

Better information about UK aviation: Consultation on the CAA's new publication duties

CAP 1037

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Foreword

At the core of the Civil Aviation Authority's work are the interests of consumers. The UK's vibrant, innovative aviation sector offers significant choice to consumers, with a variety of options in terms of route, price and service standards often available to people when they book flights.

Air travellers tell us that, to get the most value from the competitive market, they need timely and accurate information about available services and facilities that allows them to make meaningful comparisons. As the industry continues to grow, so too does its environmental impact. It is therefore also important that information about the environmental effects of aviation is available to those that need it, such as consumers looking to make more sustainable travel choices and communities living close to airports.

UK public policy places increasing emphasis on the role of information in driving effective markets and empowering consumers. So Parliament gave the CAA new duties in the Civil Aviation Act 2012 to ensure information is published that helps consumers compare the offerings of different companies and that sets out aviation's environmental impact. The duties are backed with new powers that allow us to request currently unavailable information from businesses if the benefits of doing this outweigh the adverse effects.

Enhanced transparency does not mean the CAA will no longer need to enforce consumer protection legislation – encouraging compliance and taking action against firms that systematically break the law will remain a core part of the CAA's work. However, provision of information can, over time, reduce reliance on more intrusive and burdensome forms of regulation. In addition, bringing information into the public domain can drive up standards even if it does not directly drive consumer choices.

There is already a lot of information available to passengers about the aviation industry, but it is less frequently standardised, comparable, up-to-date, and available at a timely point in the booking process. Similarly, environmental information is often piecemeal, and differs significantly in terms of its coverage, presentation and nature. That is why the legislation includes a specific power for the CAA to stipulate the form and manner of publication.

In order for information to be useful, it must be available, accessible and applicable, allowing people to act on it. This approach has helped us to categorise information into three broad areas: not available; available but not in

a standardised, comparable format; and available in a standardised, comparable format.

Our ambition is to make change with benefits to aviation users which are many times the costs. As we develop our Statement of Policy, which will be published in the autumn, and then begin to make information available, we are committed to engaging our stakeholders fully. Approaching the issue in a collaborative and considered fashion will ensure that we base our approach on sound information and analysis, so it really makes a difference. We therefore welcome input from the aviation industry, consumer representatives and environmental groups about how we ought to best respond to the challenge of using information and transparency as a regulatory tool.

Andrew Haines
Chief Executive Officer of the Civil Aviation Authority

Executive Summary

Introduction

1. This document is the CAA's consultation on its proposed Statement of Policy with regard to two new duties placed on the CAA by the Civil Aviation Act 2012. These are to make information about services and facilities available to aviation consumers, and to make information about the environmental performance of the aviation sector available to the general public.
2. The collection and dissemination of information is a new and important regulatory function for the CAA. It is therefore key that our stakeholders understand our view of how regulated information provision can empower consumers, reduce burdens on businesses and drive a more effective aviation market.

Structure of the consultation document

3. **Chapter 1** of this document places the CAA's new duties in the context of a recent and increasingly powerful public policy agenda. This agenda emphasises the role of information in creating more confident and informed consumers, who make better choices and drive long term economic growth by rewarding those businesses that respond to their demands in the most efficient and innovative ways. It also considers the potential for information to, over time, reduce reliance on more intrusive, burdensome and expensive forms of regulation.
4. In **Chapter 2** we explain how the CAA's new duties to provide information to consumers and the general public fit with our strategic objectives and regulatory approach. We identify improving choice and value for consumers and enhancing the environmental performance of the aviation industry as the operational areas where we believe information provision can deliver the greatest benefits.
5. **Chapter 3**, in conjunction with Appendix G, describes the role of information in driving competitive markets. The chapter sets out why it may not always be possible to rely on the market to provide the information that consumers and the public need and why regulatory intervention may be required to facilitate the flow of information. To support this we provide practical examples and case studies

detailing how other regulators and government agencies, both in the UK and internationally, have responded to the problem of inadequate information. We also review the current level of information provision in the aviation market and provide a summary of the consumer research that has informed our thinking and help us identify the areas where we should focus our work.

6. **Chapter 4** explains the consultation process, including the outcomes of our engagement with stakeholders (including the CAA's new Consumer Panel) to date, and lists the consultation questions.
7. The first appendix to this document (**Appendix A**) is the CAA's **Statement of Policy**, which sets out our approach to making information available and a high level **assessment of the benefits and adverse effects** that the CAA considers could result from information provision. The Civil Aviation Act 2012 does not require the CAA to carry out a full economic impact assessment of the benefits and adverse effects for every area that we propose making information available in. However, we may choose to carry out more detailed analyses of the impact of our proposals and therefore welcome input and evidence from stakeholders regarding their view of the likely benefits and adverse effects of our proposals. We have dedicated a consultation question to inviting feedback on this matter. Appendix A also sets out the CAA's approach to enforcement should it need to use its powers to demand information from regulated businesses.
8. On the basis of its consumer research, the CAA has identified five areas where it initially proposes focusing its work to provide information to consumers and the public. In the remaining appendices, we have provided detailed proposals and a broad assessment of benefits and adverse effects those areas:
 - **flight reliability** (Appendix B)
 - **passengers with reduced mobility** (PRMs) (Appendix C)
 - **pricing of optional services** (Appendix D)
 - **carbon emissions** (Appendix E)
 - **noise** (Appendix F)

Next steps

9. **The deadline for responses to this consultation is 31 August 2013.** The CAA wishes to make it clear that it is not essential that stakeholders respond to every consultation question (or, indeed, any of the consultation questions). We are seeking responses to this consultation from the broadest range of stakeholders possible - from the industry's largest airlines and airports to individual passengers and people living close to airports. We recognise that some of our stakeholders will want to respond to all of the consultation questions, while others may only be interested in - or only have the resources to respond to - certain areas or proposals. All responses should be sent by email to regulatorypolicy@caa.co.uk or submitted via our online form at <https://www.surveymonkey.com/s/QGZZQW7>.
10. The CAA is committed to consulting extensively with its stakeholders before publishing its final Statement of Policy in autumn 2013 and aims to make new information available from 2014 onwards. As part of this commitment, we intend to hold another seminar for stakeholders to discuss their views on this consultation and our current thinking on information provision. This will take place on 22 July 2013, with discussion of the proposals for environmental performance information (noise and carbon emissions) provisionally scheduled for the morning and proposals for consumer-facing information (flight reliability, PRMs and pricing) in the afternoon. If you would like to attend, please contact Alison Harris at regulatorypolicy@caa.co.uk.
11. We are also holding bilateral meetings with stakeholders who are unable to make the seminar - if you would be interested in meeting with us to discuss our proposals, please contact Alison Harris at regulatorypolicy@caa.co.uk.

Associated documents

- Slide pack summary of consultation
- 2131 Consumer Research (Passenger Choice & Information Use): Final Report (Accent, 2011)
- Open Data on Air Travel: Provision of Information to the Consumer and the Public – Literature Review (MVA Consultancy, 2013)
- Open Data on Air Travel: Provision of Information to the Consumer and the Public (MVA Consultancy, 2013)
- Open Data on Air Travel: Provision of Information to the Consumer and the Public - Appendices (MVA Consultancy, 2013)

CHAPTER 1

Context

The Civil Aviation Act 2012

- 1.1 On 19 December 2012 the Civil Aviation Act 2012 became law. As part of the new Act, the UK Civil Aviation Authority (CAA) was given two new duties to make information about services and facilities available to aviation consumers and information about the environmental performance of the aviation sector to the general public, as well as new powers to obtain the information to meet the duties.
- 1.2 The Civil Aviation Act 2012 can be viewed in full online on the legislation.gov.uk website. The relevant sections of the Act are sections 83 to 93.
- 1.3 The Civil Aviation Act 2012 provides that:
 - For **consumers** the CAA **must** publish, or arrange for others to publish, such information as it feels is appropriate to assist users of air transport (passengers and those with a right in property carried by air) to compare services and facilities. The CAA **may** also publish guidance with a view to improving standards.
 - On the **environment**, the CAA **must** publish, or arrange for others to publish, such information as it feels is appropriate relating to the environmental effects of civil aviation in the UK. Again, the CAA **may** publish guidance with a view to mitigating adverse environmental effects.
 - In both cases the CAA **may** specify the form and manner of publication by others and may conduct or fund related research;
 - There is an enforcement regime, including powers to obtain information; and
 - In addition, the Act states that the CAA **must** publish a Statement of Policy for carrying out these functions and in doing so must have regard to the principle that the benefits of carrying out the functions should outweigh any adverse effects.

Information provision and more effective regulation

- 1.4 Since the introduction of the Freedom of Information Act in 2005, the UK Government has steadily developed and evolved its view of the importance of transparency and the provision of information to consumers and the general public.
- 1.5 From an initial focus on transparency and information provision in the public sector, government has increasingly been interested in how information could also be used to help consumers get better value, better service and better support when making purchases or seeking help. By creating more confident and informed consumers, information also contributes to long term economic growth by rewarding businesses that respond to consumer demands in the most efficient and innovative ways.
- 1.6 In 2011 the Government set out plans to create the Open Data Institute (ODI) to catalyse an “open data culture” that will have “economic, environmental and social benefits [and] unlock supply, generate demand, create and disseminate knowledge [in order to] address local and global issues.”¹ The ODI began work in 2012.
- 1.7 Also in 2011, the Department for Business, Innovation and Skills and the Cabinet Office jointly published the Better Choices, Better Deals: Consumers Powering Growth strategy.² The strategy described the government’s vision of the power of information to help drive growth. It set out two key changes that it expected to see as a result.
- Firstly, there would be “a shift away from a world in which certain businesses tightly control the information they hold about consumers, towards one in which individuals, acting alone or in groups, can use their data or feedback for their own or mutual benefit”
 - Secondly, there would be “a shift away from seeing regulation as what Government-sponsored bodies do after consumers have suffered in some way, towards one in which individuals and groups feel more able to send the right signals to business, and hence secure the products and services they want.”
- 1.8 It is the second principle that has most bearing on the CAA’s new duty to provide information about aviation services and facilities to

1 Open Data Institute, n.d.

2 Department for Business, Innovation and Skills & Cabinet Office, 2011

consumers, and information about the environmental impact of aviation both to consumers and the public at large.

- 1.9 The CAA does not see information provision as a substitute for consumer protection legislation, and we will continue to take enforcement action against regulated businesses that break the law. However, the provision of information could, over time, reduce reliance on more intrusive and burdensome forms of regulation, which may also be expensive to enforce because they require high standards of proof and/or place significant demands on time.
- 1.10 In 2011, the then Secretary of State for Transport wrote to the CAA's Chair, Dame Deirdre Hutton, setting out what he saw as being the priorities for the CAA over the coming years. That letter stated: "Greater transparency is key to promoting more responsible consumer choices as well as corporate behaviour and I would expect to see the CAA acting wherever possible to enable consumers to exercise informed choice."³
- 1.11 Incentives for firms to improve their performance may not just come from the provision of information to individual consumers to help them make more informed purchases - even if this is the reason that information is made available in the first instance. Bringing information into the public domain also makes it available to other parties, such as consumer organisations and the media, who can scrutinise firms' performance, highlight examples of good and poor practice and campaign for improvements. Businesses will also benefit from greater transparency as they will be able to learn from the performance of others.
- 1.12 It is against this backdrop that the CAA's Statement of Policy on implementing its information provision duties has been developed. Our approach to making aviation information available has been informed by both our own experiences so far in the field of information provision and transparency, as well as the experiences of government and other regulators, both in the UK and internationally.

3 Secretary of State for Transport, 2011

Case study: Food labelling

After an extensive programme of consumer research and engagement, the Food Standards Agency (FSA) pioneered a traffic light system of nutritional labelling on food, that has been adopted by a range of major UK retailers. The traffic light system has three main benefits: it simplifies healthy eating for consumers; encourages them to seek out healthier food; and incentivises businesses to offer healthier foods. The approach was supported by key stakeholders, including the British Medical Association, Which? and the then National Consumer Council. Research carried out by the FSA found that 75% of consumers claimed to refer to traffic light labels on food products.

CHAPTER 2

The CAA's wider work

Overview

- 2.1 Provision of information for consumers is one element of the CAA's regulatory approach, and it is useful to consider this document in the context of our wider objectives and approach.
- 2.2 The CAA has four strategic objectives, which focus on: safety; choice and value for consumers; aviation's environmental performance; and being a better regulator. In meeting all of these objectives we see the provision of relevant information to the right actors, in a useable fashion and at appropriate times as essential.
- 2.3 It is the CAA's view that the powers granted to it under the Civil Aviation Act 2012 ought to be used in such a way as to assist with the achievement of its strategic objectives. This approach will ensure we target our powers on areas where we have already identified, in consultation with our stakeholders, a need for action.

Information objectives

- 2.4 The objectives of the Civil Aviation Act 2012 provisions, and of the CAA's proposed approach to making information available, are:
- to facilitate more informed choices by consumers in the air travel market and better decision-making for their own circumstances by providing further comparative information beyond price alone;
 - to put more, and more accessible and comprehensible, information in the public domain about the effects of aviation on the environment; and
 - indirectly (through informing people and potentially creating pressure on industry) and directly (through guidance and advice) to improve performance in services and reduce adverse environmental effects.

Strategic objectives

- 2.5 The CAA set out the following four strategic objectives in its Strategic Plan 2011-15:⁴
- to enhance **aviation safety performance** by pursuing targeted and continuous improvements in systems, culture, processes and capability;
 - to improve **choice and value for aviation consumers** now and in the future by promoting competitive markets, contributing to consumers' ability to make informed decisions and protecting them where appropriate;
 - to improve **environmental performance** through more efficient use of airspace and make an efficient contribution to reducing the aviation industry's environmental impacts; and
 - to ensure that the CAA is an **efficient and effective organisation** which meets Better Regulation principles and gives value for money.
- 2.6 Use of our information provision powers could potentially assist in the achievement of all four of these objectives, although only at the margins in some cases. Our initial approach will be to focus on those areas where we believe there is most opportunity for the powers to enhance our existing operations. Specifically, this will be in relation to improving choice and value for consumers, and enhancing the environmental performance of the aviation industry.
- 2.7 The Strategic Plan summarises the CAA's information objective as:
"The CAA would like to see consumers have access to more and better quality information about the price and non-price aspects of their buying decision, so that they can compare the services available to them and make an informed choice."

CAA and the Environment

- 2.8 The CAA considers information as a vital part of its work to enhance incentives and metrics in its effort to improve the environmental sustainability of the aviation sector. We anticipate that the provision of information on the environment will help to encourage consumers to factor the environment into their choices and incentivise the sector to improve its environmental performance.

4 Civil Aviation Authority, 2011

- 2.9 In 2010 the CAA published *CAA and the Environment*⁵. This document predated the Civil Aviation Act 2012, but captured the CAA's work in preparation for the CAA's new information powers receiving Royal Assent. Much of the work set out has been completed as part of the process of developing this Statement of Policy, and on environmental information, the CAA and the Environment programme will continue to oversee this work as it is taken forward.

Case study: Vehicle efficiency labelling

The Low Carbon Vehicle Partnership (LowCVP) has provided colour-coded vehicle efficiency ratings, for all new (since 2005) and used (since 2010) cars. By 2009, 88% of new vehicles and 94% of dealers participated in the scheme. Since the 2006 Budget, these labels have helped to underpin fiscal incentives aimed at encouraging consumers to choose cleaner cars. LowCVP's research shows that, overall, 71% of recent and intending new car buyers say the label is useful in helping them to choose the make and model of their new car. However, 81% said that they would like comparative information for vehicles in the same market segment.

5 Civil Aviation Authority, 2010

CHAPTER 3

The aviation information landscape

The role of information in competitive markets

- 3.1 Competitive markets deliver significant value to consumers and firms. Where markets work well, consumers can make well-informed and well-reasoned decisions, rewarding the firms who meet their needs with more sales and higher profits than their competitors. As firms strive to attract custom, consumers benefit from lower prices, higher quality, wider variety, or new innovative products and services. As a result, standards rise across the market.
- 3.2 As a 2007 report by the Better Regulation Executive (BRE) and National Consumer Council (NCC) points out, as well as contributing to the efficient working of markets, “information can also contribute to a society where individuals can take responsibility for their own decisions and thus manage their own risks”.⁶ The BRE/NCC set out a number of ways in which regulated information provision offers advantages compared with alternative regulatory approaches. These include:
- providing a direct solution to a common type of market failure where buyers have incomplete information or where there are asymmetries in the level of information held by buyers and sellers;
 - allowing the market to function without introducing unnecessary artificial constraints that could lead to inefficiencies (e.g. restricting the range of products and pricing, introducing minimum standards or standardising pricing structures to facilitate comparisons);
 - enabling a range of products to be offered to consumers allowing them to choose the level of risk or safety that they wish to have;
 - allowing specific targeting of information at certain products and, in some cases, at certain groups; and

6 Better Regulation Executive & National Consumer Council, 2007(b)

- having marginal costs (i.e. the costs of providing additional information) that are low compared to other forms of regulatory intervention (subject to changes being implemented to the systems required to deliver the information and appropriate monitoring).⁷
- 3.3 The OECD provides further support for the provision of effective, properly targeted information to consumers. It finds that well designed information can “assist decision making by making it easier for [consumers] to compare products, increasing transparency and accountability, reducing search costs, helping to prevent disputes and protecting consumers from deceptive practices”⁸
- 3.4 The benefits of information provision have also been recognised by a number of regulators, both in the UK and internationally. This has resulted in the disclosure of a substantial amount of information to consumers and the public at large. For a review of the approaches taken by these organisations - including other aviation regulators - refer to Appendix G.
- 3.5 This section provides an overview of current information provision in the aviation sector. It considers the extent to which consumers have access to information about different aspects of air travel services and why regulatory intervention may be required to address situations where firms may not disclose useful information even if they have incentives to do so.

