

# House of Commons Transport Committee

## Inquiry into the work of the Civil Aviation Authority

### Submission by the GA Alliance

#### A. Background:

The GA Alliance (The Alliance) is a group of organisations representing the interests of many in the UK General Aviation Industry (GA). It was formed in 2004 due to concerns about the fragmented representation of GA and the need for co-ordinated UK level responses to CAA and EU initiatives, the latter through Europe Air Sports.

The term General Aviation (GA) describes all aviation activity except airlines and military i.e. a civil aircraft operation other than a commercial air transport operation. The principal sectors of the GA industry include sport and recreational aviation (S&RA), personal transport for business and private purposes, flying training, corporate aviation, aerial work and a wide range of ancillary activities from maintenance to airport services. There are approximately 7,500 UK registered and certificated plus 1,000 USA registered GA powered aircraft in the UK (incl. approximately 1,000 helicopters), 2,300 microlights, 2,600 gliders, 740 balloons/airships, 62 gyroplanes plus 5,500 hang and paragliders and approximately 1,000 UK civil airliners. In addition parachuting activities are within the scope of CAA regulation as well as aero-modelling.

Members of The Alliance include:

- British Gliding Association (BGA)
- British Hang Gliding and Para Gliding Association (BHPA)
- British Microlight Aircraft Association (BMAA)
- British Parachute Association (BPA)
- General Aviation Safety Council (GASCo)
- Helicopter Club of Great Britain (HCGB)
- Popular Flying Association (PFA)
- PPL/IR Europe – European Association of Instrument Rated Private Pilots
- Royal Aero Club of the United Kingdom (RAeC)

The Alliance coordinates about 72,000 subscription paying members of these bodies. It is estimated that in total more than 100,000 people are involved in GA. It is understood that air shows are now the UK's second most popular spectator activity with some 6.6m attending annually (per Air Display Association (Europe)).

#### B. Issues raised by the Transport Committee:

##### 1) "the remit, structure, and powers of the CAA"

###### a) remit:

The Alliance has major concerns about the conflict of interest and the lack of clear definition that exists within the CAA's remit. The Civil Aviation Act 1982 sets out the CAA's general objectives as solely relating to British airlines and air transport users.

This remit is heavily weighted towards protecting the British airlines and the public's use thereof. There is no specific mention of the need to secure the future of or otherwise protect GA (including many SMEs); we consider there should be a specific obligation in this respect, and the responsibility for promoting the financial and operational success of the airline industry should be separated from the function of regulating the activities of all other civil aviation sectors which, under ICAO definitions are classified as "GA".

The CAA Chairman's interpretation of his remit for GA can be seen from his nine page Chairman's Report in the CAA Annual Review. In 2004 there was no reference to GA. In 2005 there is only one reference, which refers to complaints about his proposal to transfer charges of about £4m pa from the airlines to GA.

- **The CAA should continue to deal mainly with the economic and safety protection of the travelling public and ensure the airlines are safe and efficient and UK airspace design and management maximises the benefits for all airspace users. The CAA should have a specific remit to secure and enable the future of a healthy GA sector.**

**b) structure:**

The current composition of the Board of the CAA has no representation from GA including S&RA.

The Board members, whether appointed by the Secretary of State or appointed as non-executive in conjunction with the CAA Chairman, are currently mostly from airline, Royal Air Force or public body backgrounds. We consider this lack of balance on the Board of the CAA to be a major shortcoming and a reason for the frequent lack of appreciation of the importance of GA.

These appointments are, per the CAA Sponsorship Statement (cl. 3.7), meant to be, generally, "following open competition" but we are unaware of any such appointment having been advertised in the GA press where it might be seen by potentially interested parties. We consider this shortcoming should be remedied by appointing at least one, and preferably two, Non Executive members from the GA sector.

- **The CAA should appoint Non Executive Board member(s) from the GA sector.**

**c) powers:**

The CAA's main powers, derived from its statutory functions, are heavily geared towards the safety and economic regulation of airlines and the airspace they utilise.

Whilst they also regulate other parts of "civil aviation" including GA, it does so with an overly heavy hand. It applies requirements that are relatively easy for the airlines to adopt when they are required, for example, to carry additional safety or navigational equipment that is in almost constant use, as part of their normal business, but when applied to GA aircraft fails to recognise its relatively infrequent use and the high cost relative to any potential benefit. Too much stress is put on requirements in the name of "safety" without adequate proof of the need based on actual safety cases.

