

Travel Matters, 27 June 2018: Speech by Richard Moriarty

Good Morning. Can I thank Mark and the ABTA team for inviting me to speak today. As the new Chief Executive at the Civil Aviation Authority I am delighted to be with you having been in the role for just 35 days.

The travel industry is very important to us at the CAA because we know how important people's holidays are to them and as a consumer focused organisation we are keen to support a thriving travel industry that puts its consumers first.

As many of you know, since 1973 we have run the ATOL financial protection scheme, an important feature of the UK package travel market. This is a subject I will come onto shortly.

But before I do, I've been asked to say something about my ambitions for the CAA more broadly. As you know, our work encompasses a very wide range of activities ranging from safety and security, airspace, economic regulation, airline licensing and consumer rights.

At its most basic level I see the core purpose of the CAA – indeed of any regulator – is to protect the public and ensure consumers are fairly treated. It's what parliament and the general public expect from us.

Looking to the future, I would like today to focus on five areas. These are five strategic priority areas for the CAA. Namely: safety, infrastructure, the consumer, technology, and the services we provide our stakeholders.

On safety, I want to ensure that the CAA continues to uphold the highest standards and does not rest on its laurels. There cannot be any room for complacency when it comes to safety.

I'm keen we are truly a risk based regulator, working with industry to demonstrably reduce safety risk across the total aviation system. This means developing a comprehensive risk picture with the organisations we regulate and building our knowledge and data to make sure we target our regulation in the areas where it will make the biggest difference.

On infrastructure, our goal is to support improving the UK's aviation capacity and resilience so it can continue to support your aspirations to grow and the future demand from consumers.

This includes our work on developing a regulatory framework to support an affordable and commercially financeable new runway at Heathrow. This follows the vote in Parliament on Monday on the National Policy Statement giving Heathrow

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outline planning permission. It also includes our work on modernising airspace – the vital infrastructure of the sky.

Our strategic priority in relation to consumers is to raise awareness of their rights take proportionate action when we have evidence that businesses are letting them down.

- Some of the important initiatives linked to this include: continuing to improve awareness of ATOL;
- extending Alternative Dispute Resolution schemes to help passengers resolve complaints with airlines/ airports;
- and taking enforcement action against individual companies on behalf of groups of customers where it is appropriate to do so.

Our fourth priority is technology. Drones, cyber security, space planes are just a few examples of things we will need to deal with to ensure the regulatory framework is fit for the future.

Our fifth and final strategic priority is improving the services we provide our stakeholders. Many businesses and individuals need to transact with the CAA over permits, licences, certificates, and so forth.

I am keen to make sure we provide an efficient service. Part of this includes moving some of our processes online – as we will do with ATOL renewals this year.

In talking about our priorities for the future and the broader context within which we all work, it would be remiss of me not to mention Brexit.

Quite properly it is a matter for Government to decide its negotiating position and lead the discussions with the European Union.

But as the industry's technical regulator, what would we like to see achieved from our perspective?

We start by recognising that aviation and travel are by definition international businesses. We are one of the leading global aviation players and London is the best-connected city in the world. We want to see an outcome that continues to allow aviation and travel to flourish, which means ensuring there is a liberal and open market for businesses to trade within.

Aviation and travel consumers have benefitted enormously from the choice that has resulted from the liberalisation of the sectors, particularly across Europe. Brexit should not, in our view, be used as an opportunity to restrict competition.

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We also need to be influential beyond our borders in ensuring safety and security of our citizens. The Government and the CAA have been clear that our preference is to remain part of the European Aviation Safety Agency, EASA.

As a responsible regulator, we continue to undertake technical preparatory work for a range of potential outcomes of the EU exit negotiations.

Finally, Brexit should it be used to undermine consumer rights and environmental protections that have been built up over the years following careful negotiation and a balancing of competing interests.

Now let me turn directly to ATOL and our work supporting the travel industry and its consumers. As I said, it is an important role the CAA undertakes.

I am pleased that we continue to see growth in ATOL sales. And the diversity within the travel industry and the unifying focus on the consumer experience should be celebrated.

I appreciate it is a time of much regulatory change. Some of this change is driven by initiatives outside our remit such as changes to the regulations governing fees for card payments. Within our remit the big change this year is of course the changes contained within the new Package Travel Directive, which comes into force from 1 July.

The new package travel regulations pave the way for:

- greater clarity on the definition of a package;
- an ability to trade across the EU;
- clearer obligations on Governments to have adequate insolvency protection for their citizens;
- insolvency protection being based on the place of establishment of the business arranging the package.
- The regulations also introduce a new legal concept of Linked Travel Arrangements, on which I say a bit more in a moment.

Although these legal changes have been a very long time in coming, I appreciate that it has only been very recently that the industry has seen the finer legal detail and you have understandably voiced concerns about the time required for adaptation and implementation.

We have listened and we have responded.

To give businesses more time to adjust we have done a number of things including: