.

We are getting there, but it is a significant drag. The last two years have effectively meant very little travel. We are not going to ramp up overnight. It all depends on what happens with Government restrictions. Across the globe, even when we have been able to access markets such as the US, we still have restrictions there. Even vaccinated passengers still have to take a test. We are not able to access direct flights to China. We are seeing countries such as Qatar put on new restrictions.

It is very fluid. I think that the winter will be a late booking period, as people see what is happening, particularly with the booster shots, and whether travel restrictions will change as a result. That is still very uncertain, based on the fact that the Government have not been able to give any clarity on it. I think that 60% to 70% next spring and summer is the best we can hope for.

Q63 Chair: Thanks. Before I hand over to Ben Bradshaw, I want to drill in a little to some of the evidence that Willie has just given us. From an international perspective, one of the things that struck this Committee is that the UK was very quick out of the blocks with the vaccine roll-out, yet we seem to have been very slow when it comes to changing international travel restrictions. When we went to Germany, we just had to show our verification of vaccine. That was it. When we came back, we had the



testing rigmarole to go through. You mentioned that in June the UK was at 42% of the 2019 business, but Germany had gone up to 59%. Can we put all of that down to the barriers that the UK has inserted or failed to remove?

Willie Walsh: I think that is fair comment. It has definitely suppressed demand. It has caused great confusion for customers. I have been travelling quite a lot. For example, I was in Bogotá in Colombia, where I did not need to show anything, other than that I was vaccinated, but I could not enter the UK. I could fly back to Switzerland without any problem, but I could not go to the UK, because at the time Colombia was on the UK red list, for no reason that I could see. The data for Colombia were as good as, if not better than, those for the UK.

I think that the restrictions were excessive, for too long a period, and continue to discourage people, principally because of the cost of testing, even though it has been reduced now, and an antigen test is required, rather than a PCR test. There is no justification for the continued use of these tests, based on the data. I have quoted this several times: from 25 February to the end of September, 9.1 million PCR tests were undertaken by people who flew into the UK. The positivity rate was 0.8%. In the very same period in the UK, the positivity rate was 7.1%. The risk was not associated with people who were flying. The risk was already in the country, yet 9.1 million expensive PCR tests were required. As we know, practically none of those was sequenced. The justification for the expensive PCR tests was that they could be sequenced. Very few of them were actually sequenced, as the data now show.

The recovery is definitely being hampered by the bureaucracy associated with UK travel while a lot of other countries have simplified their procedures. Where we see restrictions relaxed or removed, there is an immediate response in passenger demand. That has been witnessed right across the world.

Q64 **Chair:** Tim and Karen, when we were in Berlin, we met your counterparts from Germany. We also met Lufthansa. Then we met officials from their Health Department and their Transport Department. They were very open and transparent as to how their decision making had been arrived at. They also regularly met and explained their decision-making process to the industry. It was very complementary.

In contrast, in this country your members have actually been taking the Government to court to try to get more transparency. How do you rate the whole transparency process in this country? I will start with you, Karen.

Karen Dee: There is a certain amount of transparency, in that we are told what the theory is behind the decision making and certain amounts of data are published, if you can find them, later on. What we fail to understand is this; we have never really been given, or understood, what a threshold is. As countries were being categorised as red, amber or



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green, it was very difficult either to predict or to understand what mix of criteria was going into that and being used by the Government. We understand that it was because there were a number of different criteria, but it made it really difficult for industry either to predict or to understand what was behind the decision making.

I think that is still the case, and that is largely behind our frustration and belief that the system is overly onerous. We just cannot see or understand why, as Willie just said, the UK is taking a different approach from other countries that put safety and security at the same level of height as we do in the UK, and is categorising them in a different way. We have not really understood quite what is behind that.

Q65 Chair: Tim, is the legal action still ongoing, in the event that Covid numbers take a turn for the worse, or has it ended now?

Tim Alderslade: I was not party to the legal action. My understanding is that the parties that launched that action have a right to appeal. I do not know whether they have exercised that right. That is one for them. I certainly have not heard anything about it for a few weeks now.

This was something that was done before the further reopening of travel, probably around September-October time. Things have moved forward. We are in a much better place than we were in the summer. As I said, we had a lost summer. The frustration was that we had huge pent-up demand and were seeing other countries around Europe and further afield opening up a lot more quickly than the UK. We could not see the justification for that, based on the data that we were seeing.

I agree with Karen that there was some element of transparency. I suspect that some Departments within Government wanted to go further. There was probably frustration there. We started to see Government engage with us in a much clearer and better way when the end of the furlough scheme started to near and some of the big economic Ministries started to worry about what that meant for jobs, economic prosperity, connectivity and the like. That is what moved the needle.

As Karen said, we still do not have transparency around the criteria. I do not think we will ever get that, frankly, based on the conversations that we have had. We just need to keep looking at the data and saying, "Look, the data that Willie just quoted shows that it is safe to travel." It is safer to travel into this country than it is to be here as a citizen. The infection rates are greater when travelling domestically than when travelling internationally into the UK.

We cannot be complacent. Obviously, we have to be wary of variants of concern. The Government have always stipulated that that is their No. 1 concern. It was the basis for the red list. Everything that we are seeing at the moment suggests that that is not something they are overly worried about, based on the fact that we do not have a red list at the moment.



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To answer your question, it is getting better, but that may have been more political, rather than Government wanting to open up to industry.

Chair: The next time we meet, before we have the Civil Aviation Authority and the Minister, we will have representatives from the Joint Biosecurity Committee, who are going to come and explain some of their decision making. We are looking forward to that and are grateful to them for it.

Q66 **Mr Bradshaw:** On that point, Tim, given that you have not been given explanations or transparency as to why we have the most restrictive rules, wouldn't it be sensible to keep the legal case going? In the past, it is only once you have got to court that the Government have actually moved.

Tim Alderslade: As I said, the legal challenge was not my legal challenge. It was not something that Airlines UK launched. It was a challenge, principally, from Manchester Airports Group, with the support of some UK airlines, not all of them.

I would not want to link the legal challenge with the opening up of international travel that we saw. Obviously, I cannot prove that. It is not something I wanted to spend money on, but I do not begrudge the companies that were involved. There was a lot of frustration around at the time because we just could not see why, looking at the data, the Government were not opening up more quickly. We had a ludicrously complicated traffic light system that was changing at a week's notice. At one point, they were proposing five different tiers on the traffic light system. We saw France moved on to a random tier all on its own. It looked as though the system was in a complete mess. Based on what was happening across Europe, there was a lot of frustration.

Now things are in a much better place, but, as I said, there is a lot of uncertainty, based on what is going to happen over the winter. We always said that once we started to remove the restrictions travel would be unlocked. The pent-up demand is enormous. We have seen that with the US. There has been huge demand to travel to the US since 8 November. Airlines are full to the brim. I do not know whether that will continue. I think that there was an element of people saying, "It's been 18 months. Let's just go and see some family and friends." We are in a better place now than we were a few months ago.

Q67 **Mr Bradshaw:** Let's move on to where we are now and the problem with the current system. Have any of you ever been given an explanation from the Government as to why we are the only country in Europe that still requires testing?

Willie Walsh: No.

Q68 **Mr Bradshaw:** And you, Tim?

Tim Alderslade: No.



Q69 Mr Bradshaw: Our passenger locator form is much clunkier and more complicated than the European one. Actually, most European countries do not require one any more. Have you lobbied Government on this? Have they given you an explanation as to why ours is so clunky, difficult to fill out and so forth?

Willie Walsh: We have certainly raised the issue. We have suggested that the form, if required, could be significantly shorter. It is also true that it is available only in English. Many other countries make it available in multiple languages. It is difficult to fill in.

From a lot of the data, it is really difficult to understand why people require it. I seriously doubt that anybody looks at it. I know that from personal experience, having flown into and stayed in the UK on a number of occasions. I had clearly stated on the form when I was arriving and when I was leaving. Days after I had left the country and returned to Switzerland, I was being contacted and asked whether I was still isolating at the address that I had given, despite the fact that the form was very clear as to when I would arrive and when I would leave. Why ask these questions if you are not going to use them? It is very frustrating for people to have to go through this bureaucracy when it is apparent to everybody that none of it is being used.

Karen Dee: I agree wholeheartedly. I have also travelled recently. The difference between what is required on returning to the UK, compared with travelling out, is stark, if you are just going to Europe, as I did. It is something that we as an industry will continue to lobby the Government about.

To be fair, the PLF is better than it was previously. We are managing to persuade Border Force, the Home Office and others that certain questions are no longer needed, but it is still clearly much more onerous than others. It is also quite difficult to fill in when you are abroad. It is still at the top of our agenda, especially if we want to see increased opening-up. That has to be one of the things we continue to improve.

Q70 Mr Bradshaw: Can I ask you about two issues that have come to the fore recently? The Health Secretary was challenged on them in the House this week. One is the fact that a number of countries are now introducing a requirement for proof of booster vaccine to do various things. They are planning to introduce that and will probably do so in the weeks ahead. The other is the problem that we have in this country that under-16s cannot get proof of vaccination, which is really making life difficult for families, and particularly for teenagers who are travelling on their own.

Have you been given guarantees by the Government that the booster jab will be on the app soon and any idea of what they are going to do to address the problem of teenagers? In many countries, proof of vaccination is a requirement for everyone over 12.

Willie Walsh: You are absolutely right. The requirement in many countries is for evidence when you are more than 12 years of age. We



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have raised the issue again. We have not had any constructive response that would lead us to believe that the issue will be addressed sooner rather than later. It is a problem and it will become a greater problem going forward.

It really highlights the need for a joined-up approach, not just by the UK Government. Clearly, we have been more critical of them, given the nature of this hearing, but we should be seeing more and more Governments talking to one another, looking at mutual recognition, accepting one another's systems and acknowledging that there may be differences. There should be allowances made for that.

We are seeing some of that. One good example is the EU digital Covid certificate, which has now been adopted by 50 countries. It is not just the EU27; other countries are using it as well, and more countries are looking at using it. You have a single system being used, which is much more convenient for consumers than having to use several different systems.

Q71 Mr Bradshaw: Are you noticing an impact from either of those things—the teenage problem or the booster not being on the app yet? Is it deflating bookings for Christmas?

Willie Walsh: Not at this stage, from the evidence we have. I think it will become more of a problem as people are discouraged from travelling because they are worried about the hassle or about being turned away when they arrive because they do not have the evidence required by the country they are travelling to.

Q72 Mr Bradshaw: Karen, do you want to come in?

Karen Dee: Yes. It is certainly something airports are worried about, particularly some of the airports that see the ski season as an important one, because it might make it difficult for families. At this stage, it may not really have made its way into consumer thinking. As we move forward, it could be a problem. It is certainly something we as airports are worried about.

Mr Bradshaw: Thank you.

Q73 Chair: Willie, this question is probably relevant to you, because it is from a more international angle. Do you believe that proof of vaccination is here to stay? We are talking about the UK moving from testing just to proof. Obviously, it does not even have that yet, but in Germany you just need proof of vaccination. Do you think that is here to stay, or do you think countries will start to look at one another and say, "If 80% of your population has been vaccinated, that is probably enough assurance that we need for people coming into our country"? How do you see it moving?

Willie Walsh: We believe that it will be here in the short and medium term, certainly. The issue tends to be that, when something is introduced, for good reason—nobody would question that there are good reasons for having this in place at the moment—it tends to stay, even



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though the need for it has disappeared. A concern we have is that many of the restrictions that have been introduced will continue well beyond the time necessary for them. That includes things like the PLF, proof of vaccination and testing. I think that they have a role to play, and they certainly had a role to play, but as we go through this and recognise that it is something we just have to live with, the need for all of this evidence should disappear. We are worried that it will remain in place.