In relation to the apportionment of the CAA's costs between the airlines and GA it appears there is a tendency for the CAA to favour the airlines. This is perhaps not surprising in view of the Board's current structure.

Recently, the Parliamentary Under-Secretary of State for Transport said in relation to the CAA review of charges that it "*more than fairly represented the general aviation sector, given the size of the group and the costs passed to, and the income generated by, that sector*". This representation according to fees paid is a new and unacceptable concept from the CAA.

An example of the CAA's bias in favour of the airlines has been the recent move to transfer approximately £4m p.a. of costs from the airlines to GA. This was achieved by setting up a review with terms of reference which took account only of the removal of so called "cross subsidies" from the CAA charging structure. No account was taken of the impact on safety for GA, the beneficiary of the regulation (the fare paying passenger), or the impact on SMEs and employment, or the fact that the airline industry is one of the most highly subsidised industries in the UK. The airline industry, especially those in the low cost sector, is flourishing. Their passengers benefit from low fares because the airlines are exempt from fuel duty, which saves them £800m pa, and from VAT on ticket sales which saves them at least £2Bn pa. These exemptions are funded by other UK tax payers. The airlines also receive a further £2.5m pa for operating certain routes.

In contrast GA pays VAT at the standard rate on most services it provides and pays some £12m in fuel duty and £3m in VAT annually (per House of Commons library response to Gerald Howarth MP).

- **The CAA should take a more realistic and “light touch” to the regulation of GA.**
- **The CAA should abandon its present simplistic principle of using so called “cross subsidies” as the sole factor in determining charges in favour of a more broadly based policy which includes factors such as the impact on safety, the identity of the beneficiary of the regulation or charge (the principle of “the beneficiary pays” rather than the current policy of “the user pays”), the impact on SMEs and employment, the costs imposed on GA as a result of the airlines need for controlled airspace, and the huge subsidy provided to the airline industry by the tax payer through exemptions on fuel duty and VAT.**

## 2) “the performance of the CAA in relation to its statutory objectives and functions”

The CAA is responsible for some serious over regulation of GA. For example the CAA has made the requirements for the initial issue of the UK Instrument Rating so difficult that now less than 2% of UK Private Pilots hold that qualification. In the USA approximately 50% of US Private Pilots hold an Instrument Rating. This situation is prejudicial to safety in the UK.

It is estimated that nearly 1,000 GA aircraft have transferred to the USA register and their owners/pilots have qualified for USA FAA Instrument Ratings which they can use in UK airspace. This enables them to fly more safely and more reliably.

Medical standards for GA (and especially S&RA) pilots are a further example of over-regulation. In recent years the standards have been brought very close to those required by professional pilots carrying up to 500 passengers. Accident records since 1980 show no examples of a fatal accident to a passenger or member of the public as a result of pilot incapacitation. There are examples of private pilots failing their UK medical examinations, and subsequently being granted USA FAA professional pilot's licences, after full disclosure of the facts. Equally, the CAA responded positively some 5 years ago to GA industry representations to introduce a National Private Pilots Licence (NPPL), with medical standards equivalent to the DVLA driving medical standards and with compliance by means of self-declaration with GP endorsement.

The DfT is currently considering banning foreign registered aircraft being based in the UK. This will do nothing to aid safety, for they already have powers to ban individual aircraft, and indeed will diminish it due to the need for pilots holding foreign licences having to acquire UK licences which is currently extremely difficult, if not impossible, in the case of Instrument Rated pilots.

Aircraft certification is another area where the CAA has been over regulating and damaging GA. The CAA will not accept an aircraft for registration in the UK, even if it has been certified in the US, without a very expensive type certification process. Many manufacturers consider the UK market for GA aircraft and equipment is too small to warrant the high cost of this type certification process. As a result of over regulation in this area UK citizens are denied the opportunity of owning and operating on the UK register perfectly safe modern aircraft and equipment.

In airspace matters, the CAA and DfT need to be reminded that the primary reason for the creation of various classes of controlled airspace is to provide controlled separation of aircraft to protect fare-paying passengers in commercial air transport. Most GA flying and certainly S&RA have no need for controlled airspace as they operate under VFR (visual flight rules). Thus when it comes to airspace charging issues, the mantra of ‘the user pays’ should be changed to ‘the beneficiary (i.e. the passenger / airline) pays’.