Provision of information about prices and routes

Information about prices

- 3.6 Unclear pricing has been a major consumer issue in the aviation industry in recent years. Legislators have responded to this in the form of the European Air Services Regulation EC Regulation No 1008/2008 (ASR) and the Consumer Protection (Payment Surcharges) Regulations 2012.
- 3.7 The ASR sets out, amongst other things, a number of legal requirements relating to the display of prices for air services. The core requirements are:

7 Better Regulation Executive & National Consumer Council, 2007(a)

8 OECD, 2010

- that where a price is displayed it is a final, all inclusive price which includes all unavoidable and foreseeable taxes, fees and charges at all times;
- that optional price supplements are offered on an opt-in basis only;
- that optional price supplements are communicated clearly, transparently and unambiguously at the start of the booking process; and
- that a breakdown of the all-inclusive final price is provided to show the fares, taxes, charges and surcharges.

- 3.8 As of April 2013, the Consumer Protection (Payment Surcharges) Regulations require that surcharges for the use of alternative payment methods must be limited to the additional costs a business incurs in processing payments by that method. The OFT has also agreed with airlines that consumers should be made aware of payment method surcharges throughout the booking process, rather than towards the end.
- 3.9 At present the CAA's view is that most UK airlines are compliant with the requirements of the ASR and the Consumer Protection (Payment Surcharges) Regulations, and that consumers are able see the final price throughout the booking process. We will continue to monitor compliance and act to rectify breaches.
- 3.10 The combination of the ASR and the Consumer Protection (Payment Surcharges) Regulations should ensure that, in future, consumers will be provided with clear and transparent information about the prices of different air travel options, insofar as they include all unavoidable and foreseeable charges (known as the 'headline' price).
- 3.11 However, neither the ASR nor the Consumer Protection (Payment Surcharges) Regulations contain specific requirements covering the provision of information about all of the avoidable or 'optional' fees and charges that consumers may face. In some cases these fees and charges can be substantial and may constitute a significant proportion of the overall price of a flight for a consumer that needs to make use of an optional service.
- 3.12 While most regulated aviation businesses provide clear information on their optional charges, some airlines do not provide clear information on all their optional charges from the start of the booking process. As such, in this area of the market competition may not function as effectively

as it should and there may be a role for the CAA to use its information duties to address this issue.

- 3.13 The CAA will also continue to actively monitor airline compliance with their obligations on price transparency using the powers already available to us.

Information about routes

- 3.14 While it may not always be in airlines' interests to provide consumers with the clearest or most complete information about their prices, this should not be the case where information about routes is concerned. Self-evidently, if consumers were unable to find out where they could travel from and to and at what time then there would be no market for air travel services.
- 3.15 Nonetheless, the CAA recognises the possibility that there may be cases where full and complete information about routes may not be provided to consumers. For example, airlines may sell flights on the basis of a take-off or landing slot that has not yet been secured and make subsequent changes to their schedule that impacts passengers negatively. The CAA will continue to monitor the market to identify whether consumers could benefit from improved information about routes, including the incidence of schedule changes.

Case study: TravelSmart

The TravelSmart scheme in Western Australia encourages people to use alternatives to private cars. The scheme combines significant amounts of information about alternative travel options like public transport, walking and cycling, with a behavioural economics-focused approach to changing habits. Information barriers are addressed by localising and simplifying the information people need to use their local walking, cycling and public transport services. Independent analysis suggests that the scheme has so far achieved a 14% reduction in car journeys and a 17% drop in distance travelled.

Provision of information about service quality and environmental performance

- 3.16 Although routes (including the time and duration of flights) and prices are likely to be the most important determinants of which airlines and airports consumers use, they are not the only factors. In the CAA's view, it is also important that information is also available about service quality and environmental performance.

- 3.17 As stated above, the CAA is satisfied that consumers are able to easily acquire information about a number of key attributes of the purchasing decision, such as routes and headline prices, and that these attributes can be observed or verified by consumers when they search the market.
- 3.18 However, other important aspects of airlines' and airports' service that may vary between different providers can either only be observed after use, or are difficult to for consumers to observe at all. Aspects that can only be observed after use include reliability (e.g. delays or cancellations which cause an airline to fail to deliver its advertised schedule), delays at check-in and/or security and comfort. Aspects that are difficult for consumers to observe at all include the environmental performance of an airline or airport and the environmental impact of the way that an airline or airport operates its services. Where firms know more about the features and qualities of their products and services at the point of purchase than consumers, 'information asymmetries' are said to exist.
- 3.19 Our research (detailed below) has found that there is considerable demand among consumers and the public for information that, at present, may be held by airlines and airports but not made available to consumers. Alternatively, the information required by consumers and the public may be available but not in a form that consumers find easy to understand and which allows them to make meaningful comparisons between different providers.

Rationale for regulatory intervention

- 3.20 Where there are differences between products and services in a market than consumers care about it is essential for the economic efficiency of that market that consumers are able to acquire information about those differences and incorporate it in their purchase decision. If this information is not available, firms that perform better in areas that consumers care about may not benefit from increased sales and higher profits and firms that perform worse may not suffer from decreased sales and lower profits. As such, the market does not reward good performance and standards do not increase as they could.
- 3.21 If information asymmetries make it difficult for consumers to observe service quality or environmental performance prior to purchase they may be misled into buying goods and services that they otherwise would not have bought, or into paying more for purchases than if they had been better informed. This can result in consumer detriment (loss of economic welfare).

- 3.22 Repeated instances of detriment - even if low-level or short-lived - or a single instance of serious detriment can change a consumer's overall approach to consumption in harmful ways. For example, they may adopt a 'better the devil you know' approach to choosing a service provider rather than searching the market, or become resigned to negative outcomes and fail to seek redress when problems occur. In extreme cases, consumers may withdraw from the market altogether.
- 3.23 Relying on better performing firms to disclose information under 'business as usual' (i.e. without regulatory intervention) conditions about the superior service they offer, is unlikely to be sufficient. For example, firms may not be able to provide information that is trusted by consumers, or that is easy for consumers to compare with information provided by their competitors. Even if this is not an issue, where disclosure is only voluntary some consumers may not be sophisticated enough to understand why one (poorly-performing) firm does not disclose information when others do (allowing that firm to 'free ride' on the performance of others).
- 3.24 The CAA recognises that in some areas of environmental performance, firms are likely to face strong financial incentives to make improvements even if information isn't provided to consumers about their performance. For example, in seeking to lower fuel costs by reducing fuel use, airlines make financial savings that are also likely to result in better environmental outcomes, such as lower emissions. However, that does not mean that greater consumer and public awareness facilitated through information provision cannot enhance such incentives. One of the key findings of the Environmental Audit Committee's 2009 report on environmental labelling was that ethical consumer choice is "one of the most powerful ways in which individuals can bring about social and environmental change"⁹.
- 3.25 Finally, the CAA acknowledges that in markets characterised by frequent repeat purchases, such as groceries, consumers can overcome information asymmetries relating to service quality by continually learning through 'trial and error' (or the trial and error of others, such as friends and family) about which firms best meet their requirements. In the aviation market, however, we believe that the infrequency of air travel for most passengers means that learning from their own or others' regular consumption is not an option. For example, a consumer may never travel with the same airline from the same airport to the

9 House of Commons Environmental Audit Committee, 2009

same destination more than once. As such, regulated information provision could provide an effective substitute for actual experience in helping consumers make informed decisions.

Principles for effective information provision

- 3.26 Behavioural economics adds a deeper understanding of consumer behaviour to conventional economics by drawing on psychology, laboratory experiments and field work. In line with regulatory best practice, the CAA wishes to ensure that its view of effective information provision is underpinned by a 'real world' understanding of consumer behaviour. Following a brief review of conventional and behavioural economics approaches to consumer behaviour, this section then considers how this objective might be achieved.

Conventional and behavioural approaches

- 3.27 Conventional economic theory assumes that consumers can easily identify and use relevant information and dismiss irrelevant information, leading to a view that, where information provision is concerned, 'more is always better'. Behavioural economics challenges this assertion, claiming that, in reality, consumers have limited capacity to assess the goods and services offered to them. This is due to the limited time and attention that consumers can use to assess the offers, as well as the knowledge and skills of individual consumers. It is important to acknowledge that, while all consumers will have limits to their ability to use all available information, some will be more able to assess it than others.¹⁰
- 3.28 Behavioural researchers have found that where consumers encounter difficulties assessing information about products and services they often respond in ways that depart from so-called 'optimising behaviour'. For example, they may adopt relatively simple strategies or rules of thumb to make decisions in such situations. Alternatively, they may quickly decide to ignore certain information and consider only a limited number of variables in their decision, typically focusing largely on price.¹¹

10 Ofgem, 2011

11 OECD, 2010

Case study: Opower

In the United States, the company Opower offers consumers access to a Home Energy Reporting Program, which includes regular information based on meter readings showing how your energy use compares with your neighbours'. This is accompanied by feedback on how your household uses energy, and personalised energy and money savings ideas. Independent evaluations show consistent average energy savings of between 2 and 3%.

Designing effective interventions

- 3.29 Policy interventions that seek to provide consumers with more information about products or services must be thought through carefully if they are to achieve their aim of improving competition and raising standards in a market.
- 3.30 More information is not always better for consumers: additional information that could be beneficial if presented in the right format or at the right time may simply be ignored or, worse, distract consumers from more important factors. Where consumers are overwhelmed with information they may make decisions with less reflection rather than more. For example, in the United States the amount of information provided on food labels has recently been reduced in order to encourage consumers to focus on the most important aspects.¹²
- 3.31 In order for it to be useful, information needs to be understandable. The BRE/NCC report emphasises that making information available is not enough; regulators must also consider how to communicate with consumers and how to help them make informed choices and have an impact on behavioural outcomes.¹³
- 3.32 The BRE/NCC also recognise that effective design and presentation of information may not necessarily be a core competency for regulators. As such, regulatory approaches that provide opportunities for businesses and third parties, such as brokers or price comparison services, to deliver desired policy outcomes by finding innovative ways to communicate information to consumers may be necessary.

¹² OECD, 2010

¹³ Better Regulation Executive & National Consumer Council, 2007(b)

Summary of consumer research

- 3.33 The CAA has undertaken various related pieces of research in order to identify information that will be of most use to consumers and the public and ensure our work is carefully targeted at areas where significant benefits can be realised..
- 3.34 Appendices B-F to this document contain more detailed implementation plans for the five areas we initially propose focusing our powers on, as well as explaining why we have provisionally selected these areas. We have also provided a high level assessment of the benefits and adverse effects from making more information available in these areas and welcome stakeholders' views on this.
- 3.35 In 2011, the CAA commissioned market research agency Accent to undertake two phases of research. The first, qualitative phase consisted of eight 90 minute, focus groups with UK resident passengers, with the following objectives:
- identifying the information that consumers currently use when making a purchasing decision;
 - understanding what information is missing to create more informed decision making; and
 - exploring the impact of a number of factors (e.g. price, service quality, route availability, etc.) on the decision making process.
- 3.36 In the second, quantitative phase respondents¹⁴ were asked to undertake a series of trade off 'exercises' which sought to assess the relative importance and associated willingness to pay¹⁵ for thirteen different attributes for both airports (e.g. journey time to the airport, security queuing times, number of shops, etc.) and airlines (e.g. airline punctuality, baggage allowance, check-in queuing times, etc.).
- 3.37 Respondents completed a series of four exercises where they were asked to make choices between different criteria that relate to airport choice and airline information. These related to aspects of a fictional journey similar to the one the respondent last booked. For example, if they booked a short haul flight with a budget airline they were shown "a fictional flight from a UK airport to a European location with a flight time

14 The survey consisted of 2,226 interviews.

15 Willingness to pay is defined as the monetary value that passengers place on the particular attribute.

of between 1 and 3 hours (for example Paris, Amsterdam or Barcelona) with a budget/low cost airline". The summary results, in terms of willingness to pay, for the thirteen attributes that were tested are shown in Table 11 in the Accent report.

3.38 This report by Accent¹⁶ helped the CAA to shape our initial thinking on information publication, particularly ensuring that we focus on providing information to consumers that assists them in the areas they have identified as priorities.

3.39 Accent found that airport choice is driven by availability of routes (for 56% of respondents); cost and convenience of accessing the airport (55%); flight cost (33%); and airport facilities (8%). However, it should be noted that these factors may differ in importance by airport, that the survey focused on terminating rather than connecting passengers, and that the research was focused on UK residents.

3.40 For airline choice, Accent used the output from the qualitative work to categorise factors that impact on consumer choice as either "critical" or "persuasive":

- **Critical**

- Airline timetable
- Direct flight
- Airport (destination and origin)
- Punctuality

- **Persuasive**

- Ticketing factors (online purchase and check-in; flexibility; reward programme)
- Baggage allowance and likelihood of loss
- Service quality (comfort; crew; seat allocation; access to lounges; food and drink, entertainment)

3.41 The Accent research also found that consumers place lower level of importance on environmental information than information about services and facilities available to them when choosing a flight. Only 13% of consumers stated that having access to information about the environmental impact of the flight they were booking (including carbon)

¹⁶ Accent, 2011

is “very important” and 25% of consumers viewed this information as “quite important”.

- 3.42 In early 2013, the CAA commissioned another agency, MVA Consultancy, to undertake a review of existing research and literature on consumer and public preferences regarding information on the aviation industry.
- 3.43 This review pointed towards a series of factors that influence air passengers’ decision-making when buying their ticket. In descending order of importance, these influential factors were:
- routes/airlines available by UK departure airport (and whether connections are necessary);
 - ‘final’ cost of alternative flights from each UK airport including all necessary ‘optional’ items;
 - flight times and dates;
 - punctuality (proportion of flights delayed);
 - access times and convenience (and, to a lesser extent, access cost) to the departure airport by access mode;
 - airline service quality;
 - facilities at departing and arriving airports;
 - quality of baggage handling (especially proportion of baggage damaged or lost); and
 - complaint handling.
- 3.44 While the above list identifies the aspects of air travel that are of particular importance, the review also found that a number of secondary factors also have some bearing on the choices made by air passengers. These include baggage allowance, online check-in, security queue times, number of shops at the departure airport and walking time at the departure airport.
- 3.45 Regarding environmental information, on the basis of the literature reviewed, MVA concluded that broad community tolerance of civil aviation requires confidence that all options for managing the environmental impacts of aviation – e.g. aircraft noise, pollution and other concerns - have been examined and an equitable outcome adopted. UK airports are encouraged to provide their communities

with ready access to information concerning airport operations, flight paths and noise management strategies. With recent advances in flight tracking, and the growth of the internet, it is relatively simple to provide ready access to aircraft noise information by showing the location of flight paths and the numbers and times of aircraft movements, as well as sound levels for single events.

- 3.46 However recent unpublished research by MVA for another client, has revealed that the provision of technical information does not always assist the general public in participating in informed debate. Technical information may also fail to provide reassurance to a public easily put-off by technical jargon and/or various representations of (often system-wide) technical data.
- 3.47 Following its review, MVA identified a number of gaps in knowledge. While the factors that influence consumer decision making when purchasing air travel services are broadly well-established, MVA found that less was known about the following issues:¹⁷
- when in the purchasing journey consumers would like to receive information
 - consumers' preferred channels for information (particularly for those without access to the internet);
 - what format information should take;
 - the information requirements of passengers with reduced mobility (PRMs); and
 - the kind of information that, if provided, would empower consumers to identify and gain redress for poor service.
- 3.48 As a result, the CAA commissioned MVA to conduct additional research to provide further insight. The second phase of MVA's research entailed a mixed methodology research programme combining quantitative (a survey of 1,222 air passengers and 1,018 UK residents) and qualitative (depth interviews with 14 people living close to airports and 15 air passengers) elements.
- 3.49 When asked what information was necessary when deciding on future travel options, responses reinforced previous findings that final price, routing and scheduling, airline choice, baggage allowance and minimum check-in time were the pieces of information that consumers were most

17 MVA Consultancy, 2013(a)

likely to consider as crucial to making a decision. A significant minority indicated that they also regard information about the aspects listed in the table below below as crucial, with many more claiming that they would find such information useful.

Information that consumers regard as “crucial” or “useful” when deciding on travel options¹⁸

	“Crucial” (%)	“Useful” (%)
Seating selection facility	33	45
Legroom/space between seats	33	45
Penalty charges	31	38
Public transport availability at airport	30	38
Proportion of flights suffering long delay or cancellation	29	43
Punctuality (i.e. proportion of flights less than 15 minutes late)	27	44
Average time taken to check in	29	49
Car parking charges	28	39
Availability of online check-in	23	47
Average time to go through airport security	21	49

- 3.50 For all of these aspects, the majority of passengers indicated they required it either before starting the booking process while researching their trip (i.e. when comparing offers from different companies), or at the start of the booking process in order to help them identify all the options available to them. Aspects that consumers were significantly more likely to require when researching their trip (i.e. before starting the booking process) included baggage allowance (48%), proportion of flights suffering long delay or cancellation (36%), public transport availability at the airport (36%), penalty charges (34%), car parking charges (32%).
- 3.51 Regarding information related to the environment, MVA’s research indicated that residents wanted to have more access to information that covered local air quality, the risks of aircraft accidents, CO² emissions and aircraft noise information. Although interest in having this information was generally lower than for information that consumers

¹⁸ MVA Consultancy 2013b

would use when making travel arrangements, the majority of people do want some information made publically available, even if they may not use it themselves.

- 3.52 Most people wanted information so that they could make more informed judgements on environmental issues both locally and nationally. They also wanted information so that they could judge whether aircraft activity had increased, or not; and to provide a benchmark in case there was a push for expansion at a nearby airport. A third reason for wanting environmental information was so that they could judge for themselves the impact of moving near to an airport in future.

Currently available information

Information provided by the CAA

- 3.53 The Civil Aviation Authority already makes a large amount of information available to consumers, the aviation industry and our stakeholders. Our understanding is that for the most part, this information is used by our stakeholder organisations, in particular within the aviation industry, and by third parties who make some of it available in some form to consumers.
- 3.54 This information includes statistics for the UK's airports including flight numbers and passenger numbers¹⁹; airline information including fleet, personnel and financial data²⁰; some information on organisations and people granted licences by the CAA, including a database of ATOL holders²¹; flight punctuality data²²; passenger complaint numbers to the CAA's Passenger Advice and Complaints Team²³; and findings from our annual passenger survey²⁴.
- 3.55 In recent years the CAA, as part of its consumer objective, has begun to provide more information aimed specifically at consumers with the explicit aim of improving their understanding of the aviation industry, protecting them when things go wrong, and allowing them to compare offerings from different providers.