Q74 Chris Loder: I would like to put the following question to Willie and to Tim. Are you able to tell us how much money, collectively, the airlines that are members of your organisations have in the bank from passengers who bought tickets over the last 18 months or so but have not been able to travel?

Willie Walsh: I cannot give you a figure. From most of the evidence that I have seen, I believe that passengers who have been entitled to a refund have indeed received refunds and—

Q75 Chris Loder: I will come back to you on that in just a moment. I just wanted a very clear answer to the question, if you are able to give it. I think that you are saying that you are not able to answer that question.

Willie Walsh: No.

Q76 Chris Loder: Would your organisation be able to share that information with us in writing after the meeting? Would that be possible?

Willie Walsh: We would not have it. It is not information that we have for the industry. We have information for some carriers, but not for all.

Q77 Chris Loder: Tim, how about you?

Tim Alderslade: It is the same as for Willie. It is not information that we as an association collect. You would need to speak to the individual carriers concerned. As Willie said, all airlines will now be paying refunds, when legally obliged to do so under the law. It is also the case that, over the last year or so, since the introduction of the restrictions, when someone is legally not able to travel but the airline is still able to put on the flight, for whatever reason—there are some people who have to travel for work—those airlines are offering the options—

Q78 Chris Loder: I am grateful for your explanation, but I am afraid that that is not the question at the moment. If you cannot answer the question, that is understandable. Thank you.

Do you therefore know how many passengers are affected? That is surely not quite as commercially sensitive. Do you know how many passengers have bought tickets over the past 18 months but have not received a refund or have not been able to travel during that time? Tim, are you able to help with that?

Tim Alderslade: Again, it is not information that we collect. It is information that—



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Chris Loder: That's fine.

Tim Alderslade: —individual air lines will collect.

Q79 **Chris Loder:** Thank you. Willie? No?

Willie Walsh: No. We don't have that data.

Q80 **Chris Loder:** Basically, you are saying that, as organisations that are representing the airline industry to us here today, no one is able to tell us the answer to that. I think it is fair to say that in previous sessions we have had this dialogue with different operators. It is an ongoing cause of concern for many people across the country who have, in effect, money invested in certain airlines where they have not been able to travel and not been able to get a refund on their ticket, despite some of the assurances that you give.

In light of the fact that you cannot answer the questions on how much money, or are unable to answer the question about how many passengers are affected, do you have a view on any statutory role of the CAA in terms of its powers to ensure that passengers receive refunds in a timely fashion and in full? I think it is reasonably clear to a number of us that, despite assurances, that has not been the case previously.

Willie, I will ask you that question first. I will come to Tim next, and then if Karen has any views to share that will be fine.

Willie Walsh: Allow me to make a couple of comments. First and foremost, when I was asked this question in a previous role, where I had the data, I gave it. It is not something that I think airlines have been shy about giving. Thinking back, they have been very clear about it both in their track record and in their determination. The CAA has authority, so the system already exists. If you have an issue with it, I suggest you take it up with the CAA.

Q81 **Chris Loder:** But I am just asking for your opinion. Do you think that the CAA needs any further statutory powers?

Willie Walsh: I do not think that they require any additional powers to the powers that they already have.

Q82 **Chris Loder:** Thank you. Tim?

Tim Alderslade: I think there are two separate issues. There is the issue that we saw at the start of the pandemic, where airlines were for obvious reasons cancelling a lot of flights, because of international travel restrictions. We saw a delay and a lag in paying refunds when they were legally owed, simply because airline systems were overwhelmed by the sheer volume of people who were claiming refunds. Airlines had staff who were working from home or who had been furloughed. They just were not able to cope within the CAA time limit that—

Q83 **Chris Loder:** Tim, I am grateful for your commentary, but the question is clear. I would like to stay within the bounds of the question, please. Do



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you believe that the CAA requires any further powers to ensure that passengers get their refunds in a timely manner and in full?

Tim Alderslade: The CAA believes that it does, and the DFT have said that they will consult on that very shortly. In terms of the second part of my point, the issue that we saw recently with the—

Q84 **Chris Loder:** Tim, I am so sorry to interrupt you. I am afraid I am asking for your organisation's opinion. It is really quite straightforward. It should not be too contentious, really. You either think that the CAA requires extra powers, or you think probably not because they exist already. I would appreciate just a straightforward answer, if that is all right.

Tim Alderslade: It is not something that we have a defined position on. We will wait to see what the consultation says when it is launched. If the CAA thinks it needs more powers, we will take a look at that and respond in due course.

Q85 **Chris Loder:** Do you know why the CAA thinks it should have more powers? Is it because airlines today are not fulfilling what they say they are, and therefore the CAA does not have sufficient power to make sure that passengers have the refunds they should have?

Tim Alderslade: I think there have been cases in the past where the CAA has been frustrated by the amount of time it takes to take a case to court. That is very much the case, and they will probably tell you that themselves. They were very clear last year, in the midst of this issue, that airlines were grappling with incredibly difficult circumstances. I do not know of any case where the CAA, in the last 18 months, has said, "We want to take legal action against this airline because of the inability to pay refunds." There were letters written and ongoing dialogue, but there was no legal action, as far as I am aware.

Q86 **Chris Loder:** Karen, do you have anything you would like to offer in terms of your insights on this matter?

Karen Dee: It is not something that, as AOA, we get involved in.

Q87 **Chris Loder:** I was not expecting you to, but I just thought I would give you the opportunity, if you did.

Tim, I do not know if this is appropriate. If it is not, please say. Are you able to ask that question of the airlines affiliated to you, which you are here representing today, and then to write to us to tell us what they have to say, and indeed, on my earlier question about how much money they have, in effect, and how many passengers are affected?

Tim Alderslade: I could certainly have that conversation with them, yes.

Chris Loder: Perhaps if you would write to us afterwards to confirm their responses, that would be fine. We can then make any further decision as to whether we inquire directly of the airlines. Thank you very much.

Chair: Before we move on to some of the specific matters I mentioned,



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we will finish on pandemic matters and financial support for the sector, or indeed perhaps lack of. We will go to Gavin Newlands and then straight over to Grahame Morris.

Q88 Gavin Newlands: Thank you very much, Chair. Good morning; it is good to see you all again. I will go back to the bugbear of support over the last year and a half or more. The Chair mentioned a trip to Berlin. We were all very impressed, certainly on the face of it, with the perhaps more collaborative approach between industry and the German Government in these matters.

As we have been hearing, obviously the UK is lagging behind internationally in its recovery, as well as within the UK. There are parts of the UK that are lagging behind the rest of the UK as well, although there are some good signs. For instance, I hear that British Airways are rehiring circa 3,000 cabin crew. In general terms, is sector-specific support as originally promised in the form of air loans or grants still necessary to assist the aviation industry to recover? I will start with Karen.

Karen Dee: It will not surprise you to understand that we have been very disappointed with the financial support that was available. We had hoped for an aviation-specific deal. To be fair to the Government, my members certainly made use of the CJRS where they could, although of course, as airports, quite a lot of our staff are fixed. If you are open, you simply cannot furlough lots of people, but where they could they made good use of that.

We have had some limited business rate support through what the Government call the AGOSS. Again, if you are a relatively small airport, it has been very useful, but because of the caps and the way the scheme is designed, you cannot claim it if you are general aviation or business aviation airports. It is purely commercial. There is a cap of £8 million for a year, so it is your losses or your business rates bill. Of course, Heathrow's business rates bill is more than £10 million a month. For those very large airports, AGOSS does not really touch the sides, but certainly that has been welcome—

Q89 Gavin Newlands: Forgive me for interrupting, Karen. Obviously, these are views I have shared many times over the last 18 months, but that is behind us, at least to some degree, with some recovery in the sector. Currently, and moving forward, do you think support is still required in some form of loans or grants?

Karen Dee: We have been pleased that AGOSS has been extended to the end of this financial year, so we have another six months. That has been welcome because it is a very high-risk period for us as airports, and for airlines as well, I am sure, as we scale up. We are not going to see passenger numbers recover probably for five or six years, to get back to where we were. It is quite a risky period for our industry, and both the fiscal environment and the policy environment is something we think Government should be looking at to show how they can support the industry to drive recovery and ensure that it is brought forward more



quickly. Certainly, it could be around APD and all of those other sorts of measures. It could be supporting regional connectivity. There is a range of things that I think Government should be looking at to ensure that a recovery is brought forward very quickly for aviation, because otherwise levelling up and global Britain are pipe dreams.

Q90 **Gavin Newlands:** Tim?

Tim Alderslade: Certainly, we have been grateful for the financial support that we received. It was fairly clear that the Treasury did not want to go down a sectoral approach to aviation. It was cross-economy, which was very different from how other countries have done it. We made use of the furlough scheme, which all airlines have tapped into. We wanted to see that extended, but I think it is clear that the Treasury wanted to move on from that scheme.

We have also taken advantage of the loan schemes available. There has been over £2 billion, if you look at Ryanair, IAG, easyJet and Wizz Air. Other companies outside the airline sector have utilised those loan schemes. We wanted a sectoral package back in March, like everybody else. It is clear, though, that the Treasury decided against that and moved on. We now need to look at the policy side of things overwhelmingly, although we were very pleased to see the domestic APD cut announced in the Budget, something that has been called for by the industry for a long period of time.

I think the policy side of things is where we need to focus most of our attention at the moment. We always said that the way to save the aviation sector was to allow us to trade and to allow us to reopen and put flights on. As soon as the restrictions were removed, we have seen demand and capacity increase.

I am not saying that financial support for the sector is not required, moving forward. I am a realist, looking at where we are with the public finances. We want to see the recovery strategy document published at some point in the new year. I am slightly concerned that it is going to be a bit of a rush job. If you look at all the challenges facing UK aviation at the moment—connectivity, sustainability and slots—there is a huge open canvas for what we want the sector to look like moving forward. I do not think we have started yet as an industry, and also across government, to grapple with that. I think it is much bigger than sectoral and fiscal support. It needs to be much more comprehensive and to look at the policy framework. That is probably where I would focus my attention.

Q91 **Gavin Newlands:** I appreciate your realism. If I were to give you a magic wand or the keys to the Treasury, and you were to design support for a much more indebted sector in the UK to bring it back to full recovery, what would that support look like to you, Tim?

Tim Alderslade: As I said, we have taken extensive support in the loan schemes. If they could be extended, if we are struggling in the recovery



moving forwards—it is obviously very fluid—access to that capital would be important. The problem is that we have taken on billions of pounds of debt as it is. There is a limit as to how much debt airlines can take on. They have obviously had to tap up the private market, in addition to Government schemes. I cannot just say that we need more access to loans. I do not think that the Treasury is going to give us grants.

On APD, we wanted a 12-month holiday. We called for that very robustly. It is not something that the Treasury has bitten on, unfortunately. Certainly, we would want a 12-month window on APD, to have a look at how that impacts on connectivity and demand. We were very clear about that, and we published a report 12 months or so ago, looking at the kind of routes that would be sustainable with that window, in particular out of regional airports. I think it is really important to grapple with Heathrow and the Manchester Airports Group airports. They will likely recover quicker than some of the regional airports and the smaller airports in Karen's membership. APD relief would stimulate domestic and international routes out of some of these airports. That is the kind of thing that we would be looking at, but I am not going to put any money on it, let's put it that way.

Q92 **Gavin Newlands:** It is an issue we will go into in a bit more detail later in the session. Karen, given that Tim has brought it up, can I ask you before I come to Willie for his opinion on the broader issue? Do you think that Tim has a point, and that regional airports, certainly airports outside the south-east or that are not Heathrow and are not seeing the same recovery as other parts, should have more targeted support?

Karen Dee: Certainly, I agree, and we had some work done for us at the start of the pandemic by Steer, who looked at how the recovery might come about. It is certainly right to say that it showed that airports based in the devolved nations or in the regions are likely to recover much more slowly. That is partly because, when you are fiscally constrained and are trying to attract airlines, airlines will naturally be seeking to maximise their financials by going with the most profitable routes. There will be some consolidation, and that damages connectivity.