The CAA is now a contractor to the European Aviation Safety Agency (EASA) in respect of certification of aircraft and is carrying out many functions for EASA but at additional cost to the owner/pilot in GA. Certification and other matters should be co-ordinated such that there is an acceptance that standards / certifications already approved across European States and in the USA should be bi-party recognised. Currently much work and cost is involved in gaining approvals between those States and the USA without evidence of safety benefits.

- **EASA now requires the CAA to accept certain categories of GA aircraft certified in other EU States on the UK register. This principle should be extended to all types of GA aircraft, excluding those in Annex II to Regulation 1592/2002.**
- **The CAA should work towards mutual acceptance of US and UK aircraft type and pilot certification. Regulation should be proportionate to risk as has been established in the EC Common Requirements for the Single European Sky.**

Most new pilots entering the airline industry do so from a self funded route that starts with their training in GA. Without a sound base of GA in the UK the airlines will be forced to seek pilots from abroad thereby taking jobs from the UK including those from the training industry itself. There are already many instances of flight training organisations moving abroad (mainly to the USA) because the regulatory regime and costs in the UK are now uneconomic and uncompetitive. This lack of a healthy UK training base also means the associated support industry of many SME businesses suffers.

The UK light GA aircraft manufacturers are now virtually non-existent whereas those in the USA are flourishing with many new concepts and manufacturing techniques creating employment and opportunities; this activity also feeds through to their training facilities and associated support industries.

There is a clear reason for the lack of that manufacturing industry in the UK, namely a culture of too much regulation and high oversight costs.

- **The CAA should promote a healthy GA sector to enable greater economic activity within it thereby securing employment and opportunities for UK SMEs and citizens.**

The DfT/CAA should ensure that when airports wish to expand they are made to take into account the loss of use of those airports to GA. Many are currently stating they are so busy that they will not accept GA aircraft or impose such swingeing price increases that GA is effectively excluded. By such means GA is denied accessibility to airports with facilities, particularly for landing in poor weather, and crucially pilots are denied adequate training facilities and thereafter to ensure their skills are kept current, a vital safety requirement. The departments do not currently take such factors into account whereas they are considered in some other States.

- **The CAA (and DfT) should ensure GA is not denied economic access to airports especially when they propose expansion.**

### 3) “the effectiveness and efficiency of the CAA’s regulatory framework”

The CAA does not appear to conform with its sponsorship statement in relation to consultation (cl.7.2).

In particular there is no supervisory body to which GA (or others) can appeal other than via the Parliamentary Commissioner for Administration. We propose there be another less complex and more immediate “regulator” to whom appeal(s) may be made over the conduct of the CAA’s consultation and other workings.

- **The Secretary of State should appoint a Regulator of the CAA.**

4) **“the effectiveness and efficiency of the CAA in the general discharge of its duties”**

We consider the CAA imposes on GA a cost structure for its regulation that is untenable and particularly so now that EASA is in operation.

The CAA's costs are proposed to increase (per the JRT costs and charges review due to be implemented on January 1<sup>st</sup> 2006) unless the CAA Board takes due note of the GA community protests at the proposed levels and of the flawed nature of the JRT itself. GA was not properly represented on the review team and the supposed GA representative made it clear he could not do so and submitted a minority report on that and other issues. There was also no RIA as we maintain should have been the case to comply with the Cabinet Office Better Regulation guidelines.

- **The DfT should direct the CAA to withdraw the current proposed increases in its charges effective 1<sup>st</sup> January 2006 and require it to complete the current GA Strategic and Regulatory Reviews prior to carrying out a revised review of its costs and charges. If increases are then proposed a full RIA and small firms impact test should be carried out in accordance with Cabinet Office guidelines.**

5) **“the effect of growing international and European Union cooperation on the work of the CAA.”**

The EU, through EASA, now has its legal competence over aircraft original airworthiness including type certification (Part 21). There are implementing rules which Member States interpret. By 2008 there will be Regulations and Implementing Rules for the continuing airworthiness of aircraft in the light aviation sector of GA including maintenance organisation approvals, staff certification and training organisation requirements. This Regulation (and the supporting rules) are already in place for larger GA aircraft. EASA will shortly (from end 2006) also be responsible for aircrew licensing and operations standards; other functions will follow. Many of the roles were previously performed by the CAA. As a result the CAA is evolving into the State National Supervisory Authority as is already happening with regard to the Single European Sky (SES) Air Navigation Service Providers certification process.

