



STRATEGIC AVIATION SPECIAL INTEREST GROUP
of the Local Government Association

Introduction

Section One of this document aims to provide a summary of the Civil Aviation Bill. The information is taken from the Department of Transport's [Explanatory Notes](#) of the Civil Aviation Bill.

Section Two of this document provides a summary of some of the Parliamentary debates for the Civil Aviation Bill during the 2010-12 and 2012-13 Parliamentary sessions. This information was provided by SASIG's Parliamentary monitoring service, DeHavilland.

Please note that the latest version of the [Civil Aviation Bill](#) was published 8 November 2012.

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**Civil Aviation Bill Update –
2010-12 and 2012-13
Parliamentary Sessions**

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Section One: Department for Transport's Civil Aviation Bill Explanatory Notes

Introduction

1. These Explanatory Notes relate to the Civil Aviation Bill as brought from the House of Commons on 23rd May 2012. They have been prepared by the Department for Transport (DfT) in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by Parliament.

2. The Notes need to be read in conjunction with the Bill. They are not, and are not meant to be, a comprehensive description of the Bill. So where a clause or part of a clause does not seem to require any explanation or comment, none is given.

Background and summary

3. This Bill contains measures intended to modernise the regulatory framework for civil aviation in the United Kingdom through reforms to the legislative framework for the economic regulation of airports and the legislative framework of the Civil Aviation Authority (CAA), and by conferring certain aviation security functions on the CAA. It also contains measures to reform the Secretary of State's powers to regulate the provision of flight accommodation.

Reforms to the framework for the economic regulation of airports

4. The House of Commons Transport Committee's 2006 report [The Work of the Civil Aviation Authority](#) recommended that the DfT should carry out a review of the CAA, including the central elements of the framework for the economic regulation of airports.

5. In 2008, the Government announced that such a review would take place and would be informed by advice from an [independent panel of experts](#). The panel's recommendations were published in December 2009, following a [public consultation](#) in March 2009.

6. Advice from the expert panel, and the response to the public consultation, supported the case for reform to the framework for the economic regulation of airports, and in December 2009 the previous Government published its [decision document](#) which set out the case for reform in this area.

7. In the Queen's Speech of May 2010, the Government announced its intention to reform the framework for the economic regulation of airports. In Written Ministerial Statements in July 2010 and March 2011, the Government provided Parliament with further detail on the direction of the reforms, and the intention to bring forward legislation. An earlier version of the Bill was published in draft on 23rd November 2011 to give the House of Commons Transport Committee the opportunity to consider the Bill before it was brought before Parliament.

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8. In most sectors of the economy, the degree of competitive rivalry between firms and the threat of competition law is sufficient to protect consumers from the risk of firms exploiting their market power, for example by charging unreasonably high prices or by providing unreasonably low levels of service quality.

9. However in some sectors of the economy – typically those which used to be stateowned monopolies and where circumstances limit the prospect for effective competition – economic regulation is needed to protect consumers. Such regulation has typically capped the prices that dominant firms can charge in order to promote efficiency, while providing them with a fair return on their investments. In the UK economic regulation is carried out by independent expert regulators in the following sectors: gas and electricity (Ofgem), water (Ofwat), telecoms and post (Ofcom), rail (Office of Rail Regulation) and airports and air traffic services (CAA)¹.

10. The current legislative framework for airport economic regulation was established for Great Britain under Part 4 of the Airports Act 1986 and for Northern Ireland under the Airports (Northern Ireland) Order 1994 (No. 426 (N.I.1)). Under this regulatory framework the Secretary of State is responsible for deciding which airports should be “designated” for price cap regulation. The CAA is then responsible for regulating these airports by setting the maximum amount they can charge airlines over a five year period, and setting service quality conditions linked to these charges.

11. Consultations on reforming the regulatory framework have illustrated that the aviation industry, the regulator and other stakeholders believe the current regime is burdensome, disproportionate and in need of reform. The Competition Commission concluded in its 2009 report [BAA airports market investigation: A report on the supply of airport services by BAA in the UK](#) that the current legislative framework distorts competition between airlines by adversely affecting the level, specification and timing of investment and the appropriate level and quality of service to passengers and airlines.

12. It is widely considered that the current framework for airport economic regulation does not meet the standards expected from a modern regulatory regime. The current regime would not permit the CAA to introduce alternative forms of regulation - for example by monitoring prices and regulating certain aspects of service quality - even if this would benefit passengers and reduce costs for industry.

13. Reform to the framework of the economic regulation of airports is also prompted by the significant changes that have taken place in the aviation sector since the enactment of the Airports Act 1986, including large increases in passenger volumes, the expansion of regional airports and entry by low-cost airlines.

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¹ In addition in Northern Ireland the Northern Ireland Utility Regulator regulates the gas electricity and water sectors and in Scotland the Water Industry Commission for Scotland regulates the water industry.

14. The economic regulation measures contained in this Bill are intended to provide the CAA with a clear primary duty to further the interests of passengers and owners of cargo; provide a more flexible and targeted set of regulatory tools (including a licensing regime); make the CAA's decisions more accountable through a system of appeals; and reduce unnecessary regulatory and central government involvement.

