



# Transport Committee

## Oral evidence: Airlines and airports: supporting recovery of the UK aviation sector, HC 683

Wednesday 15 December 2021

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Members present: Huw Merriman (Chair); Mr Ben Bradshaw; Ruth Cadbury; Simon Jupp; Robert Langan; Karl McCartney; Gavin Newlands; Greg Smith.

Questions 335–403

### Witnesses

II: Robert Courts MP, Minister for Aviation, Department for Transport; and Richard Moriarty, Chief Executive, Civil Aviation Authority.

Written evidence from witnesses:

- [Department for Transport](#)
- [Civil Aviation Authority](#)



## Examination of witnesses

Witnesses: Robert Courts and Richard Moriarty.

Q335 **Chair:** We now come to our second panel. We are delighted to have the Minister and the chief executive of the Civil Aviation Authority. I will ask you to introduce yourselves for the record, albeit that I have probably ruined it a bit.

**Robert Courts:** I am Robert Courts, Minister for Aviation, Maritime and Security.

**Richard Moriarty:** I am Richard Moriarty, chief executive of the Civil Aviation Authority.

Q336 **Chair:** Good morning to you both. Thanks for being with us here. I know you were following the evidence that we have just taken.

I will start by looking at the Government's system for international travel. As has been described by the scientists, they come up with country risk assessments and then it is very much down to Ministers to design systems, place countries on to different lists and bring in barriers to travel. Is that a fair assessment? Effectively, it is all down to Government Ministers in terms of what has happened rather than following the science.

**Robert Courts:** Chair, in terms, that is a good, broad description of the system. Clearly, Ministers make the decisions. Advisers advise and Ministers decide. That is as true here as it is in every other aspect of Government policy. Of course, the science and the medical evidence is very important when we are dealing with a public health emergency and when, clearly, our priority has to be to protect public health.

Broadly, the way you have described it is correct. You will have advice taken from a number of areas of Government. You have heard a lot this morning about the public health aspects, but of course there are other aspects in Government as well. That is then put to Ministers, and Ministers debate and decide, and the outcome is announced.

Q337 **Chair:** We talked quite a bit about the decision to put France on the amber-plus list rather than Spain and Bulgaria, which had higher Beta rates than France. It was clear from the evidence that a country risk assessment was given on France at that time, but then the actual design of the amber-plus list and the decision what to do with France and what not to do with the other countries was very much for Ministers. Is that a fair description?

**Robert Courts:** Ministers will always make the decisions, Chair. That is the way the system works. Ministers listen to the advice that they are given by their civil servants. There may be a recommendation, but it is up to Ministers to challenge it and—

Q338 **Chair:** They were telling us that there were no recommendations. They



were explaining that they just do a country risk assessment. They just show the data and then somebody else makes the key decision or designs a process.

**Robert Courts:** It may be helpful if I go through in a little bit more detail the way the process works. The decisions are taken by the Covid-O Cabinet Sub-Committee that the Committee will be familiar with. As part of that process, there is a paper, with recommendations, that is drawn up by the Covid-O secretariat, which sits under the Cabinet Office. They are Cabinet Office officials. That paper is then debated in Covid-O by Ministers and the decision is made.

The paper draws from a number of sources. One of the sources that it draws from is UKHSA, as you have heard this morning. It will also draw from other Government Departments, and it will take into account other factors like diplomatic factors, supply chain impacts and economic impacts. All of those factors are taken into account and the paper is drafted, with a recommendation, which is then debated by Ministers in Covid-O Committee. Then the decision is made. Does that assist?

Q339 **Chair:** It does. What I am trying to understand—again we will use the France amber-plus example—is how it could come to be that France ended up on a special list, despite the Beta rate only being 0.8% there, whereas in Spain it was over 13% and Spain remained on the amber list. As we heard from the scientists, they just gave their country assessments. Who is responsible for making that decision and what logic is looked at?

**Robert Courts:** Ministers are responsible for making the decision. Never will I depart from that principle. Ministers make the decisions. Ministers explain and answer for the decisions, but in terms of helping you understanding the process, as I am trying to do, there are a number of factors that are taken into account in anything.

Any time any Minister makes a decision on any area of Government policy, not specifically this, a number of factors are taken into account. It is a holistic decision, taking into account a number of relevant factors. That would have been the case with France, as it will have been for all the other decisions that we have taken. I do not want to get too much into France because I will be relying on my memory, and I do not want to get into detail when it is not fresh in my mind. In the process, there will have been a number of different factors taken into account, which, as I say, will have been diplomatic, economic and practical, as well as, of course, public health.

Q340 **Chair:** In terms of the Departments that are in the room during Covid-O, for the record, which Government Departments would be there and which Secretaries of State?

**Robert Courts:** It may depend on what is being discussed at the time. That is the normal procedure in Government. The obvious Departments would be there. I do not want to try to give an exhaustive list in case I



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leave anyone off. Clearly, Transport and Health would be there. Treasury would be there. DCMS would be there. Those are the main major Departments. I may have missed one or two off, but the ones you would expect to be there will be a part of it. It is anyone who might have equity in the decision being taken, as is the phrase.