In many instances the CAA is now acting as a contractor to EASA and merely adding its costs. We consider the CAA should not be adding its costs to the EASA costs to owners. Further, the burden of duplicate costs during the transition of competence to EASA should not be placed upon the user community. That costs element should be borne by Member States as a reflection of regulatory change.

The intention of EASA is to perform many of the functions currently carried out by the CAA and ensure those powers are uniformly applied throughout the European Union in accordance with the principles of the SES, there would therefore seem a strong case for a complete review of the need for and functions required of the CAA and its various departments.

We also question why it is necessary for the CAA to operate in regulating and administering GA from hugely expensive office locations. Much of the work done in clerical and administration terms should be dealt with from less costly locations and with less costly staff.

- **EASA's remit removes, or will in the future remove many of the functions of the CAA. Its responsibilities, operating and costs structures should be revised to reflect its emerging role as agent for EASA. In other words, it needs to radically 'down-size'**
- **The CAA has recently embarked on a Strategic Review and Regulatory Review of GA. It is hoped that, with objective chairmanship of these two Reviews, a constructive report will be delivered to the CAA Board in June 2006.**

Whilst the UK Government might understandably wish to keep full control of the commercial aviation sector via the CAA we see no reason why it should not be willing to devolve oversight of the GA sector to another agency or the S&RA associations / governing bodies such as currently happens in relation to certain GA and specialist types of aircraft. This includes balloons, gliders, hang gliders, microlights and home built craft registered in most cases with the CAA but otherwise regulated by their approved associations (see Annex A below for details). EASA is understood to favour such a solution for the lighter end of GA and S&RA.

Such principles could, we consider, be applied to most GA aircraft of less than, say, 5700Kgs weight and create major benefits to aircraft owners without compromising safety and propose this be considered as part of a review of the CAA's overall responsibilities. Page: 6

- **The CAA should devolve certification and other appropriate matters to the GA industry following the models already established for approved organisations as listed in Annex A.**

## **Annex A**

### **Regulation by approved associations:**

The following organisations have been granted special approval to carry out specific activities on behalf of the CAA. (Note BMAA, BGA and PFA are members of The Alliance making this submission):

#### **British Balloon and Airship Club (BBAC)**

The BBAC deal with Certificates of Airworthiness (Issue and Export and change of category), re-registrations, replacement documents, validation of flight manuals, plus renewal recommendations for airship Certificates of Airworthiness. They submit the appropriate application forms and fees to the CAA on behalf of owners and manufacturers, and ensure that all necessary maintenance is properly accomplished. They conduct inspections that confirm and maintain the continued validity of a Certificate of Airworthiness.

#### **British Microlight Aircraft Association (BMAA)**

The BMAA, under the terms of its exposition, is responsible for the regulation of microlights. They deal initially with the issue of a Permit to Fly, and they will submit the appropriate application form and supporting documentation to the CAA for the issue (or replacement) of a Permit to Fly. They also liaise with CAA regarding re-registration of microlights and modifications made to them. Their officers co-ordinate the annual inspection of microlights and advise CAA accordingly, so that a Permit remains in force.

#### **British Gliding Association (BGA)**

The BGA is approved by the CAA to make recommendations for the renewal of Certificates of Airworthiness for specified glider tug aircraft weighing 2730kg or less, self-launching powered sailplanes / motor gliders and touring motor gliders, and applications for such renewals are made to them direct. Certificate of Airworthiness Issue applications, however, are made direct to CAA.

#### **Popular Flying Association (PFA)**

The PFA deal with amateur-constructed aircraft, some restored vintage light aircraft, recreational and sport flying in the UK. They are approved to recommend to CAA for the issue and replacement of Permits to Fly and their associated Certificates of Validity. Their inspectors undertake the annual survey of aircraft that maintains the validity of a Permit. They also liaise with CAA regarding the re-registration of aircraft, the replacement of documentation and modifications carried out on aircraft. There are various criteria that determine whether or not the PFA can accept an aircraft under the terms of their exposition. These include maximum power of 260hp and maximum take-off weight of 907kg/maximum seating capacity of 2 (this can be increased to 1134kg/maximum seating capacity of 4 in certain circumstances). They do not deal with kit helicopters - applications for a Permit to Fly for these are made directly to CAA.

9<sup>th</sup> November 2005 C:\PLIR\Transport Cttee review of CAA\G A A submission - Final 09.11.05.doc