15. The Bill also grants the CAA powers to enforce competition law by enabling the CAA to exercise powers concurrently held with the Office of Fair Trading (OFT). These powers include the enforcement of competition law in the airport operation services sector and the ability to make market investigation references to the Competition Commission for the airport operation services sector. A number of economic regulators (including the CAA for air traffic services only) already have concurrent powers with the OFT in respect of sectors which fall within their responsibility. These sectors include telecommunications, gas, electricity, water and sewerage, and railway services.

Aviation security

16. The Bill confers certain aviation security functions on the CAA, including the review of aviation security directions, advice and assistance to industry and compliance. The Secretary of State remains responsible for aviation security policy and making aviation security directions under the Aviation Security Act 1982.

17. The Bill also enables transfer schemes to be made in connection with the aviation security functions to be conferred on the CAA.

Reform to the legislative framework of the CAA

18. The Transport Committee report [The Work of the Civil Aviation Authority](#) also recommended that the DfT should carry out a fundamental review of the CAA itself. In 2007 the Government commissioned Sir Joseph Pilling to conduct an independent strategic review. The report was published in June 2008. Sir Joseph Pilling's recommendations have informed some of the CAA reform measures contained in the Bill. Some of his governance recommendations have been implemented without the need for legislation, for example the creation of a separate Chair and Chief Executive. Others require primary legislation.

19. The Bill makes a number of changes to the CAA's legislative framework, as follows:

CAA membership

20. Currently, the Secretary of State for Transport appoints all the members of the CAA's board and, with Treasury consent, determines their remuneration. Sir Joseph Pilling, in his 2008 *Report of the strategic review of the CAA* recommended that modernising the CAA's governance structure would help the CAA to maintain its general standing and record of success. Another recommendation was that the CAA Board should be allowed to appoint its own executive directors and determine their remuneration packages. The Bill contains provisions that make this change.

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Civil sanctions

21. The Bill enables the CAA to make use of alternative civil sanctions alongside existing criminal penalties.

CAA's charging schemes

22. The CAA's charging schemes are the mechanism by which it recovers its regulatory costs from industry. These normally come into force on 1 April each year following consultation with the Secretary of State. Under the Civil Aviation Act 1982, the CAA is required to allow a minimum of 60 days between publication of its proposed charges and those charges coming into force. The Bill introduces a statutory obligation on the CAA to consult charge-payers and reduces the 60-day notice period to 14 days.

Criminal proceedings

23. The CAA currently investigates and prosecutes aviation-related offences on behalf of the Crown, pursuant to arrangements to provide assistance to the Secretary of State under section 16 of the Civil Aviation Act 1982. The Bill makes express provision for the CAA to institute criminal proceedings as part of its enforcement function under section 20 of the Civil Aviation Act 1982 to ensure that costs associated with carrying out enforcement work, including prosecutions, will be recoverable from the industry under the new charging scheme arrangements rather than the taxpayer, as is currently the case under present arrangements.

Information, guidance and advice

24. The Bill contains provision creating a new duty for the CAA to publish or arrange for the aviation sector to publish such information and advice as the CAA considers appropriate: (i) to assist users (passengers or freight service users) or potential users of air transport services to compare services and make more informed choices; and (ii) to inform the public about the environmental effects (including emissions and noise) of civil aviation in the UK and measures taken to limit the adverse environmental effects. The CAA may also publish best practice guidance and advice for the aviation sector aimed at either improving service standards for users or limiting the adverse environmental effects of civil aviation in the UK. The CAA must consult on its policy for carrying out these new functions and have regard to the principle that the benefits should outweigh any adverse effects.

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Disclosure of medical information

25. The CAA receives medical information relating to flight crew and air traffic controllers in the course of licensing those persons to perform their air navigation roles. It is currently prohibited from disclosing that information unless at least one of a number of conditions is met, for example the consent of the person to whom the information relates has been obtained. The proposed change, following a recommendation of the House of Lords Committee on Science and Technology in 2007 (H L Paper 7, December 2007) and Government response (H L Paper 105, May 2008), will permit the CAA to disclose that medical information, in anonymised form, for medical research purposes.

Regulation of the provision of flight accommodation

26. The Bill amends the Secretary of State's existing powers to regulate the provision of flight accommodation, which is the basis of the Air Travel Organisers' Licensing (ATOL) scheme run by the CAA. The scheme protects passengers purchasing seats on flights, mainly where these form part of a package holiday, in the event of the insolvency of a package tour operator. The [DfT consulted](#) on proposals to reform the ATOL scheme in summer 2011, including broadening the scope of the Secretary of State's regulation-making powers to allow the scheme to better reflect the way in which holidays including a flight are now sold and arranged. The amendments to the existing power would allow the Secretary of State to make regulations to require ATOL licences to be held by (i) airlines for sale of holidays including a flight and (ii) businesses procuring holidays including a flight on an "agent for the consumer" basis. Also, the Secretary of State would be able to make regulations imposing obligations on ATOL licence holders and giving consumers a right of action in the courts in relation to contraventions of the regulations.