19 Civil Aviation Authority, n.d.(a)

20 Civil Aviation Authority, n.d.(b)

21 Civil Aviation Authority, n.d.(c)

22 Civil Aviation Authority, n.d.(d)

23 Civil Aviation Authority, n.d.(e)

24 Civil Aviation Authority, n.d.(f)

- 3.56 While the information provided by the CAA tends to take the form of guidance to consumers, for instance on their rights when flights are delayed or cancelled²⁵, it has also included comparative information on fees and charges levied by airlines for optional extras²⁶. The CAA's fees and charges comparison table has been a popular resource since it was first made available in 2012 and has been accessed over 11,000 times.
- 3.57 The CAA has promoted a better standard of information from the industry. This includes information about prices in line with the aforementioned requirements under the Consumer Protection (Payment Surcharges) Regulations 2012 and the ASR, which the CAA has also taken active steps to enforce.
- 3.58 As part of its work to regulate those airports judged as having substantial market power, the CAA currently sets price controls. In setting these, the CAA has also imposed service quality standards on regulated airport operators with rebates to be paid to their airline users if targets are missed. As part of this process, the CAA sets out a requirement for regulated airport operators to make these service quality targets freely available online, along with information on their performance against them.
- 3.59 The UK's Civil Aircraft Noise Contour Model is employed by the CAA's Environmental Research and Consultancy Department (ERCD) to produce noise contour maps for some UK airports. Noise contours for Heathrow, Gatwick and Stansted, produced by ERCD under contract, are available from the Department for Transport website²⁷.

Information provided by the aviation industry and third parties

For consumers

- 3.60 The aviation industry itself makes a substantial amount of information available to consumers, for example through the use of mobile applications, web content and text messaging - giving people access to real-time updates on service punctuality and disruption. It also makes some information on consumer satisfaction available in some circumstances.
- 3.61 The simultaneous development of the low cost segment of the aviation industry and the internet in the late 1990s and early 2000s also saw

25 Civil Aviation Authority, n.d.(g)

26 Civil Aviation Authority, n.d.(f)

27 Department for Transport, n.d.

the development of a series of very high profile websites designed to allow consumers to compare prices from a number of different airlines operating on any given route.

- 3.62 In addition, as mentioned above, third parties sometimes make use of information drawn from the CAA. Examples of this include airline punctuality data provided by www.flightontime.info, and coverage of consumer complaints about airlines made to the CAA by Which? Travel²⁸.
- 3.63 Information made available by third parties may not always be available in the format most useful for consumers (e.g. there may be limitations in the data collected by the CAA, such as punctuality data currently only being collected at ten airports), or may not be provided in a manner that allows simple comparison of often international competitor offerings. However, third parties do offer an insight into a potential approach to ensuring consumers have access to information we choose to make available through a channel that they may be more likely to use when searching the market than the CAA website.
- 3.64 Other information which websites and magazines currently make available to consumers when choosing what to book includes details allowing the comparison of onboard services from various airlines, including for example seating configuration and cabin layout.

On environmental impacts

- 3.65 On the environment, a large amount of information is published by the aviation industry, and third parties also enhances the knowledge of the general public about aviation's environmental performance, and associated impacts.
- 3.66 Almost every major airport publishes some type of annual environmental impact statement, either as a standalone document, or as part of a wider annual report. For example, both Heathrow²⁹ and Bristol³⁰ airports make information about their environmental impact available to consumers, but, as they contain slightly different information, set out in different formats, and make use of different metrics in some instances, the information provided is not easily comparable. Other airports publish little data on their actual

28 Which?, 2012

29 Heathrow Airport Ltd., 2012

30 Bristol Airport, n.d.

environmental impact, but do make available information about their environmental policies (e.g. London Luton Airport³¹)

- 3.67 On the airline side, a lack of standardised reporting also makes direct comparison of environmental impact difficult or impossible. Reporting tends to be in different areas, with some airlines publishing specific environmental reports each year while others cover environmental performance as part of annual reports or Corporate Social Responsibility statements.
- 3.68 For example, easyJet provides a section on the company's environmental impact in its annual report³², provides commentary on its environmental policies in a section on its website³³, and also offers a carbon calculator, though not at the point of booking. Virgin Atlantic also provides information about its environmental policies on a section of its website³⁴, and also publishes an annual Sustainability Report³⁵ that focuses on future plans and policies more than past performance metrics.
- 3.69 It is difficult to see how consumers could be reasonably expected to factor the many (and potentially useful) types of information made available by airlines and airports on their environmental impacts into their buying decisions. Even the relatively simple concept of carbon calculators that allow consumers to see the carbon impact of their flight has drawbacks and limitations (this is explored within Appendix E). Similarly, it can be challenging for other third parties to hold the industry to account for its environmental impact given the available information.

31 London Luton Airport, n.d.

32 easyJet Plc., 2013

33 easyJet Airline Company Ltd., n.d.

34 <http://www.virgin-atlantic.com/gb/en/footer/about-us/sustainability.html>

35 Virgin Atlantic Airways Ltd., 2012

CHAPTER 4

The consultation

Developing the Statement of Policy

- 4.1 Under section 92 of the Civil Aviation Act 2012, the CAA is required to consult on its proposed Statement of Policy for the use of its information powers. This document is the CAA's consultation on its Statement of Policy - the proposed Statement of Policy itself can be found in Appendix A.
- 4.2 In formulating the Statement of Policy, the CAA has been mindful of the need to work with the full breadth of stakeholders including the aviation industry and their representatives, and consumer advocacy groups.

Stakeholder engagement

- 4.3 As part of the process of creating the proposed Statement of Policy, the CAA has held a series of stakeholder seminars and bilateral meetings with the aim of ensuring we understand as well as possible their view of the Act and the duties it places upon the CAA, and how they feel we should fulfil them.
- 4.4 The feedback from these sessions was that the CAA should be clear about the potential harm it is aiming to mitigate when it proposes requiring more information be published. The CAA should also consider both the direct costs to industry and the potential for adverse effects, including misleading consumers inadvertently.
- 4.5 There was broad support for ensuring that information, if published, is done so in a standardised fashion, to allow simple comparison between different businesses, and is done so in as simple as fashion as possible to ensure it is understandable. That said, attendees were of the view that there is a potential risk of oversimplifying information to the point of it becoming misleading, or less useful to the majority of consumers with specific interests.
- 4.6 It was felt it would be useful to make the data available to third parties as they may be able to distribute it to a wider audience. It could then be made more accessible so that consumers can use it more dynamically.

- 4.7 Attendees were briefed on the findings of the 2011 Accent research (though not the MVA research, which was not at that stage complete). Attendees generally supported the understanding the CAA had developed of consumer priorities, and the relative importance of service standards.
- 4.8 On service quality, there was a view that consumers would need to be able to compare 'like with like' and that explanation of the data would be necessary to ensure this was possible. Some stakeholders suggested that airlines may take varying views on what should be available for their passengers, and that passengers may be better off knowing things that airlines do not want to tell them. There was also a concern about how up-to-date information would be kept in a fast-moving sector.
- 4.9 Aviation industry stakeholders were generally of the view that consumers would have little interest in environmental information, though this was counterbalanced by a strong suggestion by NGOs that there were benefits to the wider public in making such information available. Information considered important included emissions, noise, air quality, airport surface access, and to a lesser extent waste disposal.
- 4.10 On assessing benefits and adverse effects, the view was put that the CAA should be wary of imposing costs on industry to publish data that differs only marginally from existing published data. It was noted that the CAA should ensure it collects data that is useful and relevant to consumers and is not duplicated elsewhere. The CAA should review the usefulness of the data periodically and amend what is collected as appropriate.
- 4.11 Finally, there was some concern around how the CAA would verify that the data provided was accurate and that the performance measures used were applied consistently, and it was stated that the CAA would need to monitor and enforce this.
- 4.12 In addition, we have considered best practice information provision within other regulated sectors, in particular meeting with colleagues within the Office of the Rail Regulator, Passenger Focus, Consumer Focus and the Food Standards Agency to discuss their approach, and have consulted the Cabinet Office's Behavioural Insights Team to discuss aviation information provision.
- 4.13 The CAA has also engaged its recently created Consumer Panel in the development of its Statement of Policy. The Panel's expert members have helped the CAA ensure that it focuses on what really matters to

end-users. We are grateful for the Panel's continuing support in this work.³⁶

Consultation Questions

Context

Q.1 Do you agree with the CAA's assessment of the importance of information in promoting a well-functioning aviation market?

Q.2 Do you agree with the findings of the evidence base that the CAA has provided in support of its view that consumers would benefit from the provision of more information about air transport services and facilities (including that from other regulators and government agencies, summarised in Appendix G)?

Q.3 Do you agree with the findings of the evidence base that the CAA has provided in support of its view that the general public would benefit from the provision of more information about the environmental impact of aviation (including that from other regulators and government agencies, summarised in Appendix G)?

Objectives

Q.3 Do you agree with the CAA's approach to using its information powers in line with its Strategic Objectives, and with its suggested information objectives set out in paragraph 2.4?

Information channels and approach

Q.4 Do you think the CAA has adequately reflected the potential channels available to it to make information available in paragraph A27? Are you aware of any other routes we should explore?

Q.5 Do you agree with the CAA's proposal to tailor information provision on the basis of the topic and audience, rather than attempting to deliver all information in same way?

Benefits and adverse effects

Q.6 Do you agree with the CAA's high level considerations of the benefits and adverse effects of making information available in future, as set out in Section Two of the Statement of Policy?

³⁶ For further information on the CAA's Consumer Panel, please visit: <http://www.caa.co.uk/default.aspx?catid=2488&pagetype=90>

Statement of Policy review

Q.7 Do you think the CAA's proposal to review its Statement of Policy and impacts of the information made available after three years is appropriate, as set out in Section Two of the Statement of Policy?

Appendices B, C, D, E and F - general questions

Q.8 In relation to Appendices B, C, D, E and F:

Q.9 Do you feel that the CAA has correctly identified the potential harm caused by a lack of information?

Q.10 Do you agree that information in the proposed area would be useful to either consumers or the general public, or any other parties?

Q.11 Do you have any specific insights regarding either potential benefits or adverse effects (including financial costs) in relation to the proposed area that you feel the CAA should be aware of?

Q.12 How do you think the CAA should measure the impact of the information it makes available about the proposed area in order to determine whether the intervention has been successful?

Appendix B - specific questions on flight reliability

Q.13 What format (e.g. single star rating, separate star ratings, raw data etc.) should be used to provide information about flight reliability to consumers?

Q.14 At what level should flight reliability performance be provided in order that it is useful to consumers (e.g. at airline level, at airport level, by UK airport served, by route etc.)?

Q.15 Where in the booking 'flow' should information about flight reliability be presented and how prominent should it be?

Q.16 If a flight reliability metric combining a number of elements (e.g. on-time performance, long delays, flight cancellations, mishandled baggage etc.) was developed, how should these be weighted? Or should each element be treated with equal importance?

Q.17 How should a 'long' delay be defined? Should the existing thresholds used by the CAA for delays longer than 15 minutes (30 minutes, 1 hour, 3 hours and 6 hours) be used, or is there an alternative approach?

Q.18 Should cancelled flights be treated differently depending on the amount of notice provided to the passenger?

- Q.19** In developing a reliability metric for mishandled baggage, what factors or considerations should the CAA take into account? For example, which 'types' of mishandled baggage (e.g. delayed, lost, damaged) should be included?
- Q.20** Do you think that the scope of the CAA's punctuality and delay reporting should be extended to cover all airports handling over 1% of total passengers per year?
- Q.21** Do you agree that 12 month rolling average ('moving monthly average') performance figures should be used as the basis for any flight reliability metric developed by the CAA? Or do you consider that there are superior alternatives? How frequently do you think the figures should be updated?

Appendix E - specific questions on carbon emissions

- Q.22** Do you agree that Option 3 is the most appropriate way to aid the standardisation of CO² information for air travellers? Please provide your reasoning.

Process

- 4.14 The CAA intends to hold another seminar for stakeholders to discuss their views on this consultation and our current thinking on information provision. This will take place on 22 July 2013, with discussion of the proposals for environmental performance information (noise and carbon emissions) provisionally scheduled for the morning and proposals for consumer-facing information (flight reliability, PRMs and pricing) in the afternoon. If you would like to attend, please contact Alison Harris at regulatorypolicy@caa.co.uk.
- 4.15 The consultation on our proposed Statement of Policy closes on 31 August 2013. Consultation responses should be emailed to James Tallack at regulatorypolicy@caa.co.uk. If you would like to discuss this document in more detail, please contact James at james.tallack@caa.co.uk.
- 4.16 Stakeholders may also respond to this consultation online by using the online response form at <https://www.surveymonkey.com/s/OGZZQW7>.
- 4.17 If you want part of your response, your name or your organisation to be confidential, we request you clearly indicate as such in your response.

We may choose to publish a general summary that does not disclose the specific information if requested not to publish a full response.

- 4.18 The CAA's final Statement of Policy will be published in autumn 2013. Our intention is to begin making information available on both environmental performance and services and facilities in 2014.

APPENDIX A

Statement of Policy by the Civil Aviation Authority in accordance with section 92 of the Civil Aviation Act 2012

Section One - The CAA's approach

- A1 The CAA will take a selective approach to making information available. The Act requires us to consider what information is appropriate, and we shall be careful to do so both before and after publication. The CAA understands the objectives of this legislation as:
- To facilitate more informed choices by consumers in the air travel market and better decision-making for their own circumstances by providing further comparative information beyond price alone;
 - To put more, and more accessible and comprehensible, information in the public domain about the effects of aviation on the environment; and
 - Indirectly (through informing people and potentially creating pressure on industry) and directly (through guidance and advice) to improve performance in services and reduce adverse environmental effects.
- A2 For clarity, the CAA's information powers enable us to require information to be made available on aspects of performance, whether or not the CAA regulates them, and which may be relevant to increasing informed decision-making by consumers and awareness by the general public. As such, the effect of sections 83 to 93 of the Act should be understood as making information collection and dissemination a CAA regulatory function. Dissemination is framed as a duty to publish or arrange for publication of appropriate information, with the option to publish additional guidance and advice.
- A3 The CAA intends to utilise the provision of information for aviation consumers and the wider public to help to achieve our strategic objectives and to improve standards across the industry, where appropriate and where we can be confident that the benefits outweigh the adverse effects.

- A4 This approach is designed to ensure we target the provision of information at areas we have already established as central to our role as a regulator in consultation with our stakeholders, and which will also have the most benefit to consumers and the wider public.
- A5 Publication of information empowers consumers and drives improvements. Consequently, it could, in time, mean the CAA comes to rely less on direct intervention in the market and reactive consumer protection legislation as remedies for market problems. Although the CAA will not be negligent to non-compliance with the law, a focus on less interventionist consumer policies that address market problems 'at source' could in the longer term lower our costs and ensure that the charges we levy on industry (which are ultimately passed through to the consumer) remain at a reasonable level.
- A6 The appendices to the consultation document published alongside the proposed Statement of Policy contain more detailed implementation plans for the five areas we initially propose focusing our duties on, as well as explanations why we have provisionally selected these areas, and our broad assessment of the associated adverse effects and benefits. These are:
- flight reliability
 - passengers with reduced mobility (PRMs)
 - pricing of optional services
 - carbon emissions
 - noise
- A7 Our research has also identified a clear desire from consumers to have more access to comparable data about waiting times (in particular at check-in and security, though also at baggage reclaim and immigration). We have provisionally decided against utilising our information powers to require disclosure in this area, and have instead decided to focus on working with industry to encourage them to make more comparable information available to consumers. We will assess progress regularly, and, if a voluntary approach does not improve outcomes for consumers, may choose to require publication or provision of information to the CAA in future.

Guidance

- A8 Under sections 83(2) and 84(2) of the Act, the CAA may issue guidance which could complement the provision of information to consumers and the public in raising standards across the industry. This could entail the provision of best practice guidance to industry, for example on flight procedures or airport energy efficiency, and through commissioning technical reports which support the development of this guidance.
- A9 In the appendices to the consultation document published alongside the proposed Statement of Policy, the CAA has not set out any proposals to issue guidance under the aforementioned sections of the Act, although we may choose to do so in future. Our proposals on flight reliability, passengers with reduced mobility (PRMs), pricing of optional services, carbon emissions and noise, relate to the provision of information to consumers and the public with a view to raising standards, rather than to the provision of guidance to the industry.

Air Freight Users

- A10 Air freight users are also consumers of air transport, and we have considered whether they have unmet information needs to enable them to compare the services on offer. Air freight users are generally organisations and individuals who are willing to pay for a relatively expensive method of transporting goods. This may be because of the value of the goods, or because delivery is considered time critical.
- A11 The air freight market is more complex than the passenger market. Airlines may operate cargo-only flights using dedicated freighter aircraft, or they may sell bellyhold space on passenger flights. The space may be sold directly to the owner of the cargo, or to a freight forwarder who sells it on. For the air freight user who owns the cargo being flown, there is a range of suppliers in the UK competing on price, service and reliability.
- A12 The CAA's view is that, in general, firms (including intermediaries who act on behalf of individual consumers) are likely to have more information about and a better understanding of the market in which they operate than individual consumers because they have much more to gain (and lose) from their purchasing decisions. Those purchasing services from airlines (either for onwards sale or direct use) also tend to use air transport more frequently than passengers do, making regular repeat purchases.

- A13 The major integrator companies (who specialise in express courier services) publish some environmental information but this is not standardised. The Association of International Courier & Express Services (AICES) has informed us that more specific environmental information is supplied to individual customers on request; and that an industry initiative has begun to develop comparable metrics. This is a welcome initiative with potential to improve transparency and, as a result, environmental performance.
- A14 At present, the CAA is not aware of any information deficiencies that materially affect the ability of air freight users to participate in the air freight market. However, the CAA will continue to monitor the air freight market and ensure that air freight users continue to benefit from information that helps them compare the services and facilities available to them.

Civil Aviation Authority Information Principles

- A15 The CAA has defined its approach to making information available, (whether by itself, by organisations it regulates, or by third parties), as to ensure information, where relevant, is:

Available

- A16 Consumers and the public should be able to access information relevant to their purchasing priorities and general concerns.