I think there could be financial support going forward. We are crystal ball gazing a bit, because it depends on whether or not we go back into restrictions. Assuming that we do not, in the fiscal environment there are lots of things the Government could be looking at. What are the ways they can help with providing additional connectivity? The industry works very hard at trying to build routes and make them profitable, and all those sorts of things.

There are other things; for example, there will be big investments that we all need to make on the sustainability agenda. There are things in that environment, as well as APD and business rates, that could certainly help to ensure that we deliver on making UK aviation great again and getting back to where we were, frankly. It is also to help other airports and



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airlines that might particularly be struggling, and where that can benefit the rest of the UK economy and other agendas.

Q93 **Gavin Newlands:** I may have been a bit harsh asking you that question, given that you represent Heathrow and the other airports, but thanks.

Willie, now that we are 18 months beyond where we were previously, do you have any comments on any of the questions that have been asked, given that in your role you have a much broader and international view of the situation than you did previously? Looking back, do you think that the UK Government were right to offer broader economic support rather than the sector-specific support that was called for by many, including yourself and indeed the Committee?

Willie Walsh: I think the UK Government were wrong. I do not think there is an appreciation for the economic contribution that aviation makes to the UK economy. It differs from the approach adopted by many other countries, which value the connectivity that aviation gives them and the contribution that it makes to their economy. The US would be a leading example, where the Government clearly recognised that, without a US airline industry, they would suffer significant damage to their economy in the long run. They moved very quickly to make grants, loans and indeed in some cases equity available to support their industry. In the UK, I think the Chancellor took the view that the industry could survive or die on its own, and he was not going to interfere.

The job retention scheme clearly was of significant value. It was similar to schemes pretty much everywhere across the world and kept people in employment who otherwise would have lost their job. Certainly, it enabled the industry to recover a little bit more quickly than it would have if those schemes were not in place, but I think the Government took a huge risk in standing back and not providing clearer financial support to the industry in the UK, which differed significantly from most other European countries and many other countries across the world.

If you were to ask me what the Chancellor should do now, to be honest with you, I would not ask for an APD holiday. APD should be scrapped. It is a tax on doing business in the UK. It just makes the UK more expensive. The combination of APD and the cost of testing makes the UK even less competitive when it comes to global competition. I have long called for the scrapping of APD and will continue to do so. I think it is wrong that the industry is taxed in this manner, particularly when people try to argue that it is an environmental tax, and we all know it is not.

Q94 **Gavin Newlands:** Thank you. That may be politically problematic, I would suggest. I have a very quick last question, so can you give brief answers because of the time?

The DFT is producing a strategic framework with regard to the recovery of the sector. Karen and Tim, do you think you have had any meaningful input into the process?



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Karen Dee: It is at the very early stages. I would like to see more. I think there are lots of issues that, once we get into the detail, we will have views on. I do not think we have seen that level of detail yet. Certainly, Ministers have reassured us that it will happen, but it has not yet.

Q95 **Gavin Newlands:** It hasn't yet. Tim?

Tim Alderslade: We are expecting some ministerial roundtables in the next few weeks and some sort of outline of themes that the DFT is looking to flesh out in the strategy, but it is very early stages.

As I said previously, my worry is that it is seen as very much a siloed DFT document and strategy. As Willie said, we need all parts of Government and all Departments in Whitehall to see aviation as the strategic asset that it is. I would like to see a much more all-encompassing Whitehall strategy looking at aviation over the longer term, more than the next 10 years or so.

Gavin Newlands: As I understand it, this framework is to be published by the end of the year, yet the roundtables have not happened yet. Is that correct? Is that your understanding? You are nodding. That was a yes.

Chair: To a certain extent, that document was promised to us in autumn 2020. Tim is saying that there is a danger it will be rushed by coming out in 2022, but there we are. On that basis, over to Grahame.

Q96 **Grahame Morris:** Thanks, Chair. Tim, Karen and Willie, I am sure you are familiar with the terms of reference for our report. You are important witnesses to the Committee as airline and airport operators. We all subscribe to Willie's opening remarks about wanting to see a swift and strong recovery. We all want a swift and strong recovery for aviation with appropriate actions and interventions from Government. Your evidence is important to the work of the Committee in that regard.

Do you share the concerns that I and others have that the aviation industry will not have the workforce to meet pre-pandemic levels of demand for flights? Do you think that current aviation industry standards, for example on terms and conditions for the workforce, particularly pay rates, are sufficient to attract the workforce and skills that the aviation industry needs to meet the anticipated increase in demand?

We had a very interesting and illuminating session in Germany with Lufthansa, the German airlines and operators, as well as public health. Their approach is very interesting. I am very interested to hear your views. They have a rather different approach. There were no permanent reductions in pay and terms and conditions, which I believe helped the system to recruit and get their industry flying. Tim, could I ask you to respond to that first?

Tim Alderslade: All airlines are different. It is not a one-size-fits-all approach. It will depend on the return of traffic and capacity, and the



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next six months, once we get through the winter and into spring and summer next year, and what levels of traffic we are looking at, the capacity and the fleets they are putting on. I cannot talk about individual airline plans. I am not in a position to talk about labour relations for a particular airline. What I can say, though, is that it is good that we are now starting to see hiring again. You mentioned British Airways at the start of the session. Heathrow is starting to hire again. That is good for the sector. Nobody wanted to see 30,000 UK airline redundancies last year.

Whether we will have the skills available is something we are concerned about. We want to work through the strategy with the Government, over the next few weeks and months, and how we can upskill and make sure that we have the right people coming into the sector. The DFT has an aviation skills forum and a portal, where people can look at some of the vacancies in the sector. It all depends on the next six months or so and the rapid resumption of traffic. In terms of individual airlines, I cannot give a summary, I am afraid.

Q97 Grahame Morris: I was just looking for a general view on whether the current terms and conditions, wages in particular, are a fetter or an obstacle to recovery. Karen, may I put the same question to you?

Karen Dee: Thank you. There are a couple of things. In the general scheme of things, a tightening labour market will certainly be a concern for the sector as a whole as we scale up, and lots of our members are now recruiting and scaling up. From an airports perspective, it is important to understand that, as airports, we have quite a high proportion of fixed staffing and costs. If you are open, you require those staff. Perhaps, percentage-wise, we had fewer staff we were able to furlough because if you are open you need those people anyway.

It depends. On the skillset and wage rates, in lots of areas of operation, there are highly skilled, well-paid jobs that contribute a lot. Where we will start to see some tensions is in recruiting back to some areas, such as security and other things, where pay rates may be more comparative with other sectors where there has been high demand. That is a worry for us. In aviation, because of the uncertainty around what the Government will do on restrictions, it is understandable that some staff will think, "Should I go back to aviation or stick with retail or somewhere else where it is clear that we are not going to see restrictions and there might be more certainty?" It is certainly something we are aware of and have some concerns about, but, as I say, there are lots of areas where the pay rates are already good, and they are highly qualified jobs. We just need to ensure that we are able to keep them and fund them, and that we have the demand for them.

Q98 Grahame Morris: It is absolutely legitimate that you ask, through us, for particular actions and interventions from Government. My question to the operators is, are there things that you could be doing too to facilitate the anticipated increase in demand that we all want to see? Can I put that to



Willie Walsh, please?

Willie Walsh: I think Karen answered it very well. The issue in future recruitment will be the uncertainty. The airline industry has clearly suffered more than most industries. Even if you look at the data since the end of the job retention scheme at the end of September, from the beginning of October to date, BA is operating at about 50% of capacity it operated at in 2019. It is significantly below where it was.

What we have seen globally is that in some countries low-skill areas have been harder to recruit to, again for the reason that Karen highlighted, and the airline industry has tended to suffer. In many cases around the world, the support that was made available for unemployed or furloughed staff was quite attractive. That is not the case in the UK. I do not think that the UK industry will face any difficulty in recruiting skilled labour. There is clearly plenty of supply in skilled labour at the moment. Karen's point about the lower-skilled labour force, where the airline industry is competing with other service industries, may be an issue not because of pay and conditions but because of the ongoing uncertainty around what Governments might do in relation to travel restrictions and the impact that that would have on operations.

Grahame Morris: Thank you. Certainly, we have seen that in the HGV sector and the logistics supply sector, which the Committee is going to look at. Thank you for your responses. I will hand back to you, Chair.

Chair: Thank you, Grahame. Witnesses, I am conscious that we are close to time but we have a lot that we still want to ask you, particularly about Heathrow. If you want to say, "I agree with the above," in each other's evidence, please do. Members, if we can be succinct and to the point, it would be appreciated.

We want to touch on the environmental challenge that the industry is facing, in addition to the pandemic. Over to you, Ruth Cadbury.

Q99 **Ruth Cadbury:** Thank you, Chair, and thank you, witnesses. Aviation will deliver an increasing proportion of UK carbon emissions as other sectors decarbonise. To what extent do you think the Covid-19 pandemic has set back the aviation industry's plans to decarbonise, if at all? This is to Tim and to Karen.

Tim Alderslade: I do not think it has set us back at all. I think we are very aware that our licence to grow as a sector is dependent on our ability to reach net zero emissions. Just before the pandemic hit, the UK aviation sector was the first national aviation sector in the world to commit to net zero emissions by 2050. That has now been replicated across the EU. The global airlines—Willie can explain more about that—have now also committed to net zero emissions.

The challenge now is Government delivery and industry delivery. Our position is that we do not need to go down the demand-constraints road. The technology is there and we are very committed to looking at funding and developing sustainable aviation fuels, and working with Government



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through modernising our airspace and developing the CORSIA scheme, as well as developing the Aerospace Technology Institute funding that will look at some of the cutting-edge technology around hydrogen and electric. We believe that through those measures and collaboration with the Government we can get to net zero.

We have to do that. We are an island nation that relies on global connectivity and aviation. It just requires the right policy frameworks. For example, there was very welcome Government funding for SAF a couple of weeks ago. There was £180 million that will help to get some of the first two or three SAF plants built across the UK, but that will not be enough on its own. We need support around a price stability mechanism and around a mandate because we need to put in place the right incentives, both for airlines to invest in SAF and for private investors. They need to make sure that they are going to get a return on that investment. Likewise with ATI funding, it is very welcome that the Government have committed to fund that to 2031. We do not yet know how much it is going to be. Those programmes are on hold until we get clarity through BEIS and its spending review settlement.

If you look at all the wedges of how we get to 2050, it is all there—airspace and modernisation. We need to continue with that programme. The Government are committed to doing that. We need a long-term agreement at the ICAO general assembly next year. There were some very welcome developments at COP a couple of weeks ago, with 20 member states, including the UK, the US and others, committing to a more ambitious long-term target to accommodate a 1.5 degree world.

To answer your question, the pandemic has been awful. It has taken up a huge amount of our time and energy, but we know that we have to do this to hit net zero emissions because otherwise the Government are quite clear that they will start to cap and constrain our ability to grow.

Q100 **Ruth Cadbury:** Karen, do you have anything to add?

Karen Dee: Tim has put it really well. I agree entirely. I do not sense any lack of commitment from my members. In fact, we recently published an updated sustainability report that shows the plans the airports are putting in place, and continue to implement, for the emissions they control. The industry knows that that is the way forward. We have the plan, as Tim highlighted, through sustainable aviation. We just need to ensure that we work in collaboration with Government and internationally as well to get it under way.

As Tim said, it was unique for the industry to come together to develop that road map and to commit to it. I do not sense any moving back from it, which is really pleasing.

Ruth Cadbury: I will come back to Willie on the international picture, but I will hand over to Greg Smith for the next question.