Structure of the Bill

27. The Bill is divided into three Parts. It has 112 clauses and 14 Schedules.

28. The Bill makes changes to a number of existing Acts, most notably the Aviation Security Act 1982 (the "ASA 1982"), Civil Aviation Act 1982 (the "CAA 1982"), Airports Act 1986, Transport Act 2000 (the "TA 2000") and the Regulatory Enforcement and Sanctions Act 2008 (the "RESA 2008"). The arrangement of the Bill is as follows:

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Part 1: Airports

Chapter 1: Regulation of Operators of Dominant Airports

Clauses 1-2: General duties
Clauses 3-4: Prohibition
Clauses 5-13: Dominant airports
Clauses 14-17: Licences
Clauses 18-21 : Licence conditions
Clauses 22-23 : Modifying licences
Clauses 24-30: Appeals against licence conditions etc
Clauses 31-47: Enforcement of licence conditions
Clauses 48-49: Revocation of licence
Clauses 50-55: Obtaining information
Clauses 56-58: Penalties
Clause 59: Disclosing information

Chapter 2: Competition

Clauses 60-65: Competition

Chapter 3: General Provision

Clauses 66-72: Interpretation
Clauses 73-77: Other general provision

Part 2: Other Aviation Matters

Clauses 78-82: Aviation security
Clauses 83-93: Provision of information about aviation
Clause 94: Regulation of provision of flight accommodation
Clauses 95-99: CAA membership
Clauses 100-104: Further provision about CAA
Clauses 105-106: Miscellaneous

Part 3: Final provisions

Clauses 107-112: Final provisions

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Schedules 1-14

Schedule 1: Appeals against determinations

Schedule 2: Appeals under sections 24 and 25

Schedule 3: Appeals against orders and penalties

Schedule 4: Appeals against revocation of licence

Schedule 5: Appeals against penalties: information

Schedule 6: Restrictions on disclosing information

Schedule 7: Index of defined expressions

Schedule 8: Status of airport operators as statutory undertakers etc

Schedule 9: Regulation of operators of dominant airports: consequential provision

Schedule 10: Regulation of operators of dominant airports: transitional provision

Schedule 11: Aviation security directions etc: minor and consequential amendments

Schedule 12: Aviation security: further provision about transfer schemes

Schedule 13: Appeals against penalties

Schedule 14: CAA membership: transitional and saving provision

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Section Two: Timeline of the Civil Aviation Bill

The information in this section aims to provide a summary of each of the stages of the Bill during the 2010-12 and 2012-13 Parliamentary sessions. The summaries are provided by DeHavilland Parliamentary monitoring service. To see the full text of each debate, please click on the link at the bottom of the relevant summary.

House of Commons First Reading - 19 January 2012

Summary

Former Transport Minister Theresa Villiers introduced the Bill to make provision about –

- the regulation of operators of dominant airports;
- to confer functions on the Civil Aviation Authority under competition legislation in relation to services provided at airports;
- to make provision about aviation security;
- to make provision about the regulation of provision of flight accommodation; and
- to make further provision about the Civil Aviation Authority's membership, administration and functions in relation to enforcement, regulatory burdens and the provision of information relating to aviation.

The full debate can be found on the Parliament website - [House of Commons First Reading - 19 January 2012](#)

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House of Commons Second Reading - 30 January 2012

Summary

MPs discussed the importance of ensuring that the regulatory framework for civil aviation in the UK enabled the sector to make a full contribution to economic growth without compromising the high standards consumers rightly expected from the industry.

Speaking in a second reading debate on the Civil Aviation Bill, former Transport Secretary Justine Greening said the aviation industry was vital to the UK and had changed dramatically since the current regulatory framework was introduced in the 1980s.

However, Ms Greening explained that there was “compelling evidence” that the current regulatory regime was distorting competition between airlines and needed to be reformed, arguing that when competition was distorted, the people who suffered were consumers and customers.

The Civil Aviation Authority (CAA) was a “world-class expert regulator”, and Ms Greening explained that the aim of the Bill was to give more responsibility to the CAA and to provide an improved regulatory framework that would enable it to introduce more flexible and proportionate regulation.

She stated that the Bill would devolve more responsibility to the specialist regulator for aviation, remove regulatory functions and unnecessary intervention by Government, and ensure that the CAA operated in a “transparent and accountable manner”.

On the importance of competition and economic regulation, Ms Greening said this accounted for two thirds of the Bill’s clauses. Most airports up and down the country were subject to effective competition and did not need economic regulation, but she said that for the small number with “substantial” market power, economic regulation was vital to defending consumer interests.

This was echoed by the Competition Commission, which, Ms Greening said, concluded that the legislative framework “distorted competition between airlines by adversely affecting the level, specification and timing of investment at airports and the service that passengers receive.”

The former Transport Secretary explained that BAA Ltd also sought to ensure that it remained competitive, and this was the balance that had to be struck.

Summing up, Liberal Democrat Transport Minister Norman Baker explained that reforms had been designed to allow competition to flourish, for the industry to innovate and thrive and to protect the interests of passengers at the small numbers of airports which had “substantial market power”.

For other airports, the main change in the Bill would be that the Civil Aviation Authority would be able to bring its expertise to the “investigation and remedy of anti-competitive behaviour” by having concurrent powers with the Office of Fair Trading.

Mr Baker said the Bill replaced an inflexible, one-size-fits-all approach based on five-year price controls with a flexible regime under which regulation could be tailored to individual airports’ circumstances.

Responding, Shadow Transport Secretary Maria Eagle said that the Government would have the Labour Party’s support, in principle, for the Bill. However, Ms Eagle raised “serious concerns” about whether it was cost-cutting or improving security that was driving changes. She said that Labour would require “much greater assurance” from the Government about how the changes would work in practice.