Accessible

- A17 Information should be easy to understand and compare with other options and/or actors in the sector – the counter to this would be information being published but in complex formats and via channels that do not allow people to readily draw comparisons between companies.
- A18 This can range from simplifying information into a star rating format, or simply in ensuring that it is presented in a uniform fashion that the CAA considers to be comparable and that presents a fair picture to its audience.

Applicable

- A19 Information should be meaningful to the consumer, should serve a purpose, and should allow them to act upon it – the counter to

this would be simply publishing rafts of information for the sake of publishing it without a consideration of the adverse effects and benefits of doing so and the potential to overload consumers when they come to take decisions.

Other considerations

A20 The CAA is also conscious that information must be provided in a cost-effective fashion and in a way that meets our commitment to the principles of Better Regulation. This is expanded upon in the Cost Benefit Analysis section below.

Areas where we do not plan to use our powers

A21 Information promotes competition, which CAA supports. But there are some aspects of the air travel product where competition or public pressure should not be the main safeguard of consumers' interests. In order for companies to enter several of the markets that the CAA regulates, they are thoroughly assessed to ensure they are fit to operate, safe to operate and financially viable. This relates particularly to safety regulation and financial regulation concerning the granting of ATOL licences and airline licences.

A22 In effect, the CAA's activities in licensing airlines from a safety perspective, providing start-up airlines with licences, and providing holiday companies with ATOL licences, mean that consumers can be confident the regulator will not allow companies to operate without meeting strict criteria. This is because the downside risk of failure in terms of safety standards and financial viability are so great that simple information provision about past performance is not considered sufficient to protect consumers from harm. Information on which companies have met these standards and been granted entry to the market is available on the CAA website already, for safety licensed companies; for financially licensed airlines; and for ATOL holders.

A23 As this information is already published, the CAA does not propose utilising its new powers to make more information on these areas available. Consumers can be confident that all market actors meet the required standards, so comparable information is unlikely to be useful to guide decision making

A24 This will also help to maintain the UK's 'Just Culture' approach to safety regulation, where open reporting is encouraged to ensure safety lessons are learned and standards are maintained.

- A25 Where information is already freely available to consumers in a readily comparable and well understood and utilised format, the CAA does not propose to attempt to replicate and reproduce it. Similarly, if the CAA judges, on the basis of engagement with industry, other stakeholders, and with consumers and the wider public, that certain information will not be relevant, useful or utilised, we will not seek to make it available.
- A26 In this regard, it is important to note that the Civil Aviation Act 2012 not only gives the CAA new powers to help it ensure information is made available, the Act also imposes an explicit duty on the CAA to have regard to the principle that the benefits of publication should outweigh the adverse effects.

Information channels

- A27 As it comes to making use of its powers to ensure information is freely made available to consumers and the public, the CAA is neutral to the best channel to reach its audiences. Broadly defined, we believe there are three main channels available for information. There are positives and negatives for each of these, examples of which are given below.

CAA website

Positives	Negatives
The CAA website is a central source of information that could make all content available to consumers, stakeholders and third parties.	Despite strong name recognition in relation to safety regulation, the CAA is not at present a well known brand in relation to consumer protection and environmental information.
As the sector's regulator, the CAA is a trusted brand.	For most consumers, the CAA website is not likely to be part of purchasing process, potentially impacting on the information's efficacy.
Centralised publication allows for more efficient audit and oversight.	There would be a continuing cost to the CAA of keeping the information up to date.

Airline/airport websites

Positives	Negatives
In the case of airlines, they are almost certain to be part of consumer buying process - so ensuring information reaches them at the key point to enhance choice.	Having information, even if comparable, spread across a dozen or more websites could reduce consumer ease of comparison and ability to shop around.
In addition, they have a far larger reach than the CAA, and also of many, though not all, third-party websites.	Consumer trust of information provided on industry websites may not be as strong as when utilising the CAA or third-party websites. MVA research indicated that qualitatively, few passengers indicated they would find industry especially trustworthy*.
Local communities may be more likely to seek information about airport environmental standards on the airports own website than elsewhere.	Oversight is likely to be more resource intensive for the CAA in order to assure information accuracy.
Research from MVA indicates that this is the preferred option for consumers to access information.	Consumers may be less likely to expect information is available from foreign airlines.
	Airport websites are less likely to be considered by consumers when planning their journey.
	As our duties in relation to the environment are not focused on delivering choice but on driving behaviour change, information displayed only on industry websites may be less useful here.
* Websites checked 22 May 2013	

Third party website

Positives	Negatives
Many third-party information providers have a stronger brand with consumers than the CAA.	In process terms, utilising third-parties will increase complexity - while this is not expected to increase CAA or industry costs, it could delay provision of information.
These sites are at present more likely to be part of many people's path to purchase than the CAA website.	Third-parties are likely to wish to tailor the information to their audience, which could reduce the information available, or potentially open it to inaccuracies or abuse.
On the environmental information side, there are a large number of websites and brands offering information at present who are far better known in the sphere than the CAA is.	Commercial platforms could potentially reduce trust in the information.
Utilising third parties to transmit information will also encourage third party oversight/ challenge of the data - potentially reducing the CAA's audit costs and delivering a more useful product.	The app development sector seems less well developed in aviation at present compared to surface transport.
Certain third-parties and developers have far more experience in making information available in easily comparable and understandable formats than the CAA does.	

Reusability

- A28 As stated above, we are aware that when the CAA makes information available at present, third parties may also utilise this information and provide it to their customers and audiences in a new format.
- A29 In practice, where the CAA chooses to use its own website to make information available, we would expect and encourage others to utilise the information. As such, we will publish information in the most open way that we consider to be appropriate for the information concerned, ensuring where possible it is machine readable, in a non-proprietary format and in an open standard to allow incoming links to our information.
- A30 For the avoidance of doubt, we may consider that in some areas it is appropriate to publish raw, unadulterated data, whereas in others we may decide that information should be published as a standardised metric to facilitate market-wide comparisons. In addition, we will endeavour to link our data to other information where available and applicable.
- A31 This approach is designed to be in line with the government's Open Data standards. More information on releasing data in reusable formats can be found via gov.uk³⁷.

Conclusion

- A32 In practice, the CAA is likely to decide the channel for distributing information based on the data set made available, rather than setting out an approach at this stage and sticking with it. For some information, it may make sense to require airlines or airports to display the information transparently on their own websites (up front ticket price information is a useful example of information the CAA has to date required industry to display on their own websites).
- A33 In some cases, however, it may be that the CAA's own website will be the most appropriate channel (in particular when information must be available to all in reusable formats) and, for others, third-parties may have the greatest potential to disseminate information to consumers.

³⁷ Cabinet Office & Efficiency Reform Group, n.d.

Section Two - Benefits and Adverse Effects

- A34 Section 92(3) of the Civil Aviation Act states that when preparing or revising its Statement of Policy with respect to carrying out the functions under sections 83 and 84, "the CAA must have regard to the principle that the benefits of carrying out the functions should outweigh any adverse effects".

Context

- A35 The Impact Assessment published alongside the Civil Aviation Bill stated that the burden on industry calculation assumed that the CAA would make four information requests of industry within the first two years of having access to the powers. These were expected to be replaced or refreshed with new requests approximately every five years.
- A36 However, this does not factor in the likelihood, in the CAA's view, that information can be made available for the benefit of consumers and industry without the need for formal demands to be made on industry. As set out above, much information is already available in one form or another, or for some firms but not others. As such, the CAA expects that useful information can be newly made available to consumers and the wider public, or made more meaningful, with minimal burdens to industry.
- A37 In order to minimise burdens on industry, the CAA aims to focus on information that industry already possesses, facilitating the flow of information from the aviation industry to consumers and the public (including requiring existing information to be published in formats that consumers can understand and act upon), and providing guidance to support industry in making service improvements. For clarity, the CAA will not be able to compel industry to provide information that industry could not be compelled to provide in evidence in civil proceedings before a Court.
- A38 A high-level assessment of benefits and adverse effects (largely costs) is set out below. While the CAA recognises the importance of minimising the financial costs of information provision to regulated businesses, it should also be noted that many of the benefits (and some of the costs) that could result from an intervention are difficult to quantify in monetary terms. Intangibles, such as the benefit to a PRM

of choosing an airport or airline that provides the best services for their circumstances, or the value of a cleaner, less-polluted environment, may be difficult to quantify reliably or defy pricing altogether. The CAA proposes to address this by describing non-quantifiable benefits and ensuring that they receive appropriate consideration alongside 'harder' financial figures.

- A39 Furthermore, for the purposes of either predicting or evaluating the effects of information provision on a market, in some areas (e.g. waiting times or airline environmental performance) it may be difficult to isolate the impact of information from other factors and incentives that could influence performance.
- A40 Although the Civil Aviation Act does not require the CAA to carry out a full economic impact assessment of the benefits and adverse effects for every area that we propose making information available, we may choose to carry out a more detailed assessment of benefits and adverse effects in one or more of the areas where we have proposed to initially focus our information powers. As such we welcome input and evidence from stakeholders regarding their view of the likely benefits and adverse effects of our proposals, and have dedicated a consultation question inviting feedback on this matter.

Benefits

- A41 The benefits of information provision - and greater transparency more generally - accrue not only to consumers and firms that respond to consumers' demands more successfully than their rivals, but also to the wider economy.
- A42 Consumers will benefit through an increased ability to differentiate accurately between different firms and different products, allowing them to make more efficient and suitable purchases.
- A43 Where consumers are able to identify better firms or products competition is stimulated between firms. Inevitably competition creates winners and losers, but as long as consumers are provided with accurate information that they can use to determine the best choice for them there will be net economic benefits overall. With more information in the public domain, firms will also be able to improve their products and services through being able to benchmark their performance more effectively against their competitors'.

- A44 The wider economy will also benefit from greater transparency if more active consumers means that the aviation sector's best and most innovative companies benefit most from the decisions consumers make, helping to improve overall economic performance.
- A45 The CAA does not believe it is necessary that the information provided is important to a large proportion of consumers for consumers to realise the benefits. It may be sufficient either that a sizeable minority of active consumers use the information, or simply that the firm expects consumers to use the information, or for other market participants, such as investors, the media or consumer advocates to attach some value to the information so that it affects the firm's reputation or the cost of its capital.
- A46 The approach outlined in the previous paragraph is in line with the government's Better Choices, Better Deals report. In the rail sector, it was also supported by consumer research undertaken by Passenger Focus³⁸ that showed that rail travellers support the publication of information about the sector's performance, even if they do not plan to use it themselves, as they feel publication will drive up performance.
- A47 The CAA's view is that work to assess the adverse effects and benefits of making information available should begin from a presumption to publish. In other words, unless the adverse effects are clearly significant, then information, if available, should be placed in public domain - this was Parliament's intention in legislating to provide the CAA with such duties, and is consistent with the Open Data initiative.

Adverse effects

- A48 Adverse effects from information provision fall broadly into three categories:

Direct costs to industry

- A49 These are the direct costs to industry of collecting and providing datasets to the CAA and/or third parties and/or newly displaying information online in a standardised templates.
- A50 These costs are likely to be higher where information is not already collected by industry than where it is. They are also likely to be higher if any mandated distribution channel is complex, or involves third-parties.

38 Passenger Focus, 2011

- A51 To minimise cost burdens, where information is already collected by industry, but not made available, the CAA is, where possible, committed to seeking information in the same format it is currently held in, or in the format it is held in by the majority of stakeholders.
- A52 The level of information required by the CAA will also affect the direct costs to industry: requesting information about a larger group of airlines, including overseas operators, will involve costs for more companies. However, widening the pool of information available is also likely to increase the benefits to consumers and the public and reduce the potential harm of some of the unintended consequences detailed below.
- A53 In each case the CAA will consider the most appropriate scope of information provision to best meet consumers' interests at an appropriate level.

Indirect costs to industry

- A54 The CAA is funded by charges levied on the aviation industry. As such, additional work could lead to higher charges on industry. However, as set out in the Government's Enactment Impact Assessment³⁹ published alongside the Civil Aviation Bill, the CAA does not expect the licence fees that it charges aerodromes, airlines and personnel to increase because of the costs arising from the use of these information and publication powers. The CAA expects to be able to absorb these costs within its existing charging scheme.

Unintended consequences

- A55 There is potential for consumers to make poorer choices as a result of information if they misread or misinterpret it or falsely believe they are comparing 'like with like'. More information is not always better for consumers: additional information that could be beneficial if presented in the right format or at the right time may simply be ignored or, worse, distract consumers from more important factors.
- A56 As well as consumers, attention should also be paid to the possible impacts of mandated information provision on the decision making of firms. Poorly designed schemes may give rise to significant compliance costs and reduce competition by distorting business decision making and/or limiting product offerings. Innovation could also be limited if the

³⁹ Department for Transport, 2013

disclosure regime makes it difficult for firms to promote new products and processes because their benefits cannot be easily highlighted.

- A57 There may be unintended consequences where information provision is 'triggered' by an event. For example, if a hypothetical aggregate performance measure for flight reliability accords significantly greater weight to cancelled flights than delayed flights then airlines may decide to cancel fewer flights, even though, in some cases, a cancellation may be a better outcome for the consumer.
- A58 The CAA will consider whether allowances should be made for different business models in the provision of information. For instance, when publishing punctuality data, the CAA currently advises users of the data that because of operating different business models, scheduled airlines tend to cancel a greater proportion of flights, and thus have lower average delays, while charter carriers tend to cancel very few flights but incur greater than average delays.
- A59 However, in many cases, the 'business model' rationale for performance differences between operators is likely to be of less interest to consumers than the outcomes they may have a greater or lesser chance of experiencing. These outcomes can then be traded off against other factors such as price and convenience. Information with copious footnotes will not meet our criterion of "accessible"
- A60 Unintended consequences could also result if information is provided that is incomplete, misleading, or wilfully incorrect. The CAA intends to manage this risk by taking a proactive approach to audit and enforcement when using its powers.

Review of the Statement of Policy

- A61 The Civil Aviation Act 2012 provides for the CAA to revise its Statement of Policy periodically, and in addition states that the CAA must take such steps as it considers practicable to keep under review information, guidance and other advice that is published under this section by the CAA (or by other persons as directed by the CAA). If the CAA revises its Statement of Policy it must publish the revised Statement. Prior to doing so, the CAA must first consult such persons as it considers appropriate.
- A62 In addition to ensuring the principles set out above guide our approach to consideration of the adverse effects and benefits of making information available, we will also commit to reviewing both our

Statement of Policy and all information acquired using our powers after three years. We will update our Statement of Policy at that time.

- A63 This review will include requesting information from industry on the impact on their business of making information available, as well as attempting to quantify the benefits to consumers and/or the public and any adverse effects after three years from making the information available.
- A64 We will also keep all requested information under review on an ongoing basis.

Section Three - Enforcement

- A65 The CAA's aim in implementing the publication functions bestowed by the Civil Aviation Act 2012 is to develop consensus with our industry partners on the nature and types of information to be made available in an accessible and applicable fashion. The CAA would hope to proceed without the need to use the power to demand information in section 89 of the Act.
- A66 In October 2012, the CAA published its first Regulatory Enforcement Policy⁴⁰, applying to all of the CAA's regulatory activities. This was produced to provide our regulated community, aviation consumers, and the wider public with a clearer view of the CAA's role in seeking to resolve a breach, or a suspected or potential breach, of civil aviation regulations. The Policy has been developed to protect aviation consumers, passengers and the public and is designed to encourage compliance with the rules and act as a deterrent.
- A67 The Regulatory Enforcement Policy is supported by sector specific guidance notes. The guidance note on our Consumer Enforcement⁴¹ work is available on the CAA's website.

Penalties statement

- A68 Section 92(1) of the Civil Aviation Act 2012 ("the Act") states that the CAA must prepare and publish a Statement of Policy with respect to carrying out its functions under sections 83 and 84 of the Act, and with respect to "imposing penalties under sections 86 and 87, and determining the amount of such penalties". By virtue of section 92(4), when imposing such a penalty or determining its amount, the CAA must have regard to this Statement of Policy.
- A69 This penalties statement refers to the CAA's power under section 86 of the Act to impose a penalty to enforce compliance with an information notice under section 85; and its power under section 87 to impose a penalty for the provision of false or misleading information, or the alteration, suppression or destruction of a document required to be produced under section 85. These penalties relate both to information

40 Civil Aviation Authority, 2012(a)

41 Civil Aviation Authority, 2012(b)

for the benefit of users of air transport services under section 83 and environmental information under section 84.

- A70 A penalty under section 86 must be such amount as the CAA determines to be appropriate and proportionate to the failure in respect of which it is imposed. It may consist of either or both of a fixed amount, which must not exceed £50,000, or a daily amount, which must not exceed £5,000. The period during which daily amount accumulate must be such period as the CAA considers appropriate.
- A71 A penalty under section 87 must be such amount as the CAA determines to be appropriate and proportionate to the action in respect of which it is imposed. There is no maximum level of penalty under this section.
- A72 Any sums received by the CAA by way of a penalty under sections 86 or 87 must be paid into the Consolidated Fund operated by the Treasury.
- A73 The Act lays out procedural requirements to be followed by the CAA, both before and after imposing a penalty (sections 88 and 89).
- A74 While section 92 requires the Statement of Policy to address penalties specifically, it should be noted that under section 86(1)(b), it is open to the CAA, in the event of non-compliance with an information notice, to either impose a penalty, or enforce the duty to comply with the notice by means of an injunction, or both.

Is a penalty appropriate?

- A75 The CAA's primary enforcement objective is to protect consumers and the public by encouraging compliance with the rules, both by the aviation community generally and in individual cases, and to deter non-compliance. Our primary objective in setting a penalty is to change the future behaviour of an offender so as to deter non-compliance with its obligations. We also aim to incentivise others subject to similar obligations to comply with them.
- A76 In deciding whether a penalty is appropriate, we will take full account of the particular facts and circumstances of the breach, including any representations made to us in response to the penalty notice required to be given to the person concerned, and published, about a proposed penalty under the section 88 procedure. That notice must give the CAA's reasons for imposing the penalty and its proposed amount.