Q101 **Greg Smith:** Thank you very much. Good morning, witnesses. We heard



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some clear evidence earlier around APD in relation to Covid recovery. I want to refocus that discussion around APD's role in environmental challenges. The Treasury was quite clear in the Budget we have just had that by increasing the number of bands from two to three, so that the people who travel the furthest pay more, it is certainly their belief that that will help in environmental challenges and the path to decarbonisation.

First, Tim and Karen, do you agree with the Treasury's assessment? Within that, could you comment on any market research you have or any customer insight you have as to how much those changes will actually impact people buying airline tickets and coming through airports? Within that, how much do people, when they are considering flying, from any data you have, actually consider the level of APD, either through an environmental lens or whether or not they choose to buy the ticket.

Tim Alderslade: We did not agree with the introduction of a longer-haul APD band. I know the Treasury said that it is only £4, but £4 added to the cost of a ticket, with everything else that airlines have to pay to pass through, is not insignificant.

The main reason why we do not agree with using APD as an environmental measure is that it is not an environmental tax. APD does not impact on the externalities of aviation. It does not act as an incentive for airlines to invest in new fleets. It does not act as an incentive to invest in SAF or to have conversations with aerospace manufacturers about some of the new aircraft coming on stream. It is literally a revenue raiser for the Treasury, and it always has been.

To answer your question, I think some of the media narrative is around using APD as a vehicle to constrain demand. That is what it is. It would be a vehicle. As I said on an earlier question, if aviation cannot prove that we can hit net zero, it is one of the measures the Government could take to constrain demand, alongside constraining airport expansion and the like.

Our very strong preference is to go down the technology road and to say that we have access to the technology in the here and now in airspace modernisation and in SAF, which can be dropped into the back of an aircraft now. Airlines are now making commitments around mandates. We have a commitment as a sector around a 10% mandate through to 2030. Airlines are making their own individual commitments. At this stage, we do not need to go down the route of constraining demand through additional taxation, when that tax does not act as an incentive.

If you increase APD on longer-haul flying, how will that incentivise Virgin Atlantic or British Airways to invest in the newest, cleanest and most efficient aircraft? It will not. I do not have the data or the evidence to hand. I am sure that it acts as some sort of deterrent and there is a little bit of demand constraint, but I think the Treasury has got it slightly wrong. I suspect it did it because it needed to demonstrate that with its



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domestic cut it was robbing Peter to pay Paul almost. Politically, it would have been difficult to do one without the other, but that is certainly where the industry is.

Q102 **Greg Smith:** I appreciate that answer. Karen, is there any data, market research or modelling, that actually shows the impact on consumers and on those who wish to buy an airline ticket to go for business, for holidays, to see family or for whatever purpose? Is there some modelling that shows the impact of these APD changes and customers' attitudes to APD as an environmental tool as opposed to just another tax?

Karen Dee: I am not aware of any. Of course, as airports we do not necessarily have that direct relationship with customers. I agree entirely with Tim that it does not work as a green tax. There has been research previously that shows that, because of the global nature of aviation, having APD in the UK that is higher than in any other country in the world means that it is much more difficult for airports to attract airlines to the UK. We have to compete and make UK airports attractive. If they have an additional burden that they have to put on a ticket price, certainly for regional airports where you have to work really hard to prove that there is a commercial case, it is easier for the airlines to base their fleets within Europe or to fly on routes where it is easier to become profitable.

I do not have information about the impact on consumers. Personally, I think that market-based measures would probably be more effective. As Tim says, it is a blunt tool, and it does not differentiate. It is not a cleaner airport or a cleaner flight or anything like that; it is just a flat tax. None of that revenue gets back into incentives.

Q103 **Greg Smith:** Thank you. That is a neat bridge to Willie. You already said in some of the written evidence that you have provided to us, and I quote, "none of the billions of pounds" collected from the high levels of APD charged on long-haul, international flights will result in green investment. Can you comment on why you believe that to be the case? Do you have any modelling or market research that can back it up?

Willie Walsh: APD is not an environmental tax. It was Gordon Brown in his pre-Budget speech in 2006 who made reference to the environmental impact of increasing APD, when he doubled it at the time. I wrote down this quote from Justine Greening when she made it in 2011, and I keep it close to me all the time. She was Secretary of State for Transport at the time of an increase in APD. She said, "The Government want to refocus APD on its core objective of raising revenues for the Exchequer." That is what it is. It has always just been a revenue-raising exercise by the Exchequer.

There has been some research. I know there was some done in the UK. I do not have it to hand. It has a marginal impact on the number of passengers flying. It does not have any environmental benefit because it reduces the number of people on the aircraft, but it does not reduce it sufficiently to stop the aircraft flying. With the very high levels of APD on



long-haul flying, where there are no alternative forms of transport available to people, all it does is make the aircraft's operation less efficient because there are fewer people in the aircraft. There is no environmental benefit. All of the money goes to the Exchequer, and all of the money is spent by the Exchequer on issues that do not help the environmental performance of the industry in any way, shape or form.

Greg Smith: That is extremely helpful. Thank you. With that, I hand back to Ruth Cadbury.

Q104 **Ruth Cadbury:** Thank you. Willie, you now have an international role in aviation. Where do you feel aviation is in cutting carbon emissions? Is it doing enough? Is it doing it fast enough? If not, what does it need?

Willie Walsh: I thought your initial question was very important. Have things changed through this pandemic? In fact, I agree fully with what Tim said. Not at all. In fact, the focus on the environment has very much increased, both from a customer/consumer point of view and from an airline management point of view. We see more and more evidence of airlines investing money in new forms of environmental objectives. We have seen significant investment in carbon capture technology and more money going into sustainable aviation fuels. Trillions of dollars have gone into new and more efficient aircraft. As Tim mentioned, the airline industry in early October committed to achieving net zero by 2050, recognising that the cost of transition to net zero will be somewhere in the order of \$2 trillion. The industry sees that as an absolute necessity.

Unfortunately, we do not have many options available to us in the short term, hence the reason why we are putting significant focus on the development of sustainable aviation fuels, which can, as you know, have a carbon footprint of up to 80% less than the kerosene that we use each day. Tim is right; the critical issue now is that we get the right Government policy framework in place to incentivise the production of sustainable fuels.

In this area, I think the UK Government have been ahead of most other countries with the support that they have given recently. Investment in sustainable aviation fuels is a win-win for everybody. It will help to reduce the net emissions of the industry and it will generate new, green jobs. It will reduce the requirement to import fuel, so it will improve energy independence. It is something that the Government should continue to look at.

A lot of work went into sustainable fuels for road transport. We know there are alternative sources available. There will not be a short-term alternative to a liquid-based fuel for aviation. Hydrogen may well be an option from 2035 onwards, subject to the hydrogen being produced in a green way. We will see advances in electric, hybrid electric and hydrogen between now and 2050, but the main option available to the industry in that time period is using sustainable aviation fuel with a much lower carbon footprint than the kerosene we are using today.



Q105 **Ruth Cadbury:** What odds do you give to international aviation being net zero by 2050?

Willie Walsh: I would give it a 90% chance of being there. There may be some parts of the world that will struggle. At this stage, based on all the evidence I have, it is 90%. To be honest, if you were asking me this question next year or the year after, I would expect to be able to say 100%. In fact, I know there are some airlines that are looking to achieve it before 2050. I think very significant progress has been made. Personally, I have no doubt that it will be achieved, but if I were to demonstrate it by the evidence we have I think there are some parts of the world where 2050 will be a real struggle. I expect that to be overcome in the next couple of years.

Ruth Cadbury: Thank you.

Chair: Conscious of time, as I am, before I ask you about Heathrow and slots we want to focus a little on the recovery for the regional airports that have really struggled. Gavin will start, and then Simon.

Q106 **Gavin Newlands:** Some of the issues have already been touched on and alluded to. Domestic air routes are facing specific and unique pressures in recovering compared with international routes, which might be some political pressure in terms of shifting to rail from air, and so on.

My colleague will drill into the detail on that and on APD. I have a specific question on the impact of the implementation of the UK emissions trading scheme on the potential viability of some routes. We have evidence from Loganair on that. Tim, what is your assessment?

Tim Alderslade: It is certainly something that Loganair is concerned about. Clearly, we do not want to be in a position where carriers are priced out on the price of carbon. It is right that we have an emissions trading scheme. It is right that we have CORSIA, but we need to be very careful for regional airports where viability and profitability per route is very small.

We do not have the regional aviation system that other countries have, if you look at China and the US. Part of why it has been very difficult for regional carriers, and for domestic airports in particular, is that we do not have that ability. Domestic political pressure is increasing, I think unfairly, because of the importance of regional connectivity. The APD cut a few weeks ago was incredibly welcome, and there was a lot of media speculation and media pressure to brief a story that domestic flights involving the UK were over water. If you speak to Loganair and look at the routes it wants to put on, both new routes and increasing frequency on existing routes, they are Northern Ireland and Scotland to mainland UK, which is why Peter Hendy recommended it in his initial report. Of the other two fifths, half are capital cities, such as Edinburgh to Cardiff, the sort of routes where, frankly, rail is not a viable option.

In this country, we need to value regional aviation. We have always said that the train is a viable competitor to aviation. We are not anti-



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competition at all. For flights of two or three hours to Manchester and London, we should absolutely compete with the rail industry, but we are talking about lifeline flights and people who want to go for business, there and back in a day, from Edinburgh to Exeter, for example. We need to be careful that we are not talking ourselves out of a robust, credible and successful domestic aviation network. Without it, some of Karen's smaller members will really struggle, in particular coming out of the pandemic when it will be more difficult for them, because of the situation we have with the pandemic, to attract—

Q107 **Gavin Newlands:** I am sorry to interrupt you, Tim. I am conscious that we are already over time, and we still have issues to address. As MP for Glasgow airport, I hear you when it comes to support for regional aviation.

Karen, if you have anything to add, feel free. If you do not have anything substantial to add, I will pass over to my colleague. Do you have anything to add?

Karen Dee: I agree entirely with Tim. It is really important that we understand the importance and the economic contribution of domestic connectivity. It is not just from regions to London. It is between regions, and it is between the nations. I cannot emphasise that enough. It is really important. It does not get enough hearing.

Gavin Newlands: I agree. Thank you both very much. Over to you, Simon.

Q108 **Simon Jupp:** Thank you, Gavin. Before I begin, I place on record and declare that members of my family own an international travel business, although I have no financial interest or involvement in it.

We have covered APD and the Chancellor's very welcome announcement during the Budget, which was a surprise to some of us at least. I am very concerned about the future of some regional routes across our nations and regions. Cornwall has a public service obligation route between Newquay and London, for example. That is the only example I can think of in the country. Tim, are there any domestic UK routes that you are particularly concerned may not return, or may not exist, in the short term because of the pressure on the industry, airlines and airports?

Tim Alderslade: I am not going to speculate about individual routes. That is for individual carriers to take a look at. Clearly, the sector had a hit when Flybe went under a few years ago. A decent proportion of those routes was picked up by Loganair, Eastern or other carriers. It is something that we need to keep a very keen eye on. Loganair have had a difficult 18 months or so. They are starting to ramp up again and now have 100% of their staff back working for them.

I am not going to speculate about individual routes. The domestic APD cut will certainly help on some of the routes that they are talking about. Ideally, we want to see that introduced from next April rather than April 2023. I think that is frustrating. If I were the Treasury, I would be



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looking to bring it forward so that we can see the benefits of that cut. That is the single biggest thing that the Government can do. If you look at the £6.50 cut that the Chancellor has announced, and you look at the average domestic fare, it is a fairly substantial whack. That will really have a positive impact on route development. I will leave individual routes to airline CEOs.

Q109 Simon Jupp: Thank you, Tim. Karen, are there any particular routes that you would be concerned about, or where you think there was more demand before the pandemic and there might be less demand in the future, or any particular regions that you think could be more affected than others as a result of the changing habits of travel throughout the pandemic and as a result?