Turning to governance issues, Ms Eagle agreed that reform was needed and said that Labour supported most of the proposed changes. She felt that the CAA's primary duty should be to promote the interests of passengers, and this was Labour's intention in developing the reforms. However, she said it was wrong that the CAA remained outside the remit of the National Audit Office, unlike all other industry regulators.

The full debate can be found on the Parliament website – [House of Commons Second Reading - 30 January 2012](#)

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House of Commons Public Bill Committee Debate: Day One - 21 February 2012 Summary

The Civil Aviation Bill Public Bill Committee met to take evidence from:

- BAA Ltd;
- Gatwick Airport Ltd;
- Manchester Airports Group;
- Airport Operators Association;
- Aviation Environment Federation;
- Committee on Climate Change;
- Sustainable Aviation Council;
- Airlock Aviation Ltd; and
- DHL Express (UK) Ltd.

The full debates from Day One can be found on the Parliament website - [House of Commons Public Bill Committee Debate: Day One - 21 February 2012](#) and continues with the afternoon session - [House of Commons Public Bill Committee Debate: Day One - 21 February 2012](#)

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House of Commons Public Bill Committee Debate: Day Two - 23 February 2012

Summary

The Civil Aviation Bill Public Bill Committee met today to take evidence from:

- Civil Aviation Authority;
- Passenger Focus;
- British Airline Pilots Association;
- Public and Commercial Services Union;
- British Air Transport Association;
- Association of British Travel Agents; and
- Department for Transport.

The full debate can be found on the Parliament website - [House of Commons Public Bill Committee Debate: Day Two - 23 February 2012](#)

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House of Commons Public Bill Committee Debate: Day Three - 28 February 2012

Summary

During the day's debate on the Civil Aviation Bill, Clauses 1 to 8² were approved.

Rejected Amendments

Moving amendment 12³ to Clause 1 Shadow Aviation Minister Jim Fitzpatrick said both amendments 12 and 14⁴ were similarly drafted in that they both referred to airports' responsibilities in respect of planning laws.

Mr Fitzpatrick explained it was important that the "Civil Aviation Authority does not duplicate that which has been done at extra cost to it and the industry, but we believe it has a role here".

On amendment 14, Mr Fitzpatrick said the amendment raised the question of surface links to airports being part of any licence agreement with the Civil Aviation Authority (CAA).

² **Regulation of Operators of Dominant Airports** – Cl. 1-2: General duties, Cl. 3-4: Prohibition, Cl. 5-13: Dominant airports

³ Amendment 12 proposed: insert— '(ca) the need to ensure that the holder of a licence under this Chapter complies with applicable planning laws,'.

⁴ Amendment 14 proposed: insert— '(ea) the need to promote due consideration on the part of each holder of a licence under this Chapter of issues arising out of surface transport links to and from airports,'.

Former Transport Minister Theresa Villiers said both of the amendments looked to add supplementary duties to those contained in Clause 1.

Ms Villiers said she had “absolutely no doubt” about ensuring that airports, both regulated and unregulated, complied with planning law and that they took seriously the importance of good surface transport access for passengers. However, she explained that the Bill already afforded the CAA the “correct balance of duties” without the need for additional supplementary duties along those lines.

Moving Amendments 10⁵, 11⁶ and 16⁷, Shadow Aviation Minister Jim Fitzpatrick said that the first of these required the Minister to explain why the Bill did not put the “appropriate emphasis” on aviation contributing to meeting the UK’s carbon reduction obligations.

Responding, Ms Villiers said environmental impacts were present at every airport, and it was fairer, more rational and more efficient to consider the aviation sector across the board when deciding what regulatory intervention was needed.

Ms Villiers added that neither the current system nor the proposals in the Bill would impose on the CAA a requirement for investment on environmental matters that went beyond the kind that could be delivered in a competitive market, arguing this kind of environmental requirement should be applied “fairly and evenly across the sector”.

The full debate can be found on the Parliament website - [House of Commons Public Bill Committee Debate: Day Three - 28 February 2012](#)

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⁵ Amendment 10 proposed: insert— ‘(ea) the need to work with NATS, the Secretary of State and air transport service providers towards meeting the United Kingdom’s carbon reduction obligations,’.

⁶ Amendment 11 proposed: insert— ‘(ea) the effect on the environment and on local communities of activities connected with the provision of airport operation services at the airport to which the licence relates,’.

⁷ Amendment 16 proposed: insert— ‘(ca) the effect on the environment and on local communities of activities connected with the provision of airport operation services at the airport to which the licence relates, and’.

House of Commons Public Bill Committee Debate: Day Four - 1 March 2012

Summary

During the day's debate on the Civil Aviation Bill, Clause 9-20⁸ were agreed.

Amendments

In a debate over whether Clause 9 should stand as part of the Bill, Shadow Aviation Minister Jim Fitzpatrick warned that on issues of investor confidence and the gold-plating of legislation, no-one had come forward demanding publication of operator determinations be introduced, and asked where the demand was coming from for these clauses.

Former Transport Minister Theresa Villiers said the Clause ensured that there was no dual regulation over an airport area, so that two or more persons do not require a licence in respect of the same area. She confirmed that nothing in the Bill mandated the introduction of inter-terminal competition or any other form of competition within a single airport. All the Government sought to do was to enable the framework for economic regulation to deal with that scenario if it were to occur.

