

Masters, Distinguished Guests, my Lords Ladies & Gentlemen

It is a very great pleasure, as well as an honour, to have the opportunity to address you this evening. I would particularly like to take this opportunity of congratulating you, Master, on your elevation to the role and of wishing you very well for your year in office.

But I would also like to start by recognizing the very high standards of safety that prevail in aviation in this country. Over the last decade, I have been the regulator responsible for safety in various different fields and I am always very conscious that while the regulator has a significant role, safety is actually delivered by people like you - people who have trained to a high standard and who maintain those standards through scrupulous attention to the many issues that collectively go to –achieving a safe flight. So I pay tribute to the contribution of this Guild.

I took office at the CAA just over two and a half years ago. I started at the same time as Andrew Haines the Chief Executive. But since I was appointed first, I then had the opportunity to choose the Chief Executive - nice for me but sadly poor Andrew did not get the same opportunity in choosing his chairman!

In the briefing sessions I had with my predecessor, Sir Roy McNulty, he remarked that he felt he had started his time at the CAA with a comparatively empty in-tray but was bequeathing me a very full one. He listed such things as Europe, the then rising trend in accidents worldwide, the review of our role in the economic regulation of major airports, the looming subject of the environment, etc. etc. Since then of course, we have had volcanoes, the debate

around government aviation policy -still going on - the Olympics, to name but a few, so that in-tray is now not just full, but pretty overflowing.

But I must say, when I hear some of the stories of the old CAA, I do sometimes feel that I have joined at the wrong time. The CAA used to have its own jet. A predecessor of mine - and before Sir Roy's time as well - used to be driven to the steps of the plane, by-passing all those irritants that passengers experience at airports. The Chair of the CAA always used to be in line to greet the Queen when she returned from abroad. On one occasion, I believe the Chairman was dropped off at his jet and flew to Edinburgh where he was met by the CAA chauffeur and car (which had meanwhile driven to Scotland) in order for him to be deposited at Gleneagles for a conference. Pity it's not like that now! However, nostalgia for past glories aside, I do assure you that we are embracing austerity just as much as you and one of my aims is to ensure that when I finish my time at the CAA, I will leave behind an effective, lean and economic regulator.

I mentioned the Olympics just now and wondered how many of you had seen the BA flight arriving at Royal Naval Air Station Culdrose with that great golden nose coming down out of the gloom. What a wonderful moment and how extraordinarily emotional, progression of the torch has been. Finally the Olympics is really coming alive for people around the UK and I am delighted that aviation is playing its part so well. Despite the surrounding economic gloom, it is indeed a time to be proud.

Many of you here will be private pilots who are affected by the security arrangements for London and I am grateful for the constructive way in which you have engaged with the CAA.

Contacting every GA pilot has been a challenge but I was very reassured when I found myself sitting with two private pilots at a financial services dinner the other night and each of them had received a communication from the CAA. The current edition of CAA magazine "Clued-Up" is largely devoted to the major airspace changes that will be put in place for the Olympics

It's probably true that none of you much loves regulators or regulation. To some, regulation is seen as an unreasonable constraint on business or individuals. To others, it's the only barrier between them and the ravages of a wicked world. I see it as neither of those extremes - although I readily admit that you are unlikely to become a regulator if you have a deep desire to be loved. But I do think it is necessary, and the trick you have to pull off as a regulator is to balance constraint, rules and regulations on the one hand, with the need to enable a flourishing, competitive and innovative industry on the other.

So a lot of it is about choices and I thought that I would share with you some of the sorts of choices we have to make. But let me start further back with an example from my days chairing the Food standards Agency because what I have found over the years is that the framework within which you approach safety as a regulator, and the types of tools you have at your disposal, are very similar whether it is food, or aviation or indeed any other area of safety.

BSE - I am sure you remember BSE and its human variant Creutzfeldt Jacob Disease - a particularly horrible way of dying from an incurable disease which mostly afflicted the young and healthy. At the FSA we came to a point where we felt that the incidence of the disease had reduced to a level where it would be possible to reduce the protective regulation. We

debated the issue in the public arena, well aware that by reducing the regulatory burden we were increasing the risk and equally well aware of the terrible heartache which had been suffered by some families. But by using metrics such as the cost per life saved and by weighing the risk/benefit analysis, we concluded that the regulatory burden should be lifted, despite the small increase in risk. It was, I believe, the right decision.

But it illustrates a basic tenet of regulatory life. The scientists (or in your case perhaps engineers or pilots) were able to tell us what the risks of any particular course of action were - if you do A, then B follows, or you could choose to do C and then D will follow. What the scientists could not do was tell us what the appropriate level of risk it was right for the public to bear' that is the judgement that the regulator has to make and it is often a very difficult one.

Think of volcanoes and the position we were in when EI5 erupted. An internationally accepted zero tolerance rule on the one hand and huge economic loss on the other; to airlines, to individuals and in the end to the UK. The safety of the people in planes (who could be said to have knowingly decided to take a risk) versus the safety of people being overflown who had made no such decision. A difficult judgement to make taken in a highly pressurized situation.

Or take noise: we could probably reduce noise to a much more tolerable level around Heathrow if we moved to steeper approaches, something that Emirates are already thinking about in relation to the A390. But there are safety issues involved and it is a straight trade-off between those issues and making the lives of people living around Heathrow more acceptable.

The same dilemmas arise for a single pilot flying a light aircraft where you could say that the risk is his or hers to take as they are not operating an airline with paying passengers. But what about the people they fly over? However, at the FSA we did look at the regulatory burden on very small businesses and found ways of lightening that burden. I believe we should see if the same approach could be applied to general aviation.

I hope you have noticed, incidentally, that we have been paying a great deal more attention to general aviation recently. A couple of months ago I took the whole of the CAA's Board to Biggin Hill to hear at first hand from people in that sector of the industry. And your background, Master, reminded me that I had the signal honour and pleasure of sining in a just re-built Spitfire Mark I. I was acutely aware of the green-eyes waves of envy coming from the assembled, mostly male, party around me!

Master, you have mentioned the economy and we are certainly going through difficult and uncertain times. I was stuck by Anthony Hilton's comment in the Times the other day: as human beings, he said, we all find uncertainty difficult and reach for answers. But, as in the war, certainty is unattainable and clear answers are elusive. He felt we should invoke the wartime message "keep calm and carry on". I agree.

However, we also are concerned at the pressures that are being placed on the industry. The vast majority will continue to act with the right attention to detail - cost cuffing does not imply less safety. Nevertheless, it is a time to be vigilant over standards and the CAA will be playing its part. For example, safety is now a very prominent part of every board meeting. Much helped I may say by Captain Roger Whitefield who is a board member but who is also among the diners tonight. We are also overhauling our systems to ensure that we bring every

part of our knowledge of any company together in one "regulatory engine" so that we can take the best decisions possible about the risks that are posed and hence where we should direct our inevitably limited resource. This coupled with rigorous analysis of past incidents, MORs and other data sources gives us a good picture of where the risks lie. But we cannot be everywhere and the more intelligence (whistleblowing) we receive from industry the better we can do our job.

I believe very strongly that within a sensible framework, regulators should work closely with the industry for whom they are responsible. The Safety Regulation Group has been putting this principle into practice, bringing into its deliberations wherever possible the expertise of the aviation industry.

Regulation works best with respect on both sides and the message I would like to leave with you tonight is that the more we can work constructively together, the more likely we are to maintain those safety standards of which we are so justly proud.

Thank you.