Karen Dee: Like Tim, I do not think there are any specifics I can give you in terms of routes or particular airports. What I would emphasise, though, is that we are concerned about connectivity. Most of the data show that, if there is consolidation and if there are concerns about whether the UK introduces restrictions or has tougher restrictions, it makes it more difficult for regional airports to attract airlines to base themselves there and to fly routes from. What I can say is that those regional airports are going to have to work really hard to ensure that they can maintain the connectivity that they have. That is not just about costs. It is not just about APD. Those are big factors, but it is also about whether the airlines can reasonably run the routes and make a profit, or whether they base them somewhere else that is not in the UK at all. That is a big concern.

Q110 Simon Jupp: It was announced this morning that Flybe is relaunching. We know it is one of the original shareholders that took over Flybe in 2018. It is relaunching in Birmingham; it was previously based at Exeter airport, in my constituency. Given that an awful lot of the routes that Flybe operated, especially domestic routes, have now been taken over by other operators, not least Loganair, is there still room for Flybe in the network?

Tim Alderslade: There is certainly room for them in my membership. To answer your question, competition will dictate the answer to that. As I said, some of the routes that they were operating previously were clearly not viable because not every route was picked up by another airline. If they can operate an efficient operation with a nimble fleet, the right-sized aircraft on the right routes where there is demand at the right times of the day, and they can compete, good luck to them.

Q111 Simon Jupp: Yes, I wish them well. It is a difficult brand to revive after quite some time of not being in the air. Karen, we have the news today that Flybe is coming back, though no routes have been announced yet. Is that something your membership will welcome?

Karen Dee: We will always welcome additional airlines that want to run routes from our airports, so yes. Clearly, we are market-based in the UK.



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It is good for competition, it is good for routes and it is good for businesses in those areas. I wish them every success.

Simon Jupp: Thank you.

Q112 **Chair:** My apologies to the second panel who have been waiting very patiently. Finally, I want to ask for your views on the Heathrow price review. The Civil Aviation Authority is consulting on it at the moment. The upper range could be 50% increases. Heathrow, I believe, already has the most expensive global landing charges.

Karen, Heathrow is one of your members. Is it acceptable, given that industries across the board have lost money in the pandemic, for Heathrow's shareholders to benefit at the expense of other shareholders, or indeed passengers?

Karen Dee: The first thing I would say to the Committee is that, obviously, I am pleased to answer as I can, but I am not Heathrow. I do not have the details. I know that they have been keen, and will be keen, to provide you with further detail.

What I can say is that years ago Heathrow was a poor airport. Its shareholders have invested a lot. I think it would be a very strange situation for not just aviation but any private investor not to want to make dividends if they invest. That is at the core of private enterprise. My understanding is that the shareholders there have negative equity.

The important thing, though, is that all airports and all aviation suffered huge losses as a result of the pandemic. As I have said before, Heathrow is not unique in this way. All airports have very high fixed costs. We are safety critical, security critical, big bits of national infrastructure. If we are open, those costs are there. They have to be met and financed. The reality for the future is that they are high costs. We do not want to downplay standards. If we are going to make them go forward, the costs are not going to go down; there are investments that have to continue to be made for operational costs and maintenance for those assets. If there are fewer passengers, the costs will be spread over fewer—

Q113 **Chair:** Karen, I appreciate that, but perhaps I can interrupt. Breweries have a very high fixed cost, but they are not putting the price of a pint up by 50% to claw back money that has been lost during the pandemic. This is such an outlier.

I put it to you again. Heathrow was already up there in the scale of its charges. It is also now up there in looking at increases of 50%. I think, with the exception of Schiphol, no other airport I can see on a curve is proposing 50% increases in its landing charge.

Karen Dee: But that is exactly why we have a regulatory process. I have heard all the concerns and criticisms about monopolies. That is why we have the CAA process. No doubt, neither Heathrow nor airlines will get exactly what they want because the process is designed to protect consumers and find the right balance.



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As I say, Heathrow will have to give you more of the detail. My understanding is that what the CAA have said is that they are not proposing that any charges are to recoup losses from the pandemic, but more to reflect the reality of the reduced passenger numbers that will be in place for at least five years. If we look at the scale of the recovery that we expect, it is going to take time. The reality is that the costs have to be met.

Q114 Chair: Willie, I know that you will have a view on this. We have discussed Heathrow before. Heathrow is obviously a profitable airport, but it might argue that the airlines have been taking more of a share of the profits than the airport. It might point to the fact that equity returns for British Airways over the last 15 years have been 9%, while Heathrow shareholders have had an equity return of minus 1%. Is this about rebalancing who takes the profit?

Willie Walsh: No, it is not. Let's call it what it is. It is an outrageous attempt by Heathrow to gouge more money out of the airline industry. I disagree completely with what Karen says. Heathrow has increased its debt, not equity. There has been a significant increase in debt from £12 billion to £20 billion, and the shareholders have taken handsome dividends out of the company. Since 2012, there has been a dividend yield of over 10% against the FTSE average of less than 4%. I think it is 3.8%. This is a company that has rewarded its shareholders extremely well and wants to continue to do so.

The reality is that it is not a 50% increase that Heathrow is looking for; it is a 90% increase. The CAA has a job to do there. Karen is right; it has to protect the interests of consumers. Consumers' interests are not protected by allowing Heathrow to significantly increase its charges. It is already 44% more expensive than any other hub airport in Europe; 30% of the passengers travelling through Heathrow are transit passengers and therefore have the option to go through other airports. What Heathrow is doing is not just shooting itself in the foot, it is shooting everybody around it. If Heathrow is allowed to do what it wants to do, it will price the UK out of business completely. The CAA has to put a stop to it.

We have worked with Virgin, British Airways and other operators at Heathrow. We made a submission to the CAA. Based on the data that is available from the CAA's own advisers, it is clear to us that Heathrow can reduce its charges. It does not need to increase the charges to continue to invest in the airport and to do what everybody would expect of the airport.

This is an outrageous attempt by Heathrow to increase its charges. I hope that the CAA stands firm, sees through all the bluster and looks at the data, which is very clear and will support a strong case that Heathrow should not have any increase in charges and could, in fact, sustain a slight reduction in the current charge and still be fully financeable, even with the expected capex over the next five years.



Q115 **Chair:** Tim, surely some of your members have moved from Gatwick to Heathrow. Now those same members will be complaining about the charges. Can't they just vote with their feet and move back to Gatwick?

Tim Alderslade: They have been clear that they moved to Heathrow for a particular reason, because of the pandemic. You have to look at what Heathrow has tried to get away with. This is the point about a monopoly. It will always try it on and try its luck. Karen is not correct in her comments about its dividends. It had £4 billion of dividends between 2012 and 2020. Its net debt to regulated assets is over 90%. It tried to get £2.3 billion to recoup its Covid losses. In the end, it got £300 million from the CAA, which was still £300 million too much.

We, as an airline community, have gone to our shareholders because we have not had the support that we perhaps wanted from the Government. Our shareholders have pumped in billions of pounds over the last 18 months to keep our airlines afloat. HAL tried to get the regulator to give it a £2.3 billion bounty to cover those losses. You cannot cover losses for passengers who did not turn up at your airport. That is not how it works. At the moment, it is trying to have it both ways. It wants to have it good in the good years, when it can funnel off dividend to the shareholders, and in the bad years it wants passengers to pay, and ultimately the taxpayer through the business rates relief that Karen was talking about earlier.

I think the CAA has a job on its hands to look at passenger growth over the next few years. The worry that we have is that the CAA is looking very much more towards HAL's projected figures, which talk about a mid-range of 2028 before we get back to 2019 levels. No other independent analysis says that; Eurocontrol, ACI or IATA are talking about 2024, 2025 or 2026. We struggle to understand why the CAA is moving more towards HAL and not more towards some of those other organisations, because that is absolutely critical. If you look at the range that the CAA is talking about, with £34.10 at the higher range, that is a 60% real increase in fares. Willie was right; they wanted a 90% increase. In Paris, they are looking for 2%; Frankfurt wants—

Q116 **Chair:** Heathrow are not here to defend themselves. We have had evidence from Heathrow and indeed British Airways beforehand, so the timing did not work for that. I should point that out.

The airlines are at Heathrow because it is a very profitable airport for the airlines. That is why they are there and why, perhaps, they are not at Gatwick. Again, I come back to the equity returns. For BA over the last 15 years, it is 9%. For Heathrow, it is minus 1%. That tells me, because BA are so dominant at Heathrow—or indeed that it has been very well run, Mr Walsh—that actually the profit share is not accurate, and maybe the airlines have been taking more out. Is this not just readjusting that profit share?

Willie Walsh: No, it is not. The important thing to focus on is that BA is



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not the only airline operating out of Heathrow. There are 81 airlines operating out of Heathrow, and not all 81 of those had the financial performance that BA has had. Heathrow is an important airport. Airlines have moved to Heathrow through this pandemic. In fact, Gatwick has suffered significantly as a result. I expect that to be reversed when people start moving their operations back to Gatwick, and that is the expectation of the industry.

What you have to look at is not where the profit has been made, but how the consumer is impacted. Can you honestly say that the consumer will benefit from a 50% increase in airport charges, or a 90% increase in airport charges? The consumer clearly will not. The consumer will suffer. That is why we have to look to the CAA, which has responsibility to regulate this and to look at the data.

Tim was quite right. Heathrow is playing a game here, trying to make the world look terrible so that it can justify increasing its charges. The CAA has to see through that and look at the data it has available to itself. As I said, that data strongly supports the view that not only can Heathrow survive without increasing charges, it could survive with a reduction in the charge from where it was in 2020-21. We have regulation at the airport for good reason, as Karen said, because Heathrow is a monopoly. It has to be regulated, and regulated efficiently, by the CAA. That is what the industry will expect from the CAA, and what consumers should demand of the CAA as it goes through this very important review.

Q117 **Chair:** Karen, I should give you the last word, given that you have been referred to in dispatches.

Karen Dee: Thank you. As I said, Heathrow will have a much more detailed argument on that. You cannot just look at dividends without also looking at what has had to be invested. I come back to the investments that shareholders and Heathrow have had to make over the decades. I will leave it on that point.

The other thing to think through is the high fixed costs. On the point about protecting consumers, airport charges are a relatively low percentage of what becomes the ultimate cost. Yes, they are partly at the feet of the consumer, but they are a relatively a small part. We are not talking, as I understand it, about suddenly seeing flight prices going up by 90%. That is not the case.

I go back to the point that that is why we have a regulatory process. Both sides will no doubt have their own views on what they would like. We will rely on the CAA engaging in that process, but perhaps I can reiterate what Willie said. We want the CAA to go beyond the bluster. This is a regulatory process. It is why it is there. The realities of airport finances have to be taken into account.

Q118 **Chair:** Thank you. On slots, in a one-word answer, or one sentence, does 50/50 seem about right at the moment? It has gone from 80/20 to zero



and now to 50/50. Does that seem the right place for it now?

Karen Dee: It is 50/50 at the moment because of the pandemic. Nobody wanted empty flights. It is certainly not sustainable once we are into recovery. A consultation has been issued that we are still talking to our members about, so we will offer a view on where the Government want to get to shortly.

Q119 **Chair:** Willie and Tim, do you think it is about right at the moment at 50/50?

Willie Walsh: It is about right, yes. To be honest, we would like more flexibility, but I do not think we can expect much more than that at the moment.

Q120 **Chair:** Tim?

Tim Alderslade: We will have to wait and see. The consultation only came out on Monday. Very quickly, I just want to come back to the point about what the charge represents in terms of a ticket price.

Chair: Really briefly, Tim, because we are well past your time.