- A77 We will take account of the six penalty principles set out in the Macrory report "Regulatory Justice: Making Sanctions Effective"⁴², and the five principles of better regulation: proportionality, targeting, consistency, transparency and accountability.
- A78 As explained above, there is an additional and alternative enforcement mechanism available to the CAA under section 86 by way of civil proceedings for an injunction, or in Scotland, for specific performance of a statutory duty under section 45 of the Court of Session Act 1988. The CAA's approach will be to favour the imposition of penalties over seeking injunctive relief, on the basis that this offers the most proportionate and targeted way of encouraging compliance and deterring non-compliance.

Determining the amount of the penalty - proportionality

- A79 The amount of the penalty must be such as the CAA determines to be appropriate and proportionate to the failure in respect of which it is imposed. When determining the amount of a penalty, the CAA will also consider whether any adjustments are appropriate to reflect mitigating or aggravating factors in the particular case.
- A80 A penalty should be proportionate to the seriousness of the breach, and this will be the CAA's usual starting point in considering the general level of the penalty. In considering this, we will look at the benefits and opportunities foregone by, or harm caused to, consumers and the wider public from the absence of, or delay in, provision of the requisite information sought by the CAA under sections 83 and 84. The general level of penalty will also be influenced by the duration of the breach and any gain (financial or otherwise) made by the person in breach.
- A81 The intended benefit of section 83 is for the CAA to assist consumer choice through the publication of comparative information and advice about air transport services and facilities. It is also to enable the CAA to facilitate, through guidance and advice, improved standards of such services and facilities for consumers. The latter is more directly focussed on industry providers, but for the benefit of consumers.
- A82 The intended benefit of section 84 is for the CAA to assist the general public through the publication of information and advice on the environmental affects of aviation, its health and safety impacts, and measures to address its adverse impacts. It is also to enable the CAA to facilitate, through guidance and advice, the reduction or mitigation

⁴² Macrory 2006.

of adverse impacts. Again while the latter is more directly focussed on industry actions, the outcomes sought are for the public benefit.

A83 Proportionality also requires consideration of the culpability of the offender, including whether the offender has acted negligently, recklessly, knowingly or intentionally. While one or more of these elements will almost invariably manifest themselves in the non-provision of information, all but negligence form a specific and required element of offences relating to the provision of false information or destruction of documents.

A84 Specifically where false or misleading information is provided (pursuant to a formal notice), a penalty may be imposed where knowledge of this is shown, or, absent that, recklessness. Where a document has been altered, suppressed or destroyed, a penalty may be imposed if an intention to do so can be shown. The seriousness of such offences is apparent from the fact that unlike non-provision of information, there is no limit on the penalty that may be imposed for these offences of, broadly, dishonesty.

Determining the amount of the penalty – mitigating and aggravating factors

A85 The CAA will adjust the general penalty level up or down to take account of relevant mitigating and aggravating factors, according to the specific facts and circumstances of the case. We will apply an overall adjustment reflecting the net effect of such factors. The following factors may be considered, as appropriate, in this regard:

- the speed with which steps have been taken to rectify the breach, including whether these were initiated by the person in breach or in response to the CAA's actions;
- any steps which have been taken to minimise the risk of the breach recurring;
- the extent of involvement of directors or senior management in the action or inaction which caused the breach or their lack of appropriate involvement in action to remedy the breach;
- repeated or continuing infringement of their obligations;
- evidence that the breach was genuinely accidental or inadvertent; and
- the level of co-operation with any investigation carried out.

- A86 Other mitigating or aggravating factors may arise depending on the specific facts and circumstances of the case.
- A87 The net effect of these factors may be significant, capable in the most favourable circumstances of reducing the penalty to zero, or in the worst cases, to increase it several fold.

Determining the form of the penalty – fixed and/or daily amounts

- A88 A penalty for non-compliance with an information notice may be either a fixed amount (up to £50,000), a daily amount (up to £5,000) for a specified period, or both. The daily amounts may cumulatively exceed the fixed penalty amount of £50,000. A penalty for providing false information (or other offences of dishonesty in section 87) will be a fixed amount, but with no maximum level specified.
- A89 The specified period during which daily amounts accumulate must be such as the CAA considers appropriate. However it must begin after the day on which the CAA gives notice under section 89 stating that it has imposed a penalty, and must end before the day on which the person provides the information or documents specified in the original notice under section 85.
- A90 The CAA is likely to impose both a fixed amount and a daily amount for non-compliance with an information notice, based on the factors set out above. The appropriate balance between the two will depend on the specific facts and circumstances of the case. The penalty for providing false information (or other offences of dishonesty) will reflect what is appropriate and proportionate, mindful of the inherent seriousness of such offences and the absence of a specified penalty level.
- A91 It is open to the CAA to propose to vary the amount of the penalty (and implicitly the balance between any fixed and daily amounts), subject to further notice requirements, enabling the penalty to be more targeted to the particular breach should emerging circumstances suggest that this is necessary.

APPENDIX B**Information on flight reliability**

What is the issue?

- B1 As with any transport mode, consumers generally choose to travel not for the experience of travelling but to get from one place to another as quickly and conveniently as their budget allows. It is essential for the proper functioning of the market that, when choosing a flight, consumers have confidence it will depart and arrive according to its published timetable, allowing them to get to their destination on time and fulfil the ultimate purpose or objective of their trip (e.g. going on holiday or attending a business meeting).
- B2 The reliability of services is therefore of fundamental importance to air passengers. From passengers' point of view reliability might include the likelihood of short delays⁴³, long delays or cancellations, as well as the possibility that their baggage might be delayed, lost or damaged. The notion of reliability could also extend to other areas that could impact on a consumer completing their journey as quickly and conveniently as possible, such as time taken to check in and reclaim baggage.
- B3 Consumers are currently provided with sufficient information about timetables and headline prices when searching the market for a flight. However, at present consumers are far less able to judge the reliability of different services when booking. By reliability we mean whether, for the price it is asking the consumer to pay, a particular airline is likely to run to its advertised schedule and get them to their destination on time. As data collected by the CAA demonstrates, there are significant differences between the reliability of different types of airline (e.g. charter, scheduled etc.) and between airlines themselves (see below).
- B4 Because air travel is infrequent for most consumers, they cannot learn either from their own or others' experiences of air travel about the reliability of different airlines in the same way that they might be able to about operators of modes of transport that they may use more frequently. This creates a problem of asymmetric information between

⁴³ Punctuality is usually defined as 'on-time performance' (typically, the proportion of services that arrive either early, or a small number of minutes late – e.g. 15 minutes in the case of rail and aviation – as compared with their scheduled arrival time).

airlines, who know about their own reliability, and consumers, who don't. As such, the market may not reward good performance and standards may not increase as they should.

- B5 The CAA recognises that the factors which can affect flight reliability are many and varied. These can include aircraft technical issues, weather and industrial action. One reason that individual businesses may not make information available that allows consumers to compare their reliability performance relative to their competitors is that they may believe that published data could omit explanation and context relating to underlying causes. However, it is the CAA's view that what matters most to consumers is not what causes one airline to be less reliable than other, but simply that it is.

Overall impact on consumers

- B6 Although a single short delay to an individual passenger may not seem material at a global level, cumulatively these short delays are significant. As set out below, around 35 million passengers were delayed by 16 minutes or more in 2011. Assuming each of these delays was only 16 minutes, this would equate to over 1,000 years of total passenger delays. In fact, a substantial proportion of these delays were for longer than 16 minutes. Taking this into account, the figure is actually closer to 3,600 years.⁴⁴

Impact on individual consumers

- B7 Longer delays and cancellations are much more likely to have a significant effect on the individual passengers concerned. Clearly, for passengers who have to make onward transport connections, even a one hour delay could lead to significant disruption to their journey and the cost, inconvenience and stress of rearranging their travel plans.
- B8 Passengers experiencing long delays and cancellations can also incur out-of-pocket expenses in looking after themselves while they wait (e.g. meals, refreshments, etc.) and, potentially, even overnight accommodation, even if they succeed in claiming these expenses back from the airline.⁴⁵

⁴⁴ Based on data on airline flight delays collected by the CAA in co-operation with Airport Coordination Limited (ACL) at ten UK airports: Heathrow; Gatwick; Stansted; Luton; Manchester; Birmingham; Glasgow; Edinburgh; Newcastle; and London City.

⁴⁵ Civil Aviation Authority, n.d.(g)

- B9 For passengers travelling for a business engagement, a long delay or cancellation might render the whole purpose for the trip unnecessary, even though substantial costs (both financial and non-financial, e.g. frustration, inconvenience) will have already been incurred. Non-business passengers may miss an event, or their trip may become so short as to be not worth the time and cost of getting to and from the airport.

How does flight reliability vary?

- B10 According to data collected by the CAA, in the year to December 2011, around 80% of the flights to and from the 10 UK airports for which data is collected operated on-time (i.e. arrived within 15 minutes of their scheduled arrival time).⁴⁶ This means that 20% of flights, or around 35 million passengers, were delayed by 16 minutes or more. In fact, a substantial proportion of these delays were for much longer than 16 minutes: over the same period, almost 7 million passengers flying in and out of the UK were delayed by more than one hour, with just over one million passengers delayed by more than three hours. The CAA estimates that in the year to December 2012, over 1 million passengers had their flights cancelled altogether.⁴⁷
- B11 However, these overall figures conceal significant differences between types of airlines and between airlines themselves. For example, because of the nature of their business, charter airlines rarely cancel any of their flights. Indeed, of the almost 150,000 flights that were planned to operate by the three main UK charter airlines in 2012, only a handful of flights were cancelled. In contrast, amongst the larger full service and low cost scheduled airlines, the proportion of flights to and from the UK that suffered cancellations⁴⁸ in 2012 ranged from 0.2% up to almost 2.0%.
- B12 Flight delays show a similar degree of variation. Although charter airlines rarely cancel flights, their flights are more frequently delayed than those of scheduled airlines. For example, in 2011, almost 26% of the flights

⁴⁶ The CAA, in co-operation with Airport Coordination Limited (ACL), compiles data on airline flight delays, measuring both on-time performance and longer delays at ten UK airports: Heathrow; Gatwick; Stansted; Luton; Manchester; Birmingham; Glasgow; Edinburgh; Newcastle; and London City. In addition, the CAA has some limited information on flight cancellations. Based on this information, it is possible to make an assessment of the performance of the industry in terms of reliability.

⁴⁷ Based on data supplied to the CAA by 20 airlines (unpublished).

⁴⁸ Cancelled fewer than seven days before departure.

operated by the main UK charter airlines were more than 15 minutes late. The equivalent figure for a selection of the largest full service airlines is around 21%, and that for a selection of the largest low cost airlines is around 18%. Again, these overall figures conceal substantial differences between individual operators. The picture is similar for long delays, with charter airlines incurring a greater proportion of delays longer than three hours (approximately 1.8% of flights) than full service (approximately 0.31%) or low cost airlines (approximately 0.4%). As with the shorter delays, the variation between airlines is also significant for longer delays.⁴⁹

Importance to consumers of information on flight reliability

The Accent report

- B13 In 2011, the market research firm Accent was commissioned by the CAA to undertake research into, amongst other things, passenger preferences when booking a flight.⁵⁰
- B14 The qualitative stage of the research found that, in selecting an airline with which to fly between two locations, punctuality is one of four critical factors that passengers trade off against ticket price (the other three are flight time, whether the flight is direct or indirect, and the origin and destination airport).⁵¹
- B15 Of these four critical factors, punctuality is the one where information is not so easily accessible and/or comparable for the passenger (see next section). Indeed, the Accent report concluded that passengers' views on punctuality are not always based on primary, objective information, but rather passengers were forming their assessment based on previous experience, brand and reputation.
- B16 The second phase of the Accent research was a quantitative study using a survey technique known as 'stated preference'.⁵² In the study, survey

49 Based on data on airline flight delays collected by the CAA in co-operation with Airport Coordination Limited (ACL) at ten UK airports: Heathrow; Gatwick; Stansted; Luton; Manchester; Birmingham; Glasgow; Edinburgh; Newcastle; and London City.

50 Accent, 2011

51 Accent, 2011

52 Accent, 2011 (See Section 3.3 for the background to this technique, and how it was used in Accent's study.).

respondents⁵³ were asked to undertake a series of trade off 'exercises' which sought to assess the relative importance and associated willingness to pay⁵⁴ for a range of different attributes for both airports (e.g. journey time to the airport, security queuing times, number of shops, etc.) and airlines (e.g. airline punctuality, baggage allowance, check-in queuing times, etc.).

- B17 Respondents were shown a series of four exercises where they were asked to make choices between different criteria that relate to airport choice and airline information. These covered aspects of a fictional journey similar to the one the respondent last booked. For example, if they booked a short haul flight with a budget airline they were shown "a fictional flight from a UK airport to a European location with a flight time of between 1 and 3 hours (for example Paris, Amsterdam or Barcelona) with a budget/low cost airline"
- B18 The summary results, in terms of willingness to pay, for the thirteen attributes that were tested can be seen in Table 11 in the Accent report. It shows that punctuality (in this case, airline on-time performance) has a derived willingness to pay of £0.66 for each percentage point between 50% and 90%.
- B19 Therefore, as shown in Figure 18 of the Accent report, it is estimated that a UK resident passenger with the choice between an airline with 50% on-time performance and one with 95% on-time performance would, all other things being equal, be prepared to pay an additional £29.70 to travel with the more punctual airline⁵⁵.

The MVA report

- B20 In terms of flight reliability more generally, the Accent study only covered on-time performance. Therefore, as part of the MVA study, we requested that the importance of information on cancellations and long delays also be considered.

53 The survey consisted of 2,226 interviews.

54 Willingness to pay is defined as the monetary value that passengers place on the particular attribute

55 Although hypothetical, the on-time performance figures used in the survey (between 50% and 90%) are not dissimilar to actual differences in airline on-time performance: based on delay data on the top 30 airlines flying to and from the UK, the best on-time performance by an airline was 91% and the worst was 61%.

- B21 MVA relied on more traditional quantitative surveying. Survey respondents⁵⁶ were asked to think about the type of information they would require, or think might be helpful, when deciding on particular flights or travel options in future⁵⁷. For each of a long list of considerations when choosing their flight, air passengers were asked whether information on each would be 'crucial', 'useful', 'of some use' or 'not of any use'.
- B22 As with the Accent study, respondents to the MVA study indicated that the most crucial considerations in booking a flight were the final price, the dates and times of departure and arrival (where, as set out at the beginning of this Appendix, an airline's reliability is a key factor in determining whether its schedule is adhered to), whether the flight is direct or indirect, and the origin and destination airport. However, 72% of respondents also indicated that information on the proportion of flights suffering long delay (greater than three hours) or cancellation was either 'crucial' (29%) or 'useful' (43%). In addition, 71% of respondents indicated that on-time performance was either 'crucial' or 'useful' (27% and 44% respectively).
- B23 Although the primary driver of publishing information on flight reliability is to facilitate consumer choice, MVA was also asked to survey passengers on the types of information which, if available to the public, would help raise standards. Of the thirteen information types presented to respondents, information on airline flight cancellation and long delay rates and information on airline punctuality were ranked second and third respectively by respondents as information which, if available to the public, respondents thought would help raise standards.
- B24 MVA was also asked to survey passengers on which types of information they considered would help empower consumers to complain about poor levels of service. Of the thirteen information types presented to respondents, information on airline punctuality and information on airline flight cancellation and long delay rates were ranked third and fourth respectively by respondents as information that would help empower consumer to complain about poor levels of service.

⁵⁶ The survey consisted of 1,222 interviews.

⁵⁷ In particular, respondents were asked to "imagine you were going to make a journey for the same purpose and to a similar part of the world as you did recently - but to a different country, one that you hadn't travelled to for a while"

Consumer preferences regarding presentation of information on flight reliability

- B25 In addition to surveying consumers on the type of information they need when deciding on particular flights or travel options, MVA was also asked to survey passengers on how they would like the information presented to them. Specifically, survey respondents were asked questions on the following issues:
- the point in the booking process at which the information should be available;
 - the best format in which to present the information; and
 - the organisation best placed to provide the information.
- B26 For information on flight reliability, the majority of survey respondents⁵⁸ stated that prior to, or at the start of, the booking process was the best point in the booking process to make the information available.
- B27 In terms of the format of the information, survey respondents indicated a preference for the information to be bundled together with other relevant information as part of a broader 'star rating'⁵⁹.
- B28 In terms of who should publish the information, the most popular choice amongst survey respondents was that each airline should publish the information⁶⁰.

What information is currently available on flight reliability?

- B29 Despite the impacts on passengers of delays and cancellations, and also the apparent importance of this information to passengers in their booking decisions, the market does not currently provide this information in an easily accessible and comparable way.

58 56% of respondents preferred this option for on-time performance; 61% for long delays and cancellations.

59 45% of respondents preferred this option for on-time performance; 41% for long delays and cancellations.

60 40% of respondents preferred this option for on-time performance; 39% for long delays and cancellations. The remaining responses were split almost equally between the other four options: the CAA / Government; a CAA approved third party; comparison websites / apps; and the website of a consumer group.

- B30 Data compiled by the CAA on airline flight delays (measuring both on-time performance and longer delays, but not cancellations) is made available to the public on the CAA website, in both .pdf and .csv file formats. Unfortunately, neither of these formats is particularly 'consumer friendly' and it is therefore unlikely that passengers use this information currently to inform their booking decisions. It should be acknowledged also that the CAA is not primarily a consumer-facing 'brand', and therefore passengers are unlikely to consider the CAA as a relevant source of information to inform their choice of flights.
- B31 Information on flight delays published by the CAA is available to any organisation that wishes to republish it. The website flightontime.info currently provides information based on the CAA's data. While consumers could use websites like flightontime.info to inform their choice of flight, their lack of direct integration into the actual search and booking process (i.e. consumers would have to refer to at least two separate sources of information) could present a barrier to them actually doing so.