Ms Villiers explained that the Competition Commission expressed the view that it would be useful for the regulatory system to be able to deal with the option of inter-terminal competition, should the need arise in future.

The full Day Four debates can be found on the Parliament website - [House of Commons Public Bill Committee Debate: Day Four - 1 March 2012](#) and continues with the afternoon session - [House of Commons Public Bill Committee Debate: Day Four - 1 March 2012](#)

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⁸ **Regulation of Operators of Dominant Airports** – Cl. 5-13: Dominant airports, Cl. 14-17: Licence, Cl. 18-21 : Licence conditions

House of Commons Public Bill Committee Debate: Day Five - 6 March 2012

Summary

During the day's debate on the Civil Aviation Bill, Clauses 21 to 28 and 52 to 76⁹ were approved.

Withdrawn Amendments

Moving amendment 31¹⁰, Labour MP Seema Malhotra explained that the amendment sought a provision relating to a compensation scheme for noise pollution arising from licensed activities.

Ms Malhotra explained that the amendment sought to ensure that the Civil Aviation Authority (CAA) had some authority to help control the effects of noise and ensure the quality of insulation and mitigation schemes that major UK airports operated.

In reply, former Transport Minister Theresa Villiers said she could not support the amendment because the meaning attributed to "licensed activities" was not entirely clear. She added that environmental protection measures should not depend on whether an airport "happens to be subject to economic regulation".

The full debates from Day Five can be found on the Parliament website - [House of Commons Public Bill Committee Debate: Day Five - 6 March 2012](#) and continues with the afternoon session - [House of Commons Public Bill Committee Debate: Day Five - 6 March 2012](#)

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⁹ **Regulation of Operators of Dominant Airports** – Cl. 18-21 : Licence conditions, Cl. 22-23 : Modifying licence, Cl. 24-30: Appeals against licence conditions etc, Cl. 50-55: Obtaining information, Cl. 56-58: Penalties, Cl. 59: Disclosing information **Competition** – Cl. 60-65: Competition, **General Provision** – Cl. 66-72: Interpretation, Cl. 73-77: Other general provision

¹⁰ Amendment 31 proposed: insert— '(g) provision relating to a compensation scheme for the noise pollution arising out of licensed activities which affects persons residing or occupying business or community premises in an area designated in the licence conditions.'

House of Commons Public Bill Committee Debate: Day Six - 8 March 2012

Summary

During the day's debate on the Civil Aviation Bill, Clauses 77, 78, 79, 80, 81 and 82¹¹ were approved.

The full debate can be found on the Parliament website - [House of Commons Public Bill Committee Debate: Day Six - 8 March 2012](#)

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House of Commons Public Bill Committee Debate: Day Seven - 13 March 2012

Summary

During the day's debate on the Civil Aviation Bill, Clauses 83 to 112¹² were approved.

Rejected Amendments

Shadow Aviation Minister Jim Fitzpatrick moved amendment 69¹³, explaining this and amendment 70¹⁴ were about "publishing information on carbon emissions and allowing passengers to compare and make choices based on that data".

Former Transport Minister Theresa Villiers voiced concern that amendment 70 would require the Civil Aviation Authority (CAA) to publish information which went beyond aviation to other modes of transport. She argued that it would not be appropriate or proportionate to require the aviation regulator to collect and publish information on rail and road modes of transport.

The full debates from Day Seven can be found on the Parliament website – [House of Commons Public Bill Committee Debate: Day Seven - 13 March 2012](#) and continues with the afternoon session - [House of Commons Public Bill Committee Debate: Day Seven - 13 March 2012](#)

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¹¹ **Other Aviation Matters** – Cl. 78-82: Aviation security

¹² **Other Aviation Matters** – Cl. 83-93: Provision of information about aviation, Cl. 94: Regulation of provision of flight accommodation, Cl. 95-99: CAA membership, Cl. 100-104: Further provision about CAA, Cl. 105-106: Miscellaneous, **Final provisions** – Cl. 107-112: Final provisions

¹³ Amendment 69 proposed: insert— '(d) carbon emissions resulting from the use of air transport services to or from a civil airport.'

¹⁴ Amendment 70 proposed: insert— '(d) carbon emissions resulting from domestic flights within the UK or to European Union member states, and a comparison with emissions for an equivalent journey via rail or road transport.'

House of Commons Report stage - 25 April 2012

Summary

During the day's debate on the Civil Aviation Bill, a series of Government amendments were made.

Rejected Amendments

Mr Jim Fitzpatrick, Shadow Aviation Minister, moved amendment 3 which called for closer working with the Committee on Climate Change and air transport service providers in meeting the United Kingdom's greenhouse gas emission reduction obligations. He also moved amendment 6, which related to greenhouse gas emissions resulting from the use of international air transport services.

Former Transport Minister Theresa Villiers opposed amendment 6, arguing that it was already covered in the Bill.

The full debate can be found on the Parliament website - [House of Commons Report stage - 25 April 2012](#)

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House of Commons First and Second Reading - 10 May 2012

The Bill was read for the First and Second time with no questions raised.