Tim Alderslade: If you look at the things we have to pay for, even before the aircraft has left the tarmac, there is the airport charge, fuel, staffing costs, paying NATS, CORSIA and EC261. It is a very complicated picture. If you start ramping up charges, it is not necessarily going to be passed through to customers, because of the impact of the pandemic, we have had capacity taken out of the system, and as a result we are going to see an impact on prices. That is why ramping up charges is so dangerous.

Chair: I am sorry to finish on a note that divides you. All the way through, there has been very much a united front over the last couple of years. A big thank you, Karen Dee, Willie Walsh and Tim Alderslade, as ever, for all the evidence you have given us. We wish you a good rest of your day. Thank you.

Examination of witnesses

Witnesses: Neena Bhati and Jenny Willott.

Q121 **Chair:** Let us move on to our second panel, with massive apologies for our own timekeeping, or my timekeeping. I blame myself. We are joined by the consumer organisations. The real focus of this inquiry is the impact on the consumer. Perhaps I could ask you both to introduce yourselves. Jenny, welcome back to Parliament.

Jenny Willott: I chair the consumer panel for the Civil Aviation Authority. We are an independent panel of consumer experts. We advise the CAA on how to ensure that they are taking the consumer interest into account across the whole range of their operations.



Neena Bhati: I am Neena Bhati. I am Head of Campaigns at Which?, the UK's consumer champion. Of course, we have great expertise in the travel space, built up through our investigations, our consumer research and in-depth engagement with regulators, civil servants and the industry.

Q122 **Chair:** We are going to talk about the travel testing provisions and I will hand over to Ben to do that. First of all, starting where we ended, are you concerned that the consumer will be impacted by a clawback of lost profits over the last couple of years? That was certainly the insinuation that was being made around Heathrow's application for an increase in its landing charges. Are you concerned about the consumer ultimately taking the hit for recovery of shareholder lost value?

Neena Bhati: Throughout the pandemic, we have seen that the consumer has often borne the brunt of the cost for the industry, whether that has been refunds or now, when we are coming up to the point around charges. We have been told by the industry that the increase in Heathrow charges will go directly to the consumer, so it will not be absorbed by the sector.

We have done airport surveys. We found that at Heathrow, while consumers pay a premium price for going through that airport, they do not necessarily have a premium service. In our airport surveys most Heathrow terminals are below other regional hubs, such as Edinburgh or Birmingham. Only T5 scores just a smidgeon over those other regional hubs. If we are paying more for the cost of using that airport, are we seeing a corresponding increase in the quality of experience and service while going through it?

Q123 **Chair:** Jenny, what do you think?

Jenny Willott: On the panel we obviously do not have a position on the level of the charges.

Q124 **Chair:** I understand that.

Jenny Willott: What we have been doing, and what our role is, is making sure that when the CAA is taking decisions like this it is looking at what consumers actually want and expect, so that that is taken into account in the way the decision is made. We have been working with teams in the CAA to make sure that they actually understand what consumers want from the airport, and that that is factored in. It will then be factored into how it is monitored and how Heathrow is judged, and its performance afterwards as well.

Chair: We may return to that. We want to focus on travel requirements and testing, and I hand over to Ben.

Q125 **Mr Bradshaw:** Neena, I should confess that we have a Which? membership. I recommend it to everybody.

You have been very critical of the Government's testing regime. Where do you think we are now on it? Has it got better? What are the current



ongoing problems that you are concerned about, as far as the consumer is concerned?

Neena Bhati: Absolutely. We have been spotting issues in this market since May, when it first started to become a requirement for people to take tests to travel. There is a new and unregulated market in private testing. It sprang up overnight really. There were no checks in place for providers to be brought on to the gov.uk list, which is seen by most consumers as an approved list, a recommended provider list. We have seen lots of issues in the experiences of consumers in that space: misleading pricing, poor quality of service and poor quality of information even to navigate the market in the first place. There is also a real lack of accreditation to ensure that the product that you are buying is safe and reliable.

We are now seeing the shift to the antigen requirements, and we know that consumers and industry welcome it. It is easier, simpler and cheaper to use that market. However, we still have concerns that the lessons from the PCR testing market have not been learnt, nor have the lessons from what the CMA's rapid review found. It said that competition and the enforcement of consumer law will not be enough to rectify the problems in that private testing market. They have not necessarily been recognised or acted upon quickly enough. We are still seeing issues like misleading pricing in the antigen market with the providers on the gov.uk list.

Q126 **Mr Bradshaw:** I have experienced problems with this quite recently: reference numbers not coming through on time; reference numbers not being compatible with the UK Government passenger locator form; and test results not arriving on time. Are those all things that you are still seeing? Are there any more that you are worried about?

Neena Bhati: Yes, the passenger experience has been that it is quite difficult to navigate that market. Actually, the expectation has been on consumers to do all of the market research as to who is the best provider, although they do not have the quality of information or the understanding of what is actually important in that market to be able to make informed decisions.

For example, previously, in the PCR market, there were tests ranging from £1 to £399 on the gov.uk list. We are now still seeing antigen tests from £1 to £49. How is the consumer supposed to make an informed decision about who to go for as a provider? Yes, the risk is wholly on the consumer if something goes wrong. Their rights are not really clarified in this space. There isn't really any oversight or regulation of the market. Yes, the CMA has intervened, but it has said that it cannot continue to intervene. There needs to be enhanced regulation. The risk is still being borne by the consumer. If they have a service that goes wrong, it will have a knock-on impact on their travel plans and therefore a greater cost than just the cost of the test.

Q127 **Mr Bradshaw:** There are a couple of consumer websites. There is



Trustpilot and another specialist one for these tests. Do you think they are useful and accurate? Do they give the consumer an accurate picture of which are the reliable and good-value test providers, and which are the cowboys?

Neena Bhati: Any information about these new providers will be helpful. Really though, it is being able to understand where the trust and information should be coming from. If the providers are going to be found on the gov.uk site, that is usually the site people go to and use, thinking that there have already been some checks for them to appear on a Government website. Not everyone will look in other places; they will just rely on the information that they see in front of them. They are just being told to look by price rather than understanding that there could be some quality, reliability and consumer protection issues if something goes wrong.

Q128 **Mr Bradshaw:** Do you think that the public should be able to use NHS tests for travel or free health service tests, as they can in most other countries, given that there is now a surplus of tests in this country?

Neena Bhati: We know that consumers are sometimes confused by the fact that NHS tests are available for, say, sporting events and entertainment but not available for travel, and they are being sent to a private testing market. We would say that if this market was to improve and lessons are learnt—key tests would be that there are reliable providers, that enforcement and regulation of the market is effective, and that they can guarantee that the tests are safe, reliable and affordable—we do not necessarily think that NHS tests are necessary. However, if those tests cannot be met, it opens up the question as to why the NHS market is not open for travel.

Q129 **Mr Bradshaw:** The other thing that the industry has raised with us is problems with the UK passenger locator form, which is much clunkier and more complicated. What problems have you come across from a consumer point of view, and what improvements do you think the Government could implement on that?

Neena Bhati: We have not necessarily received many complaints about the passenger locator form at Which?. What we do know is that it is another requirement on travellers. It is a necessary one from a public health perspective, from the Government's perspective. People want to comply. It is about making it as easy and as accessible as possible, so that it does not become an unnecessary barrier to travel.

The complaints that we received were around border checks earlier in the summer. We understand that some changes have been made around automatic verification in that space through the CAA, but if further restrictions were to come in and there were to be changes in the future, Border Force capacity should be looked at again. That really worried people. It was the experience in the airport and thinking, "Actually, this could impact my further travel plans." Those would be the two areas we



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would focus on to ensure that passenger locator forms are not a hindrance to travellers.

Q130 **Mr Bradshaw:** Is there anything you would like to add to any of those areas, Jenny?

Jenny Willott: On testing, it is quite important that consumers can have confidence. As Neena said, the place that people will go for the test is the Government list. They just need to know that there are minimum standards in force, so that whichever provider they go through will deliver what they need delivered. Both the PLF and the testing process are for public health purposes. It is so important not only that it is simple and straightforward, but that it actually delivers the outcome we need it to deliver, which is public health. It means that it has to be easy for people to access.

My slight concern is that the onus should not be on passengers to have to go to lots of different places to work out the information. It needs to be simple and straightforward for them to find the information, both on the PLF and on testing. There should be one place to go to get the information that they need, so that they can comply and the public health measures can be put in place.

Q131 **Mr Bradshaw:** Finally, are you satisfied that the Government have fulfilled their promise to get rid of some of the dodgy companies? Radox has been in the news for other reasons recently, of course. They had overflowing drop-off boxes. We have all heard nightmares as constituency MPs from constituents whose tests have not arrived on time, or the results have not come back. Have the Government done what they said they were going to do about getting rid of unreliable companies from the list?

Jenny Willott: I think that links to the work that the CMA did, which is around making sure that there are minimum standards that are enforced and adhered to. Both Which? and the Consumer Panel agree that the recommendations made by the CMA need to be implemented.

Q132 **Mr Bradshaw:** They have not been so far.

Jenny Willott: I cannot comment on what has actually been done, but I think it is really important that there are minimum standards, which are not only about the quality of the test and things like that, but about them being delivered on time and you getting the results when you need them, and all of the consumer experiences of the test. That is absolutely fundamental to people having confidence in being able to travel, and in delivering the public health outcomes, which is the whole point of the process.

Q133 **Chair:** Did you ever get to the bottom of why our PCR testing has been so expensive compared with international examples? Obviously, we are aware that VAT is charged at 20%, but that does not account for the whole differential between the two. Do either of you have a view as to



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why it was so expensive? What was the justification?

Neena Bhati: I do not have a view.

Q134 **Chair:** I don't think we ever got a satisfactory view. I thought I would just try it on you.

Neena Bhati: No, I don't think we ever got a final answer on that in our discussions with the Government. We pointed to international examples where tests were cheaper, to try to understand why the tests were so expensive here. The best answer, or the answer we were given, was that they felt that the market would resolve itself, with increased competition and allowing providers to go on. We kept talking about the balance between competition and accreditation, because accreditation was very slow. How could you ensure that you were getting good-quality providers at an affordable price? There seemed to be a tension as to, "You can't have both," particularly at the beginning.

We never thought that accreditation met, or sped up and covered, the list of all the providers. A lot of the issues and the points about pricing could have been preventable with checks before providers were put on to the list. They could have checked whether the providers had business experience and understood their obligations under consumer law and enterprise law; whether they had any criminal convictions; or whether they had any bankruptcy losses. All of those checks were not done. We just saw rogue providers gaming the system for most of the summer, while we were raising concerns. Late in the summer, the Government intervened and asked the CMA to do a rapid review. It was very slow, even though we could see that there was clear gaming due to the misleading pricing and the strange and really large range in pricing on the gov.uk website.

Q135 **Mr Bradshaw:** Have you studied the leaked list yet of the VIP fast-track companies, and whether it included any of those testing companies?

Neena Bhati: No.

Q136 **Chair:** When the Government said that they were going to review the providers, did you see any notable names kicked off, or did that not occur in the end?

Neena Bhati: We have seen providers being removed. We have spoken to the regulator and they said that they also see the Government being much better about taking providers off.

There is concern that some providers have moved from the PCR testing market and just shifted into the antigen market. The same names are appearing. To check that they are right and reliable providers, we want more checks done at the beginning, rather than trying to get rogue providers off when consumers have already been impacted by them.

Q137 **Chair:** Have you heard of instances where customers are offered a certain price and then, by the time they go through the process, that



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price is not there, but they can get the same thing for about three times the price? Have you both encountered that?

Jenny Willott: There are examples where there is a particular price quoted, but, if you look at it, it is only if you go and drop it off in a particular box in Rotherham three weeks on Wednesday.

Chair: I am laughing, but it is terrible.

Jenny Willott: It is about being really clear about what you are actually getting, and what the price actually represents. For some people that might be what they want, but for somebody else it will not be.