Options for publishing information on flight reliability

- B32 The CAA considers that, based on the considerations set out above, there is a strong rationale for using its information powers to enable the provision of information to consumers about flight reliability. Initially, we propose to focus on providing information about punctuality (on-time performance), long delays and cancellations. As we set out below, we also intend to explore how information about mishandled baggage could be provided to consumers as a further indicator of reliability.
- B33 The CAA recognises that consumers' ultimate knowledge requirement is how long the entire air travel segment of their journey (i.e. from arrival at the departure airport to leaving the destination airport) will take, and, therefore, how likely it is that the combination of airlines and airports they choose will meet this expectation.
- B34 Providing information about the reliability of every aspect of a consumer's journey would be a wide-ranging undertaking and remains an aspiration for the CAA. However, our consumer research demonstrated a clear demand from consumers for information about punctuality, long delays, cancellations and mishandled baggage and we believe that it should be possible for information on these aspects of reliability to be provided to consumers at this stage.

- B35 Particularly in the case of mishandled baggage, the CAA recognises the importance of proper engagement with the industry to determine how a reliability metric should be constructed for baggage handling, including which 'types' of mishandled baggage (e.g. delayed, lost, damaged) should be included.
- B36 As set out above, the CAA will also give consideration to how other aspects of reliability might be usefully communicated to consumers in future, such as time to check in and reclaim baggage, although we are not consulting on this at present.
- B37 In order to engage consumers with reliability information, and minimise the cost of its collection and publication, careful consideration will need to be given to methodology and presentation. Below we set out a number of key questions in this regard.
- B38 At this time, the CAA does not have a 'minded to' view on the questions set out below. Rather, the CAA would like respondents to this consultation to consider these questions and provide the CAA with their views. Also, in providing their responses, the CAA would particularly welcome views from industry on the costs of the different options and also the likely associated lead times for the collection and publication of the data. The CAA is also open to views on user-friendly ways of presenting reliability information other than a star rating.

What format should be used to provide information about flight reliability to consumers?

- B39 The CAA's research indicates that consumers would prefer information on flight reliability to be published in the form of a single star rating.
- B40 The CAA considers that the key trade-off in this context is between the simplicity of the information (i.e. it should be able to be absorbed quickly and easily by consumers) and the precision and accuracy of the information (i.e. it should correctly reflect the underlying performance measure). The CAA considers that there are broadly three options:
- publish as a single star rating, combining measures on punctuality, long delays, cancellations and mishandled baggage; or
 - publish separate star ratings for punctuality, long delays, cancellations and mishandled baggage; or

- continue to publish raw data, but with greater coverage, to enable third parties to provide information about flight reliability onwards to consumers.

- B41 In addition, the CAA considers that if an option were adopted where some aggregation of the data is required, regardless of the format chosen the underlying raw, disaggregated data will continue to be made publicly available. While consumers indicated a preference for airlines and/or airports to publish the data, a substantial proportion of respondents indicated that publication by other parties was also relevant (e.g. the CAA, government, a CAA approved third party, comparison websites or apps, and consumer groups' websites).
- B42 The CAA does not have a preference for any of the options outlined above at this time and would welcome views from stakeholders on which of these options (or indeed any other option) would best enable the CAA to meet its statutory duty.
- B43 If the CAA does choose to adopt an option where some aggregation of the underlying data is required, the methodology chosen for constructing the aggregated performance measure is likely to be key in achieving the correct balance between simplicity and the precision and accuracy of the information. The CAA would therefore welcome the views of stakeholders on some more detailed issues, which are covered below.

At what 'level' should flight reliability performance be provided?

- B44 Most obviously, consumers will compare flight options across different airlines. However, we also know that consumers also compare options across different airports and, as with airlines, the proportion of flights operating on-time and those suffering long delays can vary by airport, albeit to a lesser degree than by airline.⁶¹ Furthermore, consumers considering a number of possible airline-airport combinations may want more specific information on flight reliability, for instance a star rating on a route basis.

⁶¹ The CAA's punctuality data for 2011 shows that the best and worst on-time performance by airport was 87% and 76% respectively. For the metric on the proportion of flights delayed greater than 3 hours, the best and worst performance by airport was 0.25% and 0.99%. The same data for airlines shows that the best and worst on-time performance by airline was 91% and 61% respectively. For the metric on the proportion of flights delayed greater than 3 hours, the best and worst performance by airline was 0.09% and 1.99%

Where in the booking 'flow' should the information be presented and how prominent should it be?

- B45 The majority of respondents to the MVA survey indicated that prior to, or at the start of, the booking process was the best point to make the information available. This suggests that the home page of the airline or airport's website is the most appropriate point.
- B46 However, if it is determined that the information should reflect performance by route, it might be necessary to present reliability information once the consumer had chosen the relevant departure and arrival airports. In terms of prominence, in order to best engage consumers, the information would need to be presented with a substantial degree of prominence and in a standardised way to give consumers the confidence that the performance measure is accurate.

How should the performance measure be calculated?

- B47 There are a number of elements to this question. Firstly, as discussed above, reliability is a function of a number of performance measures, including on-time performance, long delays, flight cancellations and mishandled baggage. If these are combined as a single measure, should they be weighted in any way, or should each measure be treated with equal importance?
- B48 Secondly, how should a 'long' delay be defined? The CAA's punctuality data includes information on delays longer than 15 minutes, 30 minutes, 1 hour, 3 hours and 6 hours. Is one of these measures, or an alternative measure, the most appropriate?
- B49 Finally, should cancelled flights be treated differently depending on the amount of notice provided to the passenger? Clearly, the impact on consumers of a cancellation months prior to the flight is different from a cancellation the day before the flight or on the day itself. How should this be addressed?

How would a star rating be implemented?

- B50 For flight punctuality and delays, the CAA envisages that it would continue to use the data it currently collects and publishes. This data covers 10 airports - Heathrow, Gatwick, Stansted, Luton, Manchester, Birmingham, Glasgow, Edinburgh, Newcastle and London City. However, while these airports collectively account for around 83% of passengers handled by all UK airports, the CAA recognises that several large airports are not included. These include Bristol and both Belfast

airports, meaning that consumers in some areas of the UK would not benefit from flight reliability information for routes from their nearest airport.

- B51 As such, the CAA intends to use the consultation period to explore the feasibility of bringing other airports into the scope of its data collection on punctuality and delays. We believe that the inclusion of all airports handling at least 1% of passengers at all airports (i.e. the aforementioned 10 airports plus Bristol, Liverpool (John Lennon), Belfast International, East Midlands International, Aberdeen, Leeds Bradford and Belfast City (George Best)) would be a reasonable aspiration and would increase market coverage to around 94%.
- B52 The CAA would require airlines to supply data on cancellations and mishandled baggage, as we do not currently collect these data. We wish to use the consultation period to understand how performance data is currently collected by airlines in these areas. As our proposed Statement of Policy makes clear, where information is already collected by industry, but not made available, the CAA is, where possible, committed to seeking information in the same format it is currently held in, or in the format it is held in by the majority of stakeholders.
- B53 The CAA would make the raw, disaggregated data available on its website. If the CAA was to adopt an option that involved a star rating, it would need to construct and issue a methodology (which might change over time) for each airline to calculate its star rating. The CAA would need to audit this process. Each airline would be required to display the star rating on its website.

Over what time period should the performance be measured? (e.g. previous season, previous year, year to date, etc.)?

- B54 The CAA considers that information provided to consumers needs to reflect the performance of the airline in question accurately as well as address the reality that many air passengers book flights ahead of the date they actually travel. We believe that a 12 month rolling average (or 'moving annual average') should be used as the basis for the reliability index as this would allow performance across all seasons of the year to be accounted for. This would appear better than an index based on performance in the corresponding month or season the previous year, which would not reflect subsequent changes in reliability performance.
- B55 Naturally, if a measure of reliability based on a 12 month rolling average performance was implemented, the CAA would need to stipulate the

date that airlines commence data collection and require publication of information to begin around a year later. In terms of the frequency of updates to the data, the CAA believes it is important that information provided to consumers reflects current performance as closely as possible. We therefore welcome input from stakeholders as to the feasibility of monthly updates.

APPENDIX C

Information for passengers with reduced mobility

What is the issue?

- C1 It is estimated that 1% to 2% of total passengers departing from UK airports are disabled or persons with reduced mobility (PRMs) who request assistance of some type from either an airport operator or airline or more often than not, both. It is also likely that the numbers of PRMs travelling by air will increase significantly in the coming years due to an aging population and disabled persons gaining more confidence to travel further distances. Further, many passengers travel with PRMs and are therefore affected by the service provided to their travelling companions.

Legislation

- C2 In 2008, European legislation - Regulation (EC) 1107/2006 (PRM Regulation) - came into force in full, providing legal rights for PRMs. The Regulation covers all EU airports and flights on all airlines from these airports. It also covers flights from a third country to an EU airport if the carrier is registered in an EU country.
- C3 The Regulation represented a considerable change in the provision of assistance for PRMs. It made it an offence to deny someone access to a flight on the grounds of a disability or impairment, except where there are specific safety restrictions. It also obliged industry to provide appropriate assistance throughout the journey at no additional cost to the passenger. The Regulation is wide ranging, covering the passenger journey from a designated arrival point at the departure airport (for example, car park, train station, etc.) to a designated departure point at the arrival airport. It specifically requires:
1. **Non-discrimination** - the Regulation imposes obligations on airlines, travel agents and tour operators not to refuse a reservation or boarding on the grounds of disability, except where carriage is unsafe or where carriage is physically impossible (i.e. the size of the aircraft or its doors makes the embarkation or carriage of the PRM physically impossible).

2. **Sharing passenger information (pre-notification)** - PRMs should request assistance at least 48 hours before travel either with the airline directly or through a travel agent. The Regulation requires this request to be passed to the airport via the airline. Even if the request from the passenger is made within 48 hours of travel or if no request is made the airline and airport must still do all they reasonably can to provide assistance.
3. **Assistance provided by airports** - airports must provide assistance for PRMs, at no extra cost, to ensure they are able to take their flight. If required, the assistance must be available throughout the entire airport element of their journey, from arrival at a designated point at the departure airport (car park, train station etc.) to the gate (generally via a wheelchair or electric buggy), boarding the aircraft, stowing hand luggage, to disembarking from the aircraft and being transported to the designated point at their destination airport.
4. **Service quality standards** - airports must set service quality standards in consultation with airport users and organisations representing PRMs. Airports used by more than 150,000 passengers a year must publish their service standards.
5. **Assistance provided by airlines** - airlines must provide assistance without any additional charge. This includes the carriage of assistance dogs, medical equipment and up to two pieces of mobility equipment, as well as assistance in getting to the toilet and reasonable adjustments for seating.

Importance of information for PRMs

- C4 The passenger journey for a PRM can require tailored assistance to be provided at a number of points so that the PRM has the same opportunity for air travel as available for all other passengers at no extra cost. This assistance is provided by a number of parties, including airlines, airport operators, PRM service providers (contracted to airports) and ground handlers (contracted to airlines). The services required by PRMs can vary significantly depending on the airport and airline concerned, the location of designated arrival points at the airport and PRMs' particular assistance needs.
- C5 For example, for a large airport with long walking distances, PRMs with significant mobility issues might require the airport to use buggies or more than one wheelchair pusher to help transport them through

the airport. For an airport with a mix of airline operations, for instance both full service and low cost airlines, the assistance required from the airport by the PRM might vary by the type of airline they are flying with – low cost airlines do not tend to use air bridges and therefore extra assistance (usually lifting equipment) is required to board those PRMs with more substantial mobility assistance needs.

- C6 The assistance needs of PRMs whilst onboard the aircraft can also vary, for example in relation to seating, handling of electric mobility aids or the assistance needed to get to the toilets. Airline policies can affect a PRM's ability to choose a suitable seat, carry both medical and mobility equipment (including oxygen) and even to travel at all (e.g. if refused on safety grounds or because of fitness to fly concerns).

Research related to the information needs of PRMs

- C7 In 2009, the market research company SHM produced a report for the CAA on air passengers' experiences and expectations in relation to the PRM Regulation. Although this piece of work did not target information to PRMs specifically, a number of the findings of this work are closely related to information:
- PRMs need to feel in control of the assistance they receive. They don't always need assistance from one end of the customer journey to the other, but they do always need to feel as if they are 'in the driving seat'.
 - PRMs are not always clear about what assistance is available, and about what is in or out of scope under the special assistance system.
 - PRMs frequently find that information has not been passed through the system, or acted upon intelligently at different stages of the customer journey.
 - PRMs recognise that it is probably not possible to personalise the special assistance fully; however, they do need to feel that there is some degree of differentiation in line with their needs.
 - PRMs expect the service they receive to be reliable (the same from one journey to the next) and consistent (from one UK airport to the next). Ensuring this reliability and consistency is felt to be a key role of the CAA as the UK's aviation regulator.
- C8 Although the work did not target the information needs of PRMs specifically, there is clearly scope for information that is accurate,

standardised and easily available, to address some of the concerns raised by PRMs through this research work. In particular, access to this type of information would seem to be particularly important for helping to make PRMs feel clearer about what assistance is available and in control of what assistance they will receive.

- C9 In 2012, the CAA commissioned MVA to conduct a piece of passenger research to further develop its understanding of the type of information that is of most value to consumers in their purchasing decisions and the best channels for delivering this information. This included specific questions for PRMs on their information needs. The report found that mobility impaired travellers need a range of information, of which the following were of greatest importance:
- airport walking distances (94% of those with PRMs in the travel group want this information);
 - waiting times for airport services to assist passengers with reduced mobility (92%);
 - facility to stay in your wheelchair right up to the boarding gate (84%);
 - number and type of accessible toilets at the airport (82%); and
 - number of occasions where airline has refused to accept a reservation or to embark a disabled person or a person with reduced mobility on the grounds of disability or of reduced mobility (80%).

Options for publishing information for PRMs

- C10 Airport websites generally provide some information for PRMs on the assistance service provided; for example, information on the type of services offered⁶², location of special assistance desks and instructions on how to go about getting assistance. Airline websites similarly often provide some information for PRM passengers on their policies towards PRMs (e.g. seating allocation, carriage of mobility aids).
- C11 However, the CAA considers that there is a strong argument for publishing information for PRMs that is accurate, standardised and easily available. Given some of the difficulties that travelling by air can

⁶² Under the PRM Regulation, the airport operator has an obligation to draw up and publish quality standards for the assistance it provides. The services provided by the airport operator are measured against each airport's own published quality standards. Airports also are obliged to publish their own quality standards.

present to PRMs, and given the associated complexity for PRMs in choosing between different travel options (both airports and airlines), there would be benefits in publishing standardised, comparable information for PRMs to help them make their travel choices. In addition, given the importance of the pre-notification process in ensuring that PRMs receive the assistance that they need, it also considers that standardised information could help PRMs in understanding, and specifying clearly, their specific assistance needs.

- C12 The CAA proposes using its new powers to ensure that airport and airline websites provide information on key policies and services in comparable formats. The CAA would also produce a matrix comparing the information provided by (the largest) airports and another for airlines. This would be published on the CAA website and disseminated through third party websites (e.g. charities). This should allow for easy comparison between different service providers. Based on the research the CAA commissioned in this area, and its experience of dealing with complaints from PRMs, the CAA considers that the information should include, but not be limited to:

Airport

- walking distances
- policies on allowing departing PRMs to use their own mobility equipment right up to the gate
- policies on repatriating arriving PRMs' own mobility equipment at the aircraft door on landing
- communicate information (in the departure lounge and at gates) in accessible formats
- number of complaints received in past two years

Airline

- policies in regards to seating allocation
- number of and type of accessible toilets (both airport and airline)
- provide temporary replacement for damaged or lost mobility equipment
- availability of onboard wheelchairs
- free phone lines to pre-notify

- policies in relation to compensating for damaged mobility equipment
- restrictions (e.g. safety, weight, space, battery type) to the carriage of electric mobility aids
- policies on carriage of oxygen
- policies and costs relating to travelling with an assistance dog
- limit of compensation for damaged mobility equipment
- number of complaints received in past 2 years

C13 The CAA does not consider that a star rating for airports and airlines on their PRM 'friendliness' would be appropriate. The primary reason for this is that the assistance needs of PRMs are very diverse. For example, airport walking distances are less important to a person with hearing loss; seating allocation policies are less important to those without spinal injuries. Furthermore, many of the assistance services provided by airports and airlines, are only required by a relatively small number of PRMs (e.g. only a very few require oxygen, use assistance dogs, etc.) meaning that, although these services might be extremely important for a passenger with lung conditions or a visual impairment, they would have no relevance to the majority of PRMs and would not, necessarily, provide a useful proxy for the quality of the assistance provided by the airport or airline concerned.

C14 However, there might be an opportunity to use the star rating approach for more targeted information, for example on individual airports' quality standards for assistance. This would suit a star rating system because the data collected would be objective and based on set parameters (the airports' own published quality standards).

C15 The CAA would welcome the views of stakeholders on the proposals in this appendix including the costs of providing and maintaining the data.

APPENDIX D**Information on the price of optional services**

What is the issue?

- D1 In many ways, the relatively recent strategy of removing fees and charges for services that are supplementary to the core purpose of passenger air travel (i.e. transporting a person from their point of departure to their point of arrival) is a positive development for consumers. This is because it allows airlines and airports to price in a more cost-reflective manner and offer choice to their customers. For example, it is generally a fair outcome for consumers that - other things being equal - those who travel without hold baggage do not cross-subsidise the costs of those who do. However, for consumers to get the full benefit of such pricing strategies, information about the price of services that are not included in the headline price must be transparent and readily available.
- D2 For airlines, such chargeable optional services may include hold baggage, seat reservations, priority boarding and meals and refreshments, as well as cancelling or rescheduling a booking or making changes to booking details. For airports, optional charges could include the price of plastic bags for carry-on liquids, use of express security lanes and drop-off and pick-up parking facilities.
- D3 It is important to note that consumers may differ in their view of how 'optional' a particular fee or charge actually is, and this in turn may depend on the purpose of the journey they are making. For example, a consumer making a short business trip with an airline that charges for hold baggage may see that service as unnecessary and therefore optional, but the same individual might take a different view when travelling with the same airline on holiday with their family.
- D4 Similarly, to an individual consumer, the salience of charges to cancel or reschedule a booking is also likely to depend on their circumstances. If a consumer knows in advance that there is a reasonable chance of their trip clashing with other arrangements or commitments then the cost of cancellation or amendment becomes a more important factor when searching for a flight than if they are sure at the time of booking that there will be no clashes.

How might consumers be harmed?