The full statement can be found on the Parliament website – [House of Commons First and Second Reading - 10 May 2012](#)

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House of Commons Third Reading - 22 May 2012

Summary

Moving that the Bill be read a Third time, former Transport Minister Theresa Villiers said that the Bill had enjoyed considerable cross-party support at every stage in its passage through the House, while its key elements had been broadly welcomed by airports, airlines and a number of other stakeholders.

Ms Villiers said that the Government had listened to the industry's concerns and responded effectively to them to put together a balanced reform package. She added that the Bill would modernise the framework for the economic regulation of airports, greatly improve transparency and accountability and put the passenger interest "right at the heart" of the new regulatory system.

The Minister said that the Bill would establish a new primary duty to further the interests of passengers and freight owners and enable the Civil Aviation Authority (CAA) to tailor measures to each individual airport. She added that the CAA would be required to carry out its economic regulation functions in a transparent, accountable, proportionate and consistent way.

She stated that the Government had worked hard with both airlines and airports to come up with an appeals system that gave effective redress to airlines, without turning the new regulatory regime into a two-tier system.

On security, Ms Villiers said that the Government believed that giving the experts in aviation operations a greater say in how security was delivered would improve the ability to guard against the "very real threats" that were faced.

She emphasised that the Bill already included important new information provisions to help address the environmental impact of aviation. Ms Villiers felt that aviation should be able to grow, but it must also play its part in delivering environmental goals.

Concluding, the former Transport Minister felt that the Bill would incentivise investment in airports by providing greater clarity and certainty for airport operators and investors.

The full debate can be found on the Parliament website – [House of Commons Third Reading - 22 May 2012](#)

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House of Lords First Reading - 23 May 2012

Summary

The Civil Aviation Bill was introduced in the Lords.

The full debate can be found on the Parliament website - [House of Lords First Reading - 23 May 2012](#)

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House of Lords Second Reading - 13 June 2012

Summary

Moving that the Civil Aviation Bill be read a Second time, Lords Government Transport Spokesperson Earl Attlee said that while the aviation sector had changed dramatically, the regulatory framework which governed it had not. Much aviation regulation originated in the 1980s and needed to be brought into the 21st century.

Putting the interests of the passenger at the heart of airport regulation was at the heart of the Bill, Earl Attlee stated. He explained that the Bill introduced reforms on the economic regulation of airports, the legislative framework of the Civil Aviation Authority (CAA), the Air Travel Organisers' Licensing scheme, and aviation authority.

Earl Attlee stated that Heathrow, Gatwick and Stansted currently had too much power and were not subject to sufficient levels of competition, adding that the Competition Commission had concluded that the regime distorted competition between airlines and should be reformed.

He added that the Bill would replace the CAA's "sometimes competing" four duties and replace them with a primary duty to passengers and owners of cargo. Under the new modern licensing system, Earl Attlee said that conditions could be tailored to individual airports at particular times, while economic regulation imposed on airports could be reduced by the CAA for the benefit of passengers.

Earl Attlee explained that it was the responsibility of the Secretary of State to decide which airports should be subject to economic regulation. He added that the Bill proposed that the CAA should make that decision against clearly defined criteria.

Appeals on the CAA's decisions on the price cap and service quality standards that airports must meet would be made to the Competition Commission, Earl Attlee continued, thereby removing the need to go straight to judicial review. The Bill would create a new duty for the CAA to publish, or arrange for the aviation sector to publish, information to help users compare services.

Earl Attlee said that the CAA would also be given a duty to inform the public about the environmental effects of civil aviation in the UK.

Concluding, Earl Attlee said that the Transport Committee had found the Bill to be “clearly welcomed” by the aviation industry, including airlines, airports and the CAA.

Shadow Transport Minister Lord Davies of Oldham said that Labour were supportive of the Bill’s broad structure, but found much of the detail disappointing. He added that the Government’s backsliding on the policies necessary to moderate climate change was already evident in key areas of the economy and aviation was no exception.

Lord Davies stated that the Bill weakened the terms of proposed environmental obligations and sent the wrong signals to the industry. There was no longer a clear duty on the CAA in its economic regulation role to have regard to compliance in airports’ operations with environmental and planning law, he continued.

Lord Davies did not feel that the provisions in the Bill met the necessary requirements on passenger welfare and said that Labour would seek to strengthen the obligations of the airports and the CAA in this area.

Concluding, Lord Davies said that the Bill had “obvious departures” from the thinking that was present in its early stages.

Elsewhere, Labour Whip Lord Rosser felt that the aviation industry also needed to reflect on whether it had given environmental considerations the public prominence they deserved.

The full debate can be found on the Parliament website - [House of Lords Second Reading - 13 June 2012](#)

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House of Lords Committee Stage: Day One - 27 June 2012

Summary

The Bill was debated in the Lords at the Committee stage for the first day.

During the day’s debate on the Civil Aviation Bill, Clauses 1, 2, 3, 4 and 5 were agreed to without amendment. Clause 6¹⁵ was amended and agreed to.

¹⁵ **Regulation of Operators of Dominant Airports** – Cl. 1-2: General duties, Cl. 3-4: Prohibition, Cl. 5-13: Dominant airports

Debates

Moving Clause amendment 1¹⁶ relating to the Civil Aviation Authority's (CAA) general duty, Liberal Democrat peer Lord Bradshaw argued that the issue of surface access to airports demanded close attention.

There was a large amount of spare capacity at Gatwick, Stansted, Birmingham and Luton airports, Lord Bradshaw said, adding that making best use of these airports would take the pressure off demands for an expansion of Heathrow.