Q138 **Chair:** You could say it is misleading in that sense, or I could.

Jenny Willott: You could say that. I couldn't possibly comment.

Neena Bhati: We would also say that is misleading. We have conducted investigations ourselves using the providers, going through to their websites and seeing evidence of drip pricing. We have seen evidence exactly as Jenny mentioned, where it is only available for certain slots, certain days or certain locations, yet it appears that it should be available to everyone.

There are additional delivery charges that do not actually cover postage and delivery in some cases. Yes, there are really murky pricing practices. That was picked up by the CMA review, so we were pleased to see that. How lessons are then going to be employed in the LFD market would be good to see. We are still seeing evidence of misleading pricing for antigen tests.

Q139 **Chair:** That is what I was going to ask you both. What needs to be done by Parliament in terms of legislation or regulation? What would you like to see occur? What should our report be recommending to stop some of the practices we have talked about?

Jenny Willott: Ensuring that minimum standards are in place and that they are rigorously enforced. The powers to enforce are already in place; it is not an issue of new legislation. It is a matter of making sure that proper consumer protections are enforced to make sure that there are minimum standards; that people get what they are paying for; that you do not have drip pricing; that there are standards of delivery, given the issues that Mr Bradshaw was flagging up around things arriving at the right time and so on; and making make sure that people are getting what they have paid for, and that those things are applied across the board to all the companies on the list so that, whichever one you pick, you know it is going to be okay.

Neena Bhati: I completely agree with Jenny. In addition, we need greater co-ordination between the Department for Transport, the Department for Health and Social Care and now the UK HSA, which is taking on the private testing market. We need to deliver on the recommendations that the CMA has made, particularly around enhanced



regulation and enforcement. Critical too is supporting the consumer, by having clear and coherent advice for consumers, quality information that they can rely on to make informed decisions about providers, and then being clear about their rights when things go wrong. Accreditation is also a key point because there will be less accreditation in the antigen market than there would have been in the PCR market because of UKAS-accredited labs. Now labs are not going to be there, so how can we ensure that the quality of the tests is right?

Chair: Thank you both very much. We want to focus on another area for the consumer, one that we focused on right at the very start of the pandemic. That is refunds. Over to Greg Smith.

Q140 **Greg Smith:** Thank you, Chair. We touched on this, as the Chair just said, in the first session. It is the point around refunds, and more specifically whether the CAA needs reform, increased powers or some form of change. We know from a parliamentary question that the Aviation Minister answered a couple of months ago that at the moment the Government do not consider it appropriate to review the statutory duties of the CAA. Do you agree with him? If not, what do you think needs to change within the CAA?

Jenny Willott: I think the parliamentary question and answer were on a slightly different topic. There is a consultation going on at the moment that is being carried out by BEIS. It is looking at consumer enforcement powers and competition, and could be a vehicle to try to reform CAA powers.

The Consumer Panel is very clear that we think that the CAA needs broader enforcement powers. We think it needs civil enforcement powers. At the moment, pretty much all the action that the CAA takes in this space is under part 8 of the Enterprise Act, which is a pretty blunt tool. It can be a very slow process. It can be extremely expensive and resource-intensive. The biggest problem, as far as we are concerned, is that what comes out of it are undertakings on the part of the business not to do it again. It does not actually have any way of handing out penalties for poor behaviour in the past, which means that very unscrupulous companies can carry on with the poor behaviour all the way through a very lengthy court process. That puts companies that are behaving well at a significant disadvantage.

We think that the CAA needs civil enforcement powers. It would then be much more able to act nimbly and more quickly and effectively in enforcing consumer rights. We think that is a pretty fundamental element of being an active consumer regulator. We think it is something that the CAA and other regulators are missing. The CMA could do with those powers as well.

Q141 **Greg Smith:** That is helpful. Before we move on to get Neena's answer to that question, what is your assessment of the scale of the problem today in terms of people still feeling hard done by, because they did not



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get their money back or they got a credit note, or they lost all their Avios, or whatever it might be? What is your assessment of where the problem still is off the back of the Covid pandemic?

Jenny Willott: In the area of refunds, there are two different issues. One is pretty much resolved but the other is not. Originally, the initial problem was people getting refunds for holidays that they could not take because everyone was locked down. That was pretty slow, but by the end of summer 2020 it was pretty much in hand and most people were getting refunds or credit notes. The CAA, to its credit, made it very clear to airlines that, if people wanted cash refunds, they were entitled to a cash refund, which was not the case in a number of other European countries. We were quite pleased to see that that was being rigorously made clear.

Following that, there is a second issue with refunds, which is a bigger problem and is still outstanding. That was the issue of passengers who were not able to travel either because of local restrictions or a national lockdown, but the flight was still travelling. This is the issue that the CMA investigated with British Airways and Ryanair. They found the problem is that there is a bit of a gap in the law. It is not really clear whether passengers are entitled to a refund or not. They could not pursue it, and the CAA cannot pursue it.

That seems to me a pretty clear gap that needs to be plugged. There needs to be some clarification of that. Unfortunately, it is an issue for legislation rather than the regulator, so back to the parliamentarians. It would be great to see that included in an overhaul of the powers to make sure that, where gaps have been identified because of the completely extraordinary circumstances over the last 18 months, they are plugged as quickly as possible.

Q142 **Greg Smith:** Thank you very much. Neena, what is your take on that?

Neena Bhati: Which? also agrees that the CAA needs civil enforcement powers. We have looked at not only the experience during the pandemic but long before that. Unlawful behaviour persists, and unfair commercial practices persist in the aviation industry with very few consequences, and the consumer always ends up footing the bill. We see this in lots of shocks that have appeared, not just in the pandemic. Ten years ago, we had the Icelandic ash cloud; and we have had industrial strike action and airline collapses. Each time the consumer ends up paying. What this has shown is that there is a lack of accountability in the sector. That is why last year, when there was a major global shock, we saw the scale of the problem. Billions of pounds were withheld unlawfully.

Our most recent research was in February 2021, and 2.3 million people had still not received refunds due to legal or lockdown restrictions. That was from the beginning of the pandemic. In the first six weeks of the pandemic, we received over 14,000 complaints from consumers. We were able to analyse over 12,500 and found that in total £5.8 million was being



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withheld by the industry; 52,000 hours were collectively spent chasing money on the phone. That is six years in the space of six weeks. It is shocking.

The experience is not just around the issue of refunds or lockdowns. It is around how airlines treat their customers when things go wrong. We found that the lack of powers in the CAA has had a chilling effect on enforcement. They have only really taken one case to court in the last 18 years. That was for the Ryanair strike action in 2018. It concluded, and the CAA won, in April this year. We believe that Ryanair is now appealing that case. It is a cost to the taxpayer, as well as to consumers who, after four years of waiting for a refund in 2018, will not receive it until the end of the appeal process, if it goes in their favour again.

We see the system being gamed. As I said, we are seeing unlawful behaviour with no consequences. Now is the time for enforcement to be kicking in, and for civil enforcement powers to change this for consumers. There are two opportunities available to us at the moment. BEIS has been looking at consumer enforcement and competition reforms, and we are expecting a Bill next year. It asked in its consultation about wider sector regulator powers, the same as it is proposing for the CMA, which are civil enforcement powers. We think that is the right vehicle for this to be delivered, but we understand there are some concerns.

We are concerned that the Government might be rowing back from the original commitment made in the global travel taskforce report about strengthening the enforcement powers. They are now going to go to consultation with the aviation strategy. We think this is what is needed. The sector is vulnerable to shocks, and they will continue, maybe not at the scale of the global pandemic. There will be shocks to come. We need to make sure that people are protected, and their money is protected, when they are on their travels. That is what will drive consumer confidence and help the recovery.

Q143 Greg Smith: That is really helpful. Jenny talked about two pillars: the straightforward, “I need a refund because of lockdown,” and the more nuanced point, “Well, the flight has gone but the customer has tested positive,” or whatever it might be that means they cannot get on it and travel. In the data you spoke about—the 2.1 million number and so on—do you have a breakdown of how many people were caught up in the quite straightforward, “We’re in lockdown and the plane ain’t moving,” and how many people were caught in the more difficult trap?

Neena Bhati: I do not have that data with me. I can go back and check whether we broke that down. I am not sure if we amalgamated it. It was a survey of over 2,000 people. It was nationally representative. I will check to see if we can find that data for you.

Q144 Greg Smith: That would be really helpful. Thank you very much.



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Jenny Willott: My understanding is that the refunds for cancelled flights are being processed as per normal and have been since the autumn. The bigger challenge is the second issue that arose with the second lockdown effectively, in the autumn, which opened this big can of worms.

Greg Smith: Thank you very much.

Q145 **Chair:** I take your point, Jenny, about passengers who have not received refunds when they have been unable, for their own reasons, to travel, but if the airline is still putting on the flight, why should the airline have to bear the risk because the passenger, for various reasons, cannot travel? Maybe the list has changed from amber to red. Why should the airline have to bear that risk? Shouldn't that be for the passenger and the insurance market?

Jenny Willott: This is an issue for legislation. It depends on what the Government of the day decide needs to be framed in terms of consumer protection. From a consumer perspective, it is very difficult to understand. In a number of those cases, people had paid for a ticket to travel, and then the Government told them they were not allowed to leave their houses. The whole country was in a lockdown, and they were not allowed to travel. If your Government are telling you that you are not allowed to travel, it seems quite extraordinary that you are then not allowed to get your money back, frankly. There are shades of grey in this, but it seems quite extraordinary that you cannot get your money back when you are doing what the Government have told you that you have to do.

Q146 **Chair:** We would differentiate when the Government stop you. There is a moratorium in that sense. How do you then differentiate it when it is completely impractical or impossible from a cost perspective? Where should the legislation draw the line?

Jenny Willott: I think that is for parliamentary debate. There is a whole range of different scenarios that are quite challenging, which is why it is quite difficult for consumers to understand what their rights are and what the position is. It ranges from, "The country is in lockdown and you cannot travel," to areas like Leicester, where last autumn you were not allowed to travel out of a particular area, but if you were on the same flight and lived 10 miles down the road in an area that was not restricted, you would have been able to get on the flight.

You then have a whole load of scenarios where people test positive themselves, or because they have been contacted by Test and Trace, they are in isolation and not allowed to leave. It is a complicated situation. I think it is very difficult if we are effectively saying to consumers, "Right, well, it's over to you. You work out whether or not you're allowed to travel or get your refund, or whether you have to claim it from the airline in these circumstances or from your insurance company in those circumstances." It is too complicated and too difficult. When we are looking at trying to open up the economy and the sector to get



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people travelling again, the more complications there are, the more complexity and the more different things you have to understand to be able to book a flight, the more it puts people off and they are not going to book.

Q147 Chair: That is fair. Neena, you wanted to come in on this as well, but let me throw one at you so that you can answer seamlessly. This Committee has called before for the CAA to have more powers to intervene and not have to take court action, which just struck us as ludicrous. How does the UK compare with international countries in their regulations? Do they have more teeth to intervene at the very beginning of the process?

Neena Bhati: I am sorry, I do not know.

Q148 Chair: In that case, you can give me the answer that you wanted to give.

Neena Bhati: It is a point about the lockdown restriction aspect. It is clear that if you had a travel package you were protected, and you would have got your money back. The CMA case was about flight-only bookings. There is already precedent as to the moral dilemma that you were talking about.

The second point is that not all airlines refused the refund. We were aware of at least three—Jet2, Tui and easyJet—that gave refunds. It was a commercial choice by airlines not to do that. That is why it felt quite unfair to customers. They said, “We are complying with the law and yet we are being penalised.” The third point is that some airlines actually said, “If you want to change your flight, you must pay.” We have had some cases coming to us and saying, “It was about €75 per person. We are a family of four.” That soon adds up and becomes a huge additional cost to comply with the law.