- D5 Where consumers choose to use optional services provided by airlines and airports the cost of such services can be substantial, appear to be increasing over time⁶³, and can represent a large portion of the 'final' price of a flight. There is also significant variability in the fees and charges levied for comparable services by different companies. It is therefore essential for the proper functioning of the market that consumers are able to easily access and compare information about the price of optional services, even if there are benefits to separating these costs from the 'headline' price. As we set out below, the CAA's consumer research has found that the final price charged is one of the most important information requirements for the majority of consumers when searching for a flight.
- D6 In any market, if consumers are unable to easily determine all elements of the final price of the products or services they wish to buy then there can be serious implications for the effectiveness of competition. If the final prices of flights are confusing or misrepresented and difficult to compare they may not be subject to a sufficient degree of competitive pressure to keep them at the level that would be expected in a well-functioning competitive market.
- D7 There could also be negative outcomes for individual consumers, who may end up making poor choices and/or spending more time and effort (known as 'sunk costs' in economic terms) searching the market than they should have to. If consumers have to spend time searching the market for all the information they need to make an informed decision on the price of a flight they could also face 'opportunity costs', for example missing out on a time-limited 'special' offer.

Research related to the provision of information about the price of optional services

- D8 In early 2013, the CAA commissioned MVA to undertake a review of existing research and literature on consumer and public preferences regarding information on the aviation industry.

⁶³ See e.g. price survey by TravelSupermarket comparing prices of 12 airlines' optional services in March 2012 and April 2013. Examples of price increases recorded by the survey during the period include checked in baggage (which increased by between 10% and 47% depending on the airline) and booking fees (11-17%). Source: TravelSupermarket, 2013.

- D9 This review pointed towards a series of factors that influence consumers' decision-making when buying their ticket. The review found that, providing the route was available from the UK, the 'final' cost of alternative flights from each UK airport, including all necessary 'optional' items, was the most influential factor for consumers.
- D10 The review also found that a number of other factors also have some bearing on the choices made by air passengers. Several of these are related to optional services offered by airlines and airports, such as baggage allowance, online check-in and security queuing times.
- D11 The second phase of MVA's research provided further insight into consumers' information requirements. The research found that information about baggage allowance - increasingly provided as an optional service - was considered by consumers to be crucial to making a decision about a flight (alongside final price, routing and scheduling, airline choice and minimum check-in time).
- D12 A significant minority indicated that they also regard information about a number of other aspects that may be offered as an optional service as either crucial or useful to making a decision. These included: seating selection facility (33% crucial & 45% useful); legroom/space between seats (33% & 45%); penalty charges (e.g. name changes, cancellations etc.) (31% & 38%); average time taken to check in (29% & 49%); car parking charges (28% & 39%); availability of online check-in (23% & 47%); and average time to go through airport security (21% & 49%).
- D13 For all of these aspects, the majority of passengers indicated they required the information either before starting the booking process, while researching their trip, or at the start of the booking process in order to help them identify all the options available to them. Aspects that consumers were significantly more likely to require when researching their trip (i.e. before starting the booking process) included baggage allowance (48% of respondents stated that they would require this information before starting the booking process), penalty charges (34%), car parking charges (32%).

Existing legislation covering the pricing of optional services

- D14 EC Regulation No 1008/2008 the Air Services Regulation (ASR) , requires that any price displayed for a flight originating in the EC must be a final, all inclusive 'headline' price, including all unavoidable and foreseeable taxes, fees and charges at all times.
- D15 The requirements of the ASR apply not only to airlines but to anyone offering flights to consumers. This includes businesses acting in an intermediate capacity, whether as an authorised agent of the airline or not. However, flights which are only sold as part of a package are not covered, meaning that tour operators who offer flights both as part of a package and on a 'flight-only' basis will only need to ensure that they comply with the obligations in the ASR with regard to the latter.
- D16 Joint guidance on the ASR issued by the CAA and the OFT in 2013⁶⁴ advises that charges for paying by debit card should be included in the headline price. As of April 2013, the Consumer Protection (Payment Surcharges) Regulations 2012 require that surcharges for the use of any other payment method (e.g. credit cards) must be limited to the additional costs a business incurs in processing payments by that method.⁶⁵ The OFT has also agreed with airlines that consumers should be made aware of payment method surcharges throughout the booking process, rather than towards the end.⁶⁶
- D17 In addition the ASR requires airlines to communicate "optional price supplements" in a "clear, transparent and unambiguous way at the start of any booking process" and that "their acceptance by the customer shall be on an 'opt-in' basis". The joint guidance on the ASR issued by the CAA and the OFT defines the "start of the booking process" as, for a consumer buying a flight online, the first page displayed following a search for flights. The guidance also states that businesses could meet the requirement by providing a link from that page to a separate webpage where a list of optional price supplements could be presented.

64 Civil Aviation Authority, 2013

65 Consumer Rights (Payment Surcharges) Regulations 2012

66 Office of Fair Trading, 2012

Why existing legislation might not promote sufficiently clear information about the pricing of optional services.

- D18 With legislation that relates to the pricing of optional services already in place, the CAA has given careful consideration as to how its information duties under the Civil Aviation Act 2012 could be used to improve outcomes for consumers in this area without duplicating existing requirements. We have identified three main areas:
- D19 Firstly, there is currently no obligation for airports to provide information about the price of optional services. While most consumers are likely to be more constrained in their choice of airport than airline, there are likely to be benefits from greater transparency around the availability and price of services, such as express security lanes and drop-off and pick-up facilities. These include improving consumers' ability to plan their journey by making more informed choices about their surface travel options, as well as enabling airports to sell optional services to consumers willing to pay for them
- D20 Secondly, in the absence of statutory interpretation, it could be argued that the ASR's requirement on the communication of optional price supplements relates only to services such as hold baggage or meals that a consumer may want to purchase at the point of booking a flight (i.e. the assumption is that the consumer is going to travel). The ASR may therefore not cover the provision of information about the price of services that a consumer may need to use if their intention to travel subsequently changes, or if they had inadvertently made a mistake when making their original booking. Such services would include fees for cancellations, itinerary changes and name changes. The ASR also requires that information is provided to consumers at the start of the booking process, whereas the CAA's consumer research indicates that a substantial proportion of consumers would like this information prior to booking.
- D21 The CAA considers that by using its information duties to specify the optional services about which consumers should be provided with price information, consumers could be helped to make more informed choices and misunderstandings about airlines' policies could be limited. Such misunderstandings can sometimes lead to dissatisfaction for customers who may feel that airlines have not been clear about ticket conditions. This can lead to challenges (and costs) for airlines in managing and resolving complaints.

D22 Finally, setting out the format that airlines must use to provide information to consumers could also help ensure compliance with the ASR by businesses acting in an intermediate capacity, such as price comparison websites. For example, a requirement for airlines to provide an up-to-date table of their charges for optional services for the benefit of their customers would also make this information easily accessible to intermediaries who could reproduce it on their own websites for the benefit of their customers.

Options for publishing information on the price of optional services

- D23 The CAA has sought to address consumer harm that may result from inadequate information about the price of optional services through its work seeking compliance with the ASR and through the collation and publication of airline and airport comparison tables on its website. However, the CAA is not primarily a consumer-facing organisation, nor should it be expected that a visit to the regulator's website would (or should) be part of the 'normal' buying process in any regulated sector. This means that there are clear limits to the CAA's ability to provide information that can improve outcomes for consumers in this area.
- D24 As such, the CAA considers that there would be significant consumer benefits from using its information duties to ensure that all UK airports and airlines flying out of the UK (including intermediaries acting on their behalf) provide consumers with accessible and comprehensive information on the full range of their optional services.
- D25 This would entail requiring all airlines and airports to host a single table on their respective websites, detailing their fees and charges for optional services.⁶⁷ These tables should be accessible in no more than two clicks from the homepage of each website and, in the case of airlines and intermediaries acting on their behalf, no more than one click from every screen the consumer sees between commencing and completing the booking process.
- D26 Airlines would be required to provide up-to-date information on all optional services, including (but not limited to):
- charges added for the following optional services:

⁶⁷ Where services are priced dynamically in order to reflect prevailing supply-demand situations a range could be indicated.

- check-in;
- priority boarding;
- text message confirmation;
- sports equipment
- hold luggage;
- advance reserved seating fee;
- meals and refreshments;
- other charges (e.g. cancellation, name changes, boarding pass printing, charge for refunding Air Passenger Duty etc.).

D27 Airports would be required to provide up-to-date information on all optional services, including (but not limited to):

- compulsory airport development fees; and
- charges for the following optional services:
 - cost of plastic bags for carry-on liquids;
 - use of drop-off and pick-up parking facilities;
 - use of express security lanes.

D28 At present most airlines flying out of the UK provide a table on their website listing optional charges and their cost that is available from their home page or the first page of their booking process. As such, the CAA anticipates that the majority of firms would already be compliant with the requirements of this proposal, or would only need to make minor improvements to be compliant. For those airlines and airports that are not compliant, the CAA would expect that they already hold information about their fees and charges for optional services. As such, the CAA estimates that the costs to businesses of implementing this proposal will be minimal.

APPENDIX E

Information on carbon emissions

What is the issue?

- E1 Consumer awareness of the CO² impacts of aviation is rising and there is increasing availability of tools such as carbon calculators for individuals looking to assess the environmental impact of their travel choices. However, evidence from our consumer research suggests that this is still a low priority driver in making actual purchase decisions.⁶⁸
- E2 There is a range of online CO² calculators that consumers can use to measure their carbon footprint and offset the impact of this through carbon offsetting. However, there is no standard methodology behind these calculators which can lead to confusion and scepticism.
- E3 Carbon offsetting is also not standardised, with airlines and travel operators operating different types of schemes, charging different prices for carbon and making the service available to consumers at different stages in the booking process. All of these factors may affect uptake of carbon offsetting services.

What is the potential detriment?

- E4 If consumers of air travel don't fully understand the environmental impact of their actions and are unable to factor this in to purchase decisions this diminishes the potential for them to influence the environmental performance of the aviation sector.

What information is currently available?

- E5 Consumers can use carbon calculators to calculate their CO² emissions. These are available through a range of sources, including:
- some airlines and travel operators (at point of booking or contained discreetly within the website, or linked to a third party carbon offsetting organisation);
 - intergovernmental bodies (e.g. ICAO);

68 MVA Consultancy 2013(b); Accent, 2011

- industry bodies (e.g. IATA); and
- private carbon offsetting companies (e.g. Climate Care).

- E6 The calculators generate a per passenger CO² emission for a flight, usually measured in kgs of CO². These emissions are then multiplied by a financial cost of carbon to generate a fee for the consumer to pay. The price charged varies depending upon the provider but is loosely based on the market price of a tonne of carbon. The revenue generated is then directed in to projects to reduce CO² emissions, e.g. renewable energy projects such as wind or biomass. Information is provided on these projects by either the airline or carbon offsetting company.
- E7 There is a multitude of carbon calculators available using differing methodologies. This can result in significantly different calculations of CO² emissions depending on which one is used, as demonstrated by the table below.

Calculator	Kg of CO² per passenger based on: London Heathrow (LHR) to San Francisco International (SFO), economy return *
ICAO	1,131 kg
United Airlines	1,156 kg
RDC Aviation	Average of 1,912 kg (with a range from 1,572 kg – 2,110 kg between airlines)
Climate Care	2,470 kg
atmosfair	4,260 kg
* Websites accessed 22 May 2013	

Approaches to calculating emissions

- E8 There are three main approaches to calculating emissions:

Modelled average emissions

- E9 This requires assumptions to be made on range of factors, including:
- an average 'type' of representative aircraft on domestic, short haul and long haul routes;
 - average passenger and freight load factors;

- aircraft configuration (economy, business etc.);
- average uplift factors to take account deviations from the most direct Great Circle Route distances; and
- whether to include a multiplier to take into account non-CO² effects of aviation such as water vapour, NO_x and contrails.

Modelled actual emissions

E10 These calculators enable the user to input their route choice and see all of the airlines and aircraft type available (with associated emissions) on that route. The emissions are calculated by assumptions being made on the fuel burn for the type of aircraft on a particular route (rather than being averaged).

Actual emissions

E11 Some airlines such as Finnair, SAS, United Airlines and Air France use historical flight data from the previous year in their CO² calculator. Although it's possible that passenger densities might change and the fuel use on particular flights will vary because of weather conditions, these projections are likely to be far more accurate than the averaged calculators.

How is information used?

E12 For organisations that use carbon calculators, the information is used in two ways:

- to inform the consumer (at point of booking); and/or
- to inform any individual or organisation who wishes to know about the environmental impact of a flight.

E13 However, there are a number of limitations to the calculators in terms of their ability to facilitate comparisons of the environmental impact of particular flights by consumers.

- On calculators that use aggregated data there is no scope for allowing comparisons between airlines/aircraft. There is some information⁶⁹ made available from organisations such as atmosfair who attempt to index or rank airlines on environmental performance to enable comparison, but this tends not to be commonly available.

69 atmosfair, 2011

- Some more modern and fuel-efficient aircraft are not yet listed in databases used for calculating emissions, which means that there could be an over estimate of emission levels in some cases.
- Where a 'per passenger' rather than a 'per seat' calculation is used, it brings in to question the fairness for passengers because they have no control over influencing the airlines' load factor.
- Different passengers will have different marginal rates of emissions. For example, if a flight needs to be 80% full to be viable for the airline to operate, the first 80% of passengers to book will need to be allocated the full carbon emissions rate because their booking decisions determine the viability of the flight. For those passengers beyond the '80% tipping' point, they should have lower carbon emissions because the flight will operate regardless of whether they fly or not.
- Different carbon offsetting providers charge different prices for a tonne of carbon. Often these are above the market price for carbon on carbon exchanges.
- Often the calculators just provide a standalone carbon figure which is actually a fairly abstract measurement for people to understand. For example, is 1,000 kg a lot of carbon? Comparing with other forms of transport or domestic energy consumption helps put air travel carbon emissions into perspective. This information is provided by some organisations but it often requires the consumer to search for it.

E14 Therefore, due to the number of assumptions and complex calculations used it can be difficult for an individual to have total confidence in the emissions figure provided by carbon calculators and for them to fully understand the true environmental impact of taking their flight.

Our understanding of the consumer perspective

E15 Carbon offsetting has a low public uptake. An ENDS survey found that for airlines that provide a carbon offsetting service in many cases the uptake rate was below 1% of all flights.⁷⁰ Factors such as not being offered at point of sale, the introduction of the EU-ETS scheme and having Air Passenger Duty levied on tickets are all anecdotally cited as reasons why uptake is low. Another factor is consumers not feeling 'connected' with offsetting projects, which are often located outside

70 Environmental Data Services (ENDS), 2011

of the UK – this was one of the reasons that British Airways chose to replace their offset scheme with their One Destination Carbon Fund.

- E16 Consumers' relatively low interest in carbon offsetting is supported by research carried out for the CAA, where only 13% of consumers stated that having access to information about the environmental impact of the flight they were booking is "very important". However, 25% of consumers viewed this information as "quite important", meaning that 38% of consumers overall regarded information about environmental impact as a matter of importance to them.⁷¹
- E17 A further study found that only 9% of consumers found information about environmental offsetting as 'crucial' when considering which flights to book. A further 48% of consumers state that this information is not needed at all.⁷² This study also found only 15% of people wanted information on emissions for themselves, although, interestingly, 66% of those surveyed felt that information on CO² emissions should be made publically available.

Options for publishing information about carbon emissions

- E18 The CAA has identified a range of options that can go some way towards addressing the issue. This work will incur a mixture of benefits and adverse effects.

Option 1 – Do nothing

This position incorrectly assumes that the current provision of information through carbon calculators and offsetting schemes gives consumers sufficient information to understand the impact of their aviation choices on the environment in terms of CO² emissions.

Benefits	Adverse Effects
There is no additional cost incurred to the CAA or information providers.	The status quo continues – consumers are not sufficiently informed to be able to factor in the environmental impact of their flight in to purchasing decisions.

⁷¹ Accent, 2011

⁷² MVA Consultancy, 2013(b)

- E19 This is not the CAA's preferred option because the current level of information provision creates a degree of uncertainty and confusion for a consumer in understanding their environmental impact. This means that they are less informed and able to influence the environmental performance of airlines through their purchasing decisions, resulting in higher costs to society from CO² emissions.

Option 2 – The CAA to provide interpretative guidance to consumers

- E20 This position would entail the CAA providing interpretative guidance to consumers to help them become better informed about the environmental impact of aviation in relation to CO² emissions and to better understand the way carbon calculators work and the concept of carbon offsetting (including its limitations).

Benefits	Adverse Effects
This guidance would be relatively simple to produce and could be made available through a range of channels (e.g CAA website, industry websites, environmental organisations etc.)	Consumers would still need to interpret the guidance and use it in their decision making process.
There would be no cost requirements to information providers.	Due to the limitations in calculating CO ² emissions there could be further distrust and loss of confidence in using CO ² calculators and carbon offsetting.

- E22 This is not the CAA's preferred option because it is unlikely to impart a significant change in consumer or public understanding of carbon emissions standards, and may not assist them in comparing different offerings. It is also unlikely to tackle a lack of consumer trust in airlines' own metrics.

Option 3 – The CAA to develop a standardised methodology for calculating CO² emissions and presenting it to consumers

E23 This position would see the CAA develop a standardised methodology for calculating CO² emissions using factors such as actual fuel burn and passenger loads, which would give significantly more accurate results. The CAA would then accredit operators on a voluntary basis using this standardised methodology, possibly through the use of a “CAA CO² endorsed” brand or similar. Consumers would then have greater confidence in the accuracy of the CO² emissions figures being presented to them by the operator and be able to compare the CO² impact of competitors’ services.

Benefits	Adverse Effects
Allows consumers to have confidence that they are comparing ‘like with like’. Standardised CO ² information is made available at the point of sale.	Likely that a number of existing carbon calculators would require amendment to meet the requirements of the CAA metric - so there would be a cost on existing providers in doing this.
“CAA CO ² endorsed” brand becomes easily recognisable and gives confidence to consumer.	Might have an effect in “squeezing out” existing private sector providers of information and accreditation businesses.
Increased consumer demand for the most CO ² efficient flights will raise industry performance	

E25 This is the CAA’s preferred position because there is currently consumer demand to understand the CO² impact from aviation. It has the potential to provide consumers with a comparable and trusted measure of carbon impact allowing them to make more informed judgements when comparing the CO² impact of different flights. The CAA metric will help drive the airline industry to provide the best possible estimation of the CO² impact and in turn act as an incentive to reduce the CO² emissions per passenger of their operations.