Q341 **Chair:** I think I saw it reported that the decision on the France amber-plus change was debated by Covid-O and it was decided that nothing should occur. But then there may have been separate conversations between the Department of Health and No. 10, and all of a sudden it appeared on that list. Is that the case?

**Robert Courts:** Chair, I do not have the details of what happened in that specific case fresh in my mind. What I will obviously maintain is the position that the decision is taken across Government, having listened to all voices in Government. A collective decision is taken and we proceed on that basis.

Q342 **Chair:** If that was the way the decision was made, you can understand why there was not a great deal of logic in comparing other countries, because people were not sitting in a room going through different country risk assessments and then working out, "Hang on, this would be illogical. Look at the Beta rates in Spain."

**Robert Courts:** The normal decision, which it is best that I give my evidence on, is the fact that you would expect to see different country rates and you would compare those, but, in any event, it is not a simple matter of a tick-box exercise and drawing a line on a spreadsheet saying that someone is higher and someone is lower. There are holistic factors to be taken into account because there are always wider implications, depending on which country we are talking about and what all those factors are. A multiplicity of factors are taken into account with any one of these decisions.

Q343 **Chair:** I have one last question. How do travel restrictions on travellers from red-list countries slow the rate of transmission? We have just heard that the rate of the Omicron variant is doubling in less than two days, yet we still have travel restrictions in place from abroad. What is the point? Why do they come about and why are they still there?

**Robert Courts:** Do you mean the testing, Chair, just to be distinct?

Q344 **Chair:** The testing is obviously still there, yes. We have heard that hotel quarantine is coming down, but why is it only coming down now, despite the fact that community transmission has ripped through for some days?

**Robert Courts:** There are two parts of that. I listened to the evidence that was given by Dr Harries. Perhaps the bit that was missed, and it may be helpful to consider it in this way, is to think about it in terms of seeding. If you have—I am making up the figure for the purpose of the example—10 incidences in the community, it will spread at a certain rate. If you seed another 10, it will clearly seed at a much faster rate. With an



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emerging circumstance such as Omicron, where we do not know a great deal about it, where we are still learning about the effect it has in its virulence and clinical severity and how susceptible it is to vaccines, in all of those cases we are buying time. If we can slow down the infection rate, it helps us, first, to buy time to understand it and, secondly, to make sure that as many people are vaccinated as possible, which of course is the purpose behind the drive.

I understand entirely the point that you make. You have seen that reflected in what the Secretary of State for Health said yesterday. I understand entirely the logic of the point that once the variant is in the country you cannot stop it coming in. That does not mean that to have no restrictions whatsoever is the next logical step. There is still a purpose to slowing it down, for the two reasons I have given.

**Chair:** We will no doubt drill further into that, but over to Ruth.

Q345 **Ruth Cadbury:** Thank you. At the time that decisions were made around red-list countries where India was not on the red list and Pakistan was on the red list, there was a lot of upset in Pakistan diaspora communities about the apparent inconsistency of that decision. We were told by those communities that the incidents were no different in the two countries.

I had assumed until today that the decisions were made on scientific information about rates of infection, types of infection and so on. We have heard, both from the previous witnesses and very clearly from you, that included in the factors deciding which countries were red-listed or not were economic and diplomatic factors.

Was the potential impact of how it would be read among the communities in this country considered in that decision making? Can you understand, Minister, given what you have just said about economic and diplomatic factors being incorporated into and alongside the medical infection rates, why there was that upset among those different communities?

**Robert Courts:** It is a very good question. Of course, I understand why there is upset. All I can say is that in any Government decision a number of factors are taken into account. It would not be right in any decision to be made by any Government or any policy Department at any one time to take one matter into account. A multiplicity of factors are taken into account with regard to whatever decision we might take and, whether it is to impose a restriction or remove a restriction, that will be the case; but, of course, I understand that people are upset. That was not the intention. The intention and what we are doing is being guided by the medical picture as presented to us in the UKHSA assessments, as you have heard today.

It might be worth a moment to say this. I have a print-out of the website in front of me. It is probably worth reflecting on the system that is laid out there. You have heard a lot of it alluded to in the evidence that you heard from Dr Harries this morning. Chair, this is all on the risk



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assessment methodology to inform the international travel and traffic light system.

It goes through it in quite a lot of detail. It lays out what the system is and all the factors that are taken into account. It lays out the variant assessment and the triage of the deep dive. It tells you what indicators are taken into account, things like testing rates per 100,000 population; weekly case rates per 100,000 population; and test positivity. I will not read it out. It is just to illustrate the point that a lot of different technical factors are taken into account, and it is worth reminding ourselves of what those are. They then go on to look at further risk assessment, where they look at the GISAID, the WHO, the Our World in Data dashboard and all of the technical complicated data