Should HS2 be completed then Birmingham airport would be just 38 minutes by train away from London; equivalent to the journey to Gatwick now, Lord Bradshaw continued.

Turning to train routes that serviced airports, the peer said that recently arrived passengers did not mix well with ordinary commuters on the Gatwick line. Many of the trains used on the service were unsuitable for heavy baggage and Lord Bradshaw concluded that regulated airports and the airlines that used them should help pay for upgrades to transport services that improved access to them.

Earl Attlee commented that the Government was also seeking to improve access to non-regulated airports such as Luton and Birmingham through regional growth funding.

Turning to the thrust of the amendment, Earl Attlee agreed that it was important to ensure that regulated airports could invest in surface transport access in so far as their unregulated counterparts were able to. Earl Attlee explained that if a surface access investment furthered the interests of passengers and cargo owners in the provision of airport operation services, the Bill did not prevent this investment from being included in the airport's regulatory settlement. However, he concluded it was not the CAA's role to plan surface access enhancements.

The full debate can be found on the Parliament website - [House of Lords Committee Stage: Day One - 27 June 2012](#)

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¹⁶ Amendment 1 proposed: insert— "and in the provision of surface transport access"

House of Lords Committee Stage: Day Two - 2 July 2012

Summary

During the day's debate on the Civil Aviation Bill Clauses 7-79¹⁷ were agreed. Of these Clauses, Clause 26 and 30 were amended.

Withdrawn Amendments

Conservative peer Lord Empey moved amendment 46¹⁸, explaining its fundamental aim was to deal with the situation whereby the regions of the United Kingdom did not have guaranteed air access to Heathrow.

Given the priority placed on developing regional airports, Lord Empey argued, it was "an anomaly" that the Government had no powers to intervene to ensure that air access existed between the national hub airport and the regions.

Responding, Lords Government Transport Spokesperson Earl Attlee said that EU regulation prevented the application of discriminatory traffic distribution rules, including on geographical grounds. As a result, any measure designed specifically to protect particular regional air services would not be compatible with EU law.

The European Commission's "Better Airports" proposals included mechanisms to amend the EU slot regulations, he explained, and the UK would use the reform process to raise the possibility of "the inclusion of measures to help secure the ongoing provision of air services between UK regions and congested London airports".

The full debate can be found on the Parliament website - [House of Lords Committee Stage: Day Two - 2 July 2012](#)

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¹⁷ **Regulation of Operators of Dominant Airports** – Cl. 5-13: Dominant airports, Cl. 14-17: Licences, Cl. 18-21 : Licence conditions, Cl. 22-23 : Modifying licences, Cl. 24-30: Appeals against licence conditions etc, Cl. 31-47: Enforcement of licence conditions, Cl. 48-49: Revocation of licence, Cl. 50-55: Obtaining information, Cl. 56-58: Penalties, Cl. 59: Disclosing information, **Competition** – Cl. 60-65: Competition, **General Provision** – Cl. 66-72: Interpretation, Cl. 73-77: Other general provision, **Other Aviation Matters** – Cl. 78-82: Aviation security

¹⁸ Amendment 46 proposed: After Clause 65, insert the following new Clause - "Directions to airport operators in the interests of national air infrastructure. (1) The CAA may give to any airport operator a direction requiring him (according to the circumstances of the case) to do, or not to do, a particular thing specified in the direction, if the CAA considers it necessary to give such a direction in the interests of modifying competition to ensure sufficient national air infrastructure between hub and regional airports. (2) The Airports Act 1986 is amended as follows. (3) In section 34 (matters to be taken into account by CAA), after subsection (3)(a) insert- "(aa) the need to ensure adequate services between hub and regional airports;". (4) In section 82 (general interpretation), after the definition of "functions" insert- ""hub airport" means an airport used as a transfer point for passengers from one flight to another in order to complete a route"."

House of Lords Committee Stage: Day Three - 4 July 2012

Summary

During the day's debate on the Civil Aviation Bill, Clauses 80-95¹⁹ were agreed. Clause 94 was amended.

The full debate can be found on the Parliament website - [House of Lords Committee Stage: Day Three - 4 July 2012](#)

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House of Lords Committee Stage: Day Four - 9 July 2012

Summary

During the day's debate on the Civil Aviation Bill, Clauses 96 to 112²⁰ were agreed.

Withdrawn Amendments

Moving amendment 67, Opposition Whip Lord Rosser hoped to insert a new Clause to the Bill, giving the National Audit Office (NAO) oversight of the Civil Aviation Authority's (CAA) accounts and the CAA should acquire a general duty of efficiency in the use of its financial resources.

Lord Rosser explained that, in order to keep costs for airlines, passengers and the taxpayer as low as possible, it was essential that the CAA adopted efficient ways of working and modern technology where appropriate.

In reply, Government Whip Earl Attlee remained "unconvinced" that there were compelling reasons to believe that NAO scrutiny of the CAA would deliver a different result from the current and new mechanisms by which the CAA's functions were already audited and scrutinised. He added that the CAA was overwhelmingly funded by the aviation industry, explaining that its situation was different from that of regulators such as the Office of Rail Regulation.

The full debate can be found on the Parliament website - [House of Lords Committee Stage: Day Four - 9 July 2012](#)

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¹⁹ **Other Aviation Matters** – Cl. 78-82: Aviation security, Cl. 83-93: Provision of information about aviation, Cl. 94: Regulation of provision of flight accommodation, Cl. 95-99: CAA membership

²⁰ **Other Aviation Matters** – Cl. 95-99: CAA membership, Cl. 100-104: Further provision about CAA, Cl. 105-106: Miscellaneous, **Final provisions** – Cl. 107-112: Final provisions

House of Lords Report stage - 7 November 2012

Summary

During the day's debate on the Civil Aviation Bill, a series of Government amendments were made. Two Opposition amendments were made to Government amendments; both were accepted. The amendments placed an obligation on airport licence holders to mitigate the environmental impacts of the airport, aircraft using it and facilities connected to it.

Agreed Amendments

Lords Government Whip Earl Attlee moved Clause 1, amendment 1, which stated that it was desirable that an airport licence holder "take reasonable measures to reduce, control or mitigate the adverse environmental effects of the airport".

In response, Shadow Transport Minister Lord Davies of Oldham moved Clause 1 amendment 2 to amendment 1, which went further in obligating licence holders to carry out environmental measures.

Earl Attlee moved Clause 2 amendment 7 on behalf of the Government, which stated that it was desirable that an airport licence holder "take reasonable measures to reduce, control or mitigate the adverse environmental effects of... facilities used or intended to be used in connection with that airport and aircraft using that airport".

As before, Lord Davies moved an amendment (Clause 2, amendment 8) calling for these environmental measures to be a duty on licence holders rather than simply a recommendation.

The full debate can be found on the Parliament website - [House of Lords Report stage - 7 November 2012](#)

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House of Lords Third Reading - 13 November 2012

Summary

The Civil Aviation Bill passed its Third Reading in the Lords and will now return to the Commons with amendments.

The full debate can be found on the Parliament website – [House of Lords Third Reading - 13 November 2012](#)

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House of Commons Consideration of Lords amendments - 21 November 2012 Summary

House of Lords amendments to the Civil Aviation Bill were agreed and the Bill is now awaiting a date to be given Royal Assent.

The Civil Aviation Bill should not be seen to place a restriction on investment in environmental measures at licensed airports where passengers and freight owners benefitted from the provision of services.

Opening a debate on the consideration of Lords Amendments to the Civil Aviation Bill, Conservative Transport Minister Simon Burns said the Civil Aviation Bill introduced reform in four key areas:

- economic regulation of airports;
- legislative framework of the Civil Aviation Authority (CAA);
- air travel organiser's licence scheme; and
- aviation security.

The Minister indicated three notable issues on which Lords amendments had been raised:

- the imposition of environmental duties on the CAA;
- the efficiency of the CAA; and
- the Secretary of State's powers to make regulations relating to the ATOL scheme.

It was noted that the environmental impact of aviation has been raised during the Bill's passage through both Houses, and the Government take it very seriously. In particular, there has been a great deal of focus on giving the Civil Aviation Authority (CAA) additional duties to take account of it. Lords amendments 1 to 4 respond to that concern by giving the CAA a supplementary environmental duty to which it must have regard in performing its airport economic regulation functions. The amendments are intended to make clear that in conducting those functions, the CAA must have regard to the ability of the regulated airport operator to take reasonable measures to reduce, control or mitigate adverse environmental effects that are generated by the activity of the airport—and aircraft using the airport—to which the licence relates. For example, a reasonable measure could be a cost-effective energy saving investment project, such as the installation of solar-powered lighting in terminal buildings, which would lower the airport's future energy costs.

Environmental issues in this context would include noise, vibration, emissions and the effects of works carried out at the airport. The amendments also provide clarity that reasonable costs of environmental measures undertaken by licence holders may continue to be taken into account in the regulatory settlement, where the measures are in the interests of passengers and owners of cargo and to do with the provision of airport operation services.

The Government do not believe that the absence of an environmental supplementary duty would prevent the CAA from approving environmental investment where that is in passengers' and cargo owners' interests. However, following detailed consideration of the matter, the Government decided there is a benefit to making this clear in the Bill.

An environmental duty should be placed on the CAA in respect of the operation of all airports. The Transport Minister, Simon Burns confirmed that the duty will apply not just to Heathrow, but also to the other regulated airports of Gatwick and Stansted.

Mr Burns added, "A regulated airport should not be required to spend on environmental measures where a competitive airport would not do so, because that could create market distortions by placing greater burdens on regulated airports than non-regulated airports. Furthermore, not only have the Government sought to address these concerns through their own amendments, but Opposition amendments to the proposed Government amendments strengthening the wording of this duty were also accepted. I hope the House will recognise that as a genuine effort to reach an agreed position on including appropriate environmental considerations in the Bill. We are confident that we have struck the right balance on the environment, and that the CAA will be better placed than ever before to take environmental matters seriously."

The full debate can be found on the Parliament website – [House of Commons Consideration of Lords amendments - 21 November 2012](#)

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Royal Assent - 19 December 2012

Summary

The Civil Aviation Bill received Royal Assent on 19 December 2012, becoming the Civil Aviation Act 2012.

The full statement can be found on the Parliament website – [Royal Assent - 19 December 2012](#)

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The information provided in this report came from the parliamentary monitoring service, DeHavilland.

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