The whole point is around fairness as well as the need for legal clarification. The CMA outcome was not an exoneration of BA and Ryanair. It was more about a call to clarify the law so that we can feel confident in taking that action and getting the refunds for consumers. That costly court action would not necessarily be justified. That is the only process left to us.

Q149 Chair: Jenny, do you have a view on whether other regulators across the globe have more teeth to intervene than the CAA does?

Jenny Willott: I do not know about it internationally, but even within the UK there is quite significant discrepancy between different regulators. Some, because they have licensing powers, are able to provide much more of a framework for the operators in their sector.

The CAA and the CMA are quite different, in that they actually have quite weak powers. As you said, they effectively have to go to court to be able to do something. It is a matter of looking across the economy and trying to provide a little bit of consistency, so that consumer rights can be equally enforced across different sectors in a similar way to make it fair.



Chair: We have talked about legislation. Can we move on to the Airline Insolvency Bill? It is like Groundhog Day for us. Over to Simon.

Q150 **Simon Jupp:** Yes, it is Groundhog Day. A couple of years ago, the Airline Insolvency Bill was mentioned in the Queen's Speech, and in the latest one we could say that it was conspicuous by its absence. How could a Bill like that work for passengers? What would be the benefit of it?

Jenny Willott: When Peter Bucks was carrying out the review into airline insolvency, we met him a couple of times as a panel. We contributed to the review. Our position is that there are definite benefits to passengers if an airline that is going into insolvency can carry on flying and be wound up in an orderly way, in the way it is done in a number of European countries, rather than having a mass operation to repatriate being run by the CAA. I think they do it quite well, but it is not their core job to run an airline. I think there are more effective ways of operating. It would certainly be less disruptive for passengers.

This area needs to be looked at holistically. We had the insolvency review a couple of years ago and, as you said, we do not know what is happening with legislation. The CAA is currently looking at a review of ATOL and the protections around that. BEIS is currently looking at potentially a review of the package travel regulations as well, all of which relate to the same issues and cover issues around airlines and holiday companies becoming insolvent. It would be helpful to look at them in a holistic way to make sure that we do not have what we have in other areas, where little bits are being done in different ways and they do not all mesh together, so that we do not have different people on the same flight with different protections under different bits of legislation, which starts getting really complicated and confusing for consumers.

Q151 **Simon Jupp:** It would also be clearer for the public to understand what is going on to help airlines when they are in trouble. Let's look at Flybe last March, for example, which used to be based in Exeter. It was clearly in trouble for quite some time, a number of years, yet we still had dribs and drabs of information coming out as a result. The flights were grounded and, basically, that was that. It was a largely domestic airline at the time, but there was repatriation required. Do you think that it would increase transparency too?

Jenny Willott: Yes, it would help with consumer confidence as well. When you are booking a flight, often quite a significant time in advance and often one of the most expensive things that people pay for in a year, knowing that your money is safe and that if something happens in the interim you will be protected, or if you are abroad that you are going to be safe and get back home again, it gives you much more confidence to book in advance. With the huge uncertainty over the last 18 months, and the fact that people are not entirely sure how the recovery is going to open up, and what is going to happen next summer and so on, trying to make sure that people have as much confidence as possible that they are going to be protected will help the industry recover. People will be more



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likely to book and more likely to take a punt on what is going to happen next summer.

Q152 **Simon Jupp:** Thank you, Jenny. Neena, is there anything you want to add on the idea of legislation, and also any understanding you have of where it is at the moment? Are there any frustrations you may have as a result of not knowing?

Neena Bhati: I totally agree with what Jenny mentioned about the three areas of reform that are already in place. We have the package travel regulations that are being conducted by BEIS. We have the ATOL reform by the CAA. We have airline insolvency as well, and the broader aviation strategy.

It is clear that there are lots of areas in the travel and aviation space that are being dealt with by different parts of the system, whether it is Government agencies or Departments. What we need is more coherence and perhaps a long-term strategy as to how all of these areas will work together.

We were really pleased when the Bill was brought forward in the Queen's Speech, but we are concerned that we have not heard much about it since. We think that, as a result of the aviation strategy and the lessons from the last 18 months, legislation is going to be needed to resolve issues in the aviation sector. We would like to see a commitment in the aviation strategy for legislation to be brought forward to enable some of the reforms, such as airline insolvency.

It is also an important point in terms of coherence that, when different parts of the system and protections are tinkered with or changed, it can have impacts on the market. For example, ATOL reforms could end up seeing ATOL providers coming out of the market. We need to be able to understand what impacts these sorts of changes could have. We do not want a general reduction in protections for consumers because they are not available through providers. There needs to be some really clear co-ordination and careful thinking between the different actors in this space.

Q153 **Simon Jupp:** You have both mentioned different reviews that are ongoing at the moment. Why do you think that the Government have gone a bit quiet on this? Is it because the PayPal account might be temporarily closed?

Neena Bhati: It is a bit wait and see, because the industry, the sector, is still in flux. There are still lots of unknowns. We do not know where things are going to end up. A lot of new issues have been thrown forward to consider. When you see shocks in this sector, you get a lot of attention immediately, during and after, but then as soon as things seem to right themselves the urgency or need for the long-term reform that is really needed eases off. We do not want to see that.

Having noted the key points even in the last decade, when shocks have hit the system and now we have had the global pandemic, this is a



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chance to learn the lessons and implement them in reforms, and not just take a note of what has happened and say, "At least the sector is back on its feet and people are flying again." The long-term issues are still there. We know that from our trust figures, for example. We look at consumer trust across markets. During the pandemic, of course consumer trust in the airline industry plummeted. It is now back up to where it was, but that is a mere 27% and is far below other sectors. For example, the banking sector was at 49%. Even rail is at 36%. Aviation consistently tracks lower.

In the good times, people say, "I don't trust the sector, but I want to go on holiday, and it's unlikely that things will go wrong." Now there is increased uncertainty. There is a high possibility that changes will happen. We have already seen issues, for example, with Morocco and Qatar changing. It may not be that we change the rules, but others may change the rules for us. People need confidence that they are going to be protected and that their money will be protected. That is what will really help. Long-term reforms are required in order to enable resilience in the sector going forward, so that it can handle future shocks and we do not see the same issues again, rather than just going, "Great, at least passenger numbers are up for now."

Q154 **Simon Jupp:** They are only up slightly, though. Jenny, is there anything you would say, as a former parliamentarian, as to why you think this Bill might have come along and then disappeared?

Jenny Willott: It just got bumped down the list of priorities as it seemed less important. I think it is really important now. As we were just talking about with the refunds and so on, the shock to the system of the pandemic has made it much clearer where there are gaps in the current protections and where there are particular vulnerabilities. My concern would be that it is important that we do not lose that knowledge and that we do something about it now, rather than thinking, "Oh well, it was a global pandemic and that is not going to come along any time soon. It will be another 100 years or so." Then the next time something big happens, we discover that we should have shut those loopholes earlier because now it is too late.

As Neena said, there are things like the ash cloud and all sorts of things which have happened every few years. Each time, they show up another particular gap in the legislation or a gap in consumer protections. It is now time to make sure that we close those gaps and put through some legislation that does potentially more than the insolvency Bill. You can have a much more coherent piece of legislation that will pick up an awful lot of the different issues that have been identified as a result of the problems over the last five or 10 years. It would mean that people are much better protected, and it would put us on a much sounder footing for the future.

Simon Jupp: Thank you.



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Q155 **Chair:** I remember that there was an urgent question when Thomas Cook collapsed. I think I asked the exact same question on that front as I had when Monarch collapsed. I got a very similar answer, I think it is fair to say.

There are certain countries around the globe that allow their airlines to continue to fly. In fact, if you look at a lot of the big US carriers, they have gone into bankruptcy, but rather than say, "Right, that's it," and you have to have a CAA-led repatriation—I have to say that the CAA has done that very well—they continue to fly. That is in the States, Germany and Italy.

Do you favour something along those lines, or do you actually favour something where everyone pays a levy, a bit like the ATOL situation, so that those who just book flights are protected? Do you have a view on what the legislation reform should look like, or do you say, "Just get one of those in place"?

Jenny Willott: As a panel we favour the option of trying to keep airlines flying, to keep going and have an orderly wind-down while bringing people back. I appreciate that there are significant challenges with that which need to be bottomed out. As you said, there are a number of other countries with different bankruptcy arrangements that make it work.

We would like the regulator to sit down with industry and different Government Departments and identify how we could make it work. We think it would give better protection for consumers and more confidence in the sector in the longer term.

Q156 **Chair:** I remember Chris Grayling telling me that the challenge with that is that, if the carrier of the bankrupt entity flew abroad, the plane could get confiscated. Funnily enough, that has not happened with the US, the Italians and the Germans, so it cannot be beyond the wit of man.

Jenny Willott: Yes. There are issues around purchasing fuel and all those sorts of things. There are challenges, it is fair to say. It is not dead straightforward to do, but it cannot be beyond the wit of man to find ways to resolve those issues.

The bottom line needs to be that we make sure that consumers have confidence that they will be protected when things go wrong. We need to put in place something that can give consumers the maximum amount of confidence because that is what is going to shore up the industry and make industry insolvencies less likely to happen.

Q157 **Chair:** Neena, do you have a view on what it should look like?

Neena Bhati: I agree with Jenny. There is nothing further to add.

Q158 **Chair:** This is the very last question. We talked about the restart and recovery document that we are all waiting for. I think it will be next year. Are you involved in that process? One thing that is concerning is that the consumer is at the heart of what aviation and international travel look



like, and that some of the issues that have impacted consumers over the last couple of years are dealt with by Government. Are you involved? The CAA will be, but is the consumer side of the CAA involved in that process?

Jenny Willott: We have not been involved so far. The CAA obviously will be involved. With previous work of a similar nature—the aviation strategy a couple of years ago and so on—the Consumer Panel worked quite closely with the team in the DFT to help shape it or to try to provide evidence and support from our perspective on the issues that were raised. It was not only our views on what was being proposed but areas where we thought things were missing to encourage further action covering the consumer. We also worked with the CAA to inform what they were contributing to the DFT, making sure that the consumer voice was loud and clear in how they were thinking about the measures as well. I hope and assume that we would do the same thing with a future strategy.

Q159 **Chair:** Neena, are Which? involved, or do you expect to be involved?

Neena Bhati: We are engaged with the DFT on matters and have been quite heavily over the last 18 months. We have spoken about the strategy review. We have not yet been invited, but we expect that there will be more engagement over the following weeks. They have told us that the consumer element of it will be important. We hope to see that. We know that there are lots of priorities across the broad aviation sector that need to be dealt with through the strategy, but we hope that the consumer element of it gets a fair look, a proper review and a commitment for reform.

We also recognise, though, that some parts of the consumer protection agenda are dealt with by BEIS. Therefore, we are urging that DFT and BEIS co-ordinate, so that there is not an assumption that the other one is picking something up and then it falls through the cracks, particularly when we have some potential great vehicles to deliver these reforms coming up soon. These opportunities must not be missed.

Jenny Willott: Perhaps I could add one thing, which is the importance of the timing of those things. BEIS is ahead of DFT on this. Our concern would be that BEIS leaves it to DFT in the aviation sector, and then DFT does not pick it up because it does not fit into the scheme of what it is doing, and therefore we miss the opportunity. Making sure that it is clear ahead of time who is going to pick it up and where it will sit will be very important.

Chair: That is an excellent point. It is noted. I am sure that DFT will be watching and hopefully will have heard your excellent evidence to us. It would certainly make sense for it to be involved with both your organisations to make sure that the consumer remains at the heart of this as well.

If there is nothing further, we are about to hit midday, so this timing has been better. I am so sorry to have kept you for so long before we



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started. Thank you both, Neena and Jenny, for being with us and for all the evidence as well.