E26 As stated above, participation by industry would initially be on a voluntary basis but we would intend to monitor uptake of the scheme within the sector. However, consideration could be given to making the scheme mandatory if poor comparability continues to be an issue with regard to the provision of emissions data.

Option 4 - The CAA to develop a standardised methodology for calculating CO² emissions and presenting the results direct to consumers based on data obtained from industry.

E27 This position would see the development of a CO² carbon calculator by the CAA that is based on actual fuel burn and would compare the CO² performance of different operators flying a route. Information would be presented via the CAA or through CAA-endorsed third party organisations.

Benefits	Adverse Effects
Allows consumer to have confidence that they are comparing 'like with like'. Although information is not available at point of sale, comparisons of different service offerings can be made using CAA information and the full methodology would be published to ensure transparency and trust.	There would be a cost to industry in providing the underlying data – although this data would be held.
Enables an industry “best in class” emissions data for each flight to be demonstrated – helping to drive industry improvements.	There will be a cost to the CAA for developing and building a model – although a lot of existing methodology already exists which should reduce this cost.
	There would be an ongoing cost of updating data.

E29 This is not the CAA's preferred option because the CAA believes that in the first instance the industry are best placed to display standardised CO² emissions information to consumers, as per the approach outlined under Option 3.

APPENDIX F

Information on noise

What is the issue?

- F1 Large airports in the UK provide noise impact information. This typically takes the form of noise contours, which portray the averaged noise energy over a defined period. Such contours reflect the number of aircraft arriving and departing the airport, their flight paths, the aircraft types, their vertical profiles and their thrust settings.
- F2 In some cases, noise contours are provided as a legal requirement, such as at the three London designated airports (Heathrow, Gatwick and Stansted). For other airports they may be provided as a matter of good practice, in the interests of good community relations, and for their Airport Consultative Committee.
- F3 Noise contours are produced because research has shown that noise has a direct relationship with community annoyance. As such, noise contours are useful for policy makers and technical experts when assessing the noise impacts historically and for future scenarios. However, for many residents and members of the general public, noise contours are too technical and do not adequately explain to them the likely noise impact and how it may affect them.

What information is currently available?

- F4 Noise impact information is provided by many airports, typically in the form of noise contours. Sometimes this information is easy to find (usually via an airport's website) but often it is not apparent where this information can be found.
- F5 Some contours are produced annually whilst others are produced on a less frequent basis (e.g. five years for L_{den}^{73} noise contours).

⁷³ Equivalent sound level of aircraft noise in dBA for the 24-hour annual day, evening, and night where the evening movements are weighted by 5 dB and night movements are weighted by 10 dB.

Our understanding of the public's perspective

- F6 Our research indicated that information on noise is one of the most important areas where the public feel more information could be made available. Furthermore, a majority of people think producing noise information is in the public interest.
- F7 There is no plan in the short-term to develop noise-related information for consumers as our research did not reveal this as a priority. However, as part of this consultation we would be interested to know:
- whether there is any desire to see noise information portrayed for the use of customers booking flights; and
 - whether this information would be likely to have an impact upon consumers' decision making when choosing between flights and airlines.

Proposals

- F8 Development of a new noise metric that is better understood by the public would require significant research and development, and would naturally require resources to achieve this. Instead, we have considered how best we might take existing information and metrics and try to represent them in a fashion that would be of more use for the public, particularly those living (or thinking of living) near an airport.
- F9 At present, the CAA considers that there are three options for using its new Information Provision Powers for the general public. These are outlined below.

Option 1 - Review and refresh any explanatory text that the CAA has on existing noise metrics and what they mean.

- F10 As part of our research into what information may be most relevant for the general public, it emerged that the existing noise metrics are not well understood, and that this affects how well the public is able to interpret any noise impact information that is made available to them. We propose that one of our first steps will be to review the existing explanatory text provided by the CAA to see if this needs to be adapted or expanded and then published on the CAA website.

Option 2 - Assess existing sources of aviation noise information and provide a summary.

- F11 Aviation noise impacts in the UK, both historic and forecast, are provided by a number of sources notably airports and government departments. These may be provided for regulatory compliance or voluntarily. The CAA will seek to compile a comprehensive summary of these sources and to create a single portal for the public to refer to when seeking details of noise impacts.
- F12 We would set out to explain the sources, why the noise information exists, what it is intended to show and explain any inconsistencies with presentation between sources. We would intend to limit the information to aviation noise and only within the UK.
- F13 In time, the CAA could adopt a long-term ambition to standardise any data ourselves though it is likely that this would require additional resources to develop and then maintain.

Option 3 - Develop a new portrayal of flights by time of day and location

- F14 A longer term ambition is for the CAA to undertake to develop a new tool that illustrates, for a given postcode, the number of flights overhead and time of day of those flights. The inclusion of noise information may also be possible but this would require additional resources. As such, it may be that this illustration contains no noise information and would have to be cross-referred to existing noise information (such as contours) collated in Option 2 above.
- F15 The new tool could either be hosted and maintained by the CAA, or the CAA could consider the option of whether such a tool was better managed by airports themselves with guidance or standards outlined by the CAA.
- F16 It is envisaged that by providing their postcode a member of the public would be able to use the new tool for the following information:
- the number of flights overhead – it would need to be determined if all flights could be accounted for or only those below a certain height, e.g. 4,000ft;
 - the time of day of those flights – this would be analysed by hour for a full 24-hour period; and
 - the prevailing runway preference of the nearest airport.

- F17 The flight information would need to be based on historic data. As such, the reporting period would need to be considered. For example, would choosing a specific date be useful or feasible? If an average were used could that be user-defined, or for consistency should the same period always be illustrated (e.g. the summer months when activity is likely to be at its peak)?
- F18 If the portrayal was determined for a specified date, it would be important to know the runway preference on that date.
- F19 Incorporating noise information into these results may not be practicable, but could be explored further. For example, the number of flights where the noise level exceeds 70 dBA L_{max} could be provided, but this would rely upon the user having an understanding or appreciation of what that noise level signifies and what it would sound like.

Summary of potential benefits and adverse effects for each of the three options

	Benefits	Adverse effects
Option 1	A single source of information for explaining the noise metrics used for portraying aviation noise within the UK.	Minimal costs to the CAA and no cost to industry.
Option 2	If hosted by the CAA, a single source would provide a portal to all available aviation noise	Some minor costs to the CAA and no cost to industry.
Option 3	The creation of a new portrayal of flights paths so that the public can better understand the impact on themselves on specific locations.	There will be cost to the CAA for the time and resources to develop and maintain such a tool. These costs are likely to be passed to industry, but are unlikely to be significant.

Our preferred approach

- F20 Our preferred approach is to implement all three of the above options, in a phased-approach starting with Option 1 and finishing with Option 3.

APPENDIX G

Evidence from other regulators and government agencies

Information in other regulated sectors

- G1 The benefits of information provision have been supported by a number of UK regulators. These include the former Financial Services Authority (FSA) and the Office for Rail Regulation (ORR). As well as recognising the direct benefit to consumers in terms of being able to differentiate accurately between different firms and different products, the FSA and the ORR also emphasise the broader benefits of transparency.
- G2 In its 2008 discussion paper *Transparency as a Regulatory Tool* (updated in 2013's *Transparency paper*⁷⁴), the FSA describes the wider economic benefits of transparency that result from increased market confidence and greater consumer engagement with financial services. The FSA also presents transparency as an "essential component" of its own accountability as a regulator by permitting a greater level of scrutiny, leading to improved timeliness, quality and consistency.⁷⁵
- G3 Similarly, the ORR outlines four ways that transparency (including information provision) can improve markets.⁷⁶
1. **Accountability:** publicly available data and information generates public debate and can result in better internal scrutiny and audit, acting as a stimulus for better decision making in companies.
 2. **Reputation:** enabling the performance of companies to be compared benefits individual consumers by allowing them to exercise informed choice. Consumers also benefit at large through the work of advocacy groups who can use information to campaign for improvements. Finally, businesses will benefit from being able to learn more easily from the work of others.
 3. **Consumer empowerment:** better informed consumers are more able to access the products and services that are right for

74 Financial Conduct Authority, 2013

75 Financial Services Authority, 2008

76 Office for Rail Regulation, n.d.

them. This means they are more likely to be satisfied, leading to repeat purchases, and less likely to complain, reducing costs for businesses.

4. **Innovation and growth:** making information and data available to third parties could stimulate the development of innovative and new products and services for the benefit of consumers and for the economy as a whole.

Simplicity and comparability

- G4 Simplicity and comparability are common themes where the provision of providing information to consumers through regulatory intervention is concerned. In a major report for the OFT, the Centre for Competition Policy (CCP) at the University of East Anglia stresses that for information about quality to be effective, it must not only be a close proxy for quality and be credible, but must also be simple to use and enable consumers to make comparisons between alternative products.⁷⁷ The report also claims that information provision is more likely to be effective where it lowers the costs of consumers processing information for expensive products, as consumers have more to benefit from making informed choices.⁷⁸
- G5 Consumer research conducted by the BRE/NCC report found that all consumers prefer information to be as simple as possible, but that this may be for different reasons.⁷⁹ Consumers with low literacy may prefer simpler information because it is easy to understand, while for high literacy consumers simpler information is quicker to process, potentially allowing them to take a wider range of information into account in their buying decision. In its report for the OFT, CCP claims that principles, such as this, that have general validity can simplify the task of designing a remedy.⁸⁰
- G6 However, care should be taken to avoid oversimplification of information. For example, in cases where quality can vary along a continuous scale but information provided to consumers only distinguishes between high and low quality, firms may only face incentives to produce the minimum quality to get into each 'quality bracket'. This could reduce the availability of higher quality products in the market. Similarly, simplification could

⁷⁷ Office of Fair Trading, 2008

⁷⁸ Office of Fair Trading, 2008

⁷⁹ Better Regulation Executive & National Consumer Council, 2007a

⁸⁰ Office of Fair Trading, 2008

remove important detail from the terms and conditions of products and cause consumers to make poor choices.⁸¹

Standardisation

- G7 Enabling comparability between information provided for competing products and services is essential if information provision is to drive competition and raise standards across a market. Standardisation of information allows users to make straightforward 'like-for-like' comparisons and provides them with confidence in the choices they are making.
- G8 However, the need for a single presentation of information to ensure market-wide comparability may conflict with a regulatory approach that seeks to promote opportunities for innovative communication between firms or third parties and consumers, as this may not produce standardised information. It may be the case that some types of information are inherently unsuitable for such an approach, while other types do not present a problem.

Examples of information provision initiatives

Open Data

- G9 Open Data culture combined with the increasing use of smart phones and associated applications have resulted in large increases in the amounts of information available to consumers across other sectors, with particular focus on real-time transport information. This type of raw data differs from service quality information, and is closer in nature to route and price comparison information in the aviation sector.
- G10 Transport for London are pioneers in this regard, having made information concerning timetables, real-time delay, station and stop location available to the wider public over the past five years. This information has been widely adopted by application developers to produce free and paid-for smart phone apps covering a range of transport information for Londoners and people visiting the capital.
- G11 This approach to providing Open Data, produced in real time to developers and the wider public is gradually rolling out across other public transport modes and providers in the UK (and more widely). However, real-time data is potentially of less use in the aviation sector;

81 Office of Fair Trading, 2008

air passengers' travel planning horizons are necessarily longer than in relation to for example catching a bus or taking a train, where a far greater proportion of travel is made on a 'walk-up' basis.

Service quality information

- G12 Other transport sectors are also further forward in information provision generally. In the rail sector, information about performance is regularly made available online in comparable formats to allow consumers more information about service quality standards from different operators. For example, the First Great Western⁸² and Virgin Trains⁸³ websites both contain daily and monthly punctuality performance information.
- G13 While this is often complex, the availability of information allows other providers to reuse or repackage it in a more consumer friendly fashion. Network Rail aggregates the information⁸⁴ into a format that would allow consumer comparison.
- G14 Consumer research conducted by Passenger Focus for its report 'Putting rail information in the public domain' found that, despite having no choice of train operator on the vast majority of routes, passengers saw the mere existence and availability of information about the rail industry's performance as a significant consumer benefit. The exact mechanism by which benefits would be realised was largely unclear to consumers. However, the view was that if more information was publicly available it would be taken up by organisations or bodies involved with the rail industry that were sufficiently empowered to challenge train operators. Passenger Focus summarised this sentiment as: "I want those who can make a difference for me to know what my journey is like."⁸⁵
- G15 In other regulated sectors, information is also available to consumers about industry performance, often in comparable and re-useable formats.
- G16 In the food industry, Food Standards Agency hygiene ratings are not only available in a searchable online database⁸⁶, and via an app, they are also displayed on restaurant doors for people to see before choosing to eat.

82 First Great Western Ltd., n.d.

83 Virgin Trains Ltd., n.d.

84 Network Rail Ltd., n.d.

85 Passenger Focus, 2011

86 Food Standards Agency, n.d

- G17 In the financial services sector, the Financial Services Authority (as was) published information on the most frequent types of complaint and the most complained about firms.⁸⁷ This was published alongside guidance on how to complain, was available in machine-readable and reusable formats, and was broken down by the area of operation complained about (banking, home finance, or investment for instance). This information was often carried by consumer facing media, including magazines such as Which? and within consumer pages in newspapers. In addition, the Financial Ombudsman also publishes complaint data for firms.⁸⁸
- G18 In the water sector, Ofwat publishes a regular performance commentary⁸⁹ assessing how regulated firms meet a range of service standards including customer experience, reliability and availability and environmental impact. Water companies are also required to make more granular information available to consumers on their performance in a standardised format.
- G19 In the energy sector, to aid transparency and make it easier for customers to compare companies' performance, Ofgem has introduced a common format⁹⁰ that all suppliers are now using to present information. This includes information about total complaints opened and closed and how quickly these complaints are being dealt with. The information will be updated on a quarterly basis. British Gas, EDF Energy, E.ON, npower, Scottish Power and SSE all publish accessible information on how many complaints they each get and how quickly these are handled.

Aviation information in other countries

- G20 The aviation information landscape differs in other countries, with some making more information available to consumers, while others tend to have a more closed system. The CAA has considered the position of several countries with similarly developed industries and similar regulatory regimes to the UK in the development of this Statement of Policy.

87 Financial Services Authority, n.d.

88 Financial Ombudsman Service, n.d.

89 Ofwat, n.d.

90 Ofgem, n.d.

Europe

- G21 Eurostat, the European Union statistical agency, publishes a wealth of statistical information based on traffic data drawn from Europe's airports.⁹¹ This however is based on traffic rather than being focussed on information that may be useful to consumers or, except at the margins, those interested in the environmental impact of aviation.
- G22 In France air traffic statistics⁹² are published in a similar fashion to the CAA's airline and airport statistics, but with the addition of ticket pricing information. Data on punctuality and an annual passenger survey are also made available in line with CAA publications, however, these are not broken down by airline, only by airport, and are not made available in a reusable format. Survey data on the following issues is published annually:
- public sentiment around the air transport industry;
 - pollution and noise;
 - safety and security; and
 - quality of service.
- G23 The Directorate General for Civil Aviation (DGAC) also produce a CO² emissions bulletin⁹³, and a calculator⁹⁴ for passengers to assess the carbon impact of their flights. This uses the aircraft type, the engine type and route information to assess carbon emissions.
- G24 In Germany, the Federal Aviation Office (LBA) produce statistics⁹⁵ on aviation traffic, as well as data on numbers of cancelled flights, delayed flights, and denied boarding - areas where there are European passenger rights afforded under Regulation EU 261. Similarly, they also produce information on service for people with mobility issues. However, none of these data sets are broken down by carrier - so there is no way for passengers to compare the service they are likely to receive from different airlines.

91 Eurostat, n.d.

92 DGAC, n.d.(c).

93 DGAC, n.d.(a).

94 DGAC, n.d.(b)

95 Luftfahrt-Bundesamt, n.d.

United States

- G25 More information is centrally published in the United States in relation to the consumer experience of aviation. The USA Department of Transport (DoT) publishes regular statistical series⁹⁶ by carrier, including: number and percentage of cancellations; causes of delay; tarmac delays above two hours; mishandled baggage; and over-booking.
- G26 The Bureau of Transport Statistics (BTS) in the US also make available information on air carrier fuel cost and consumption⁹⁷. However, as this information does not offer information on miles flown or passengers carried, it could not be seen to be a useful proxy for environmental impact.
- G27 In addition, as part of a series of datasets on aviation, BTS make available similar data to the CAA on airline and airport operations and financial performance. Finally, in the US more information about safety performance and incidents is published than is currently made available in the UK. As set out in Chapter 4 below, the CAA does not at present propose changing its approach to safety data.

Australia

- G28 In Australia, Choice, the Australian Consumer Association, produce an annual member survey of opinions about domestic⁹⁸ and international travel, though the latest available data is for 2010, published in April 2010. Those surveys cover attitudes in relation to: overall satisfaction; cost; seat comfort; food quality; timeliness; baggage; and check-in, amongst other areas.⁹⁹
- G29 The Australian Transport Safety Bureau publishes a large amount of information¹⁰⁰ about safety incidents, standards and performance of Australian airlines and airlines operating in Australia, on a weekly basis. In addition, the Civil Aviation Safety Authority of Australia, publishes semi-regular survey data¹⁰¹ on public attitudes to safety.

96 US Department of Transportation, n.d.

97 Bureau of Transportation Statistics, n.d. (see: <http://www.transtats.bts.gov/fuel.asp>)

98 <http://www.choice.com.au/reviews-and-tests/travel/general-travel/airline-travel/domestic-airline-satisfaction-survey-2010.aspx>

99 <http://www.choice.com.au/reviews-and-tests/travel/general-travel/airline-travel/domestic-airline-satisfaction-survey-2010.aspx>

100 Australian Transport Safety Bureau, n.d.

101 Civil Aviation Safety Authority of Australia, n.d.

APPENDIX H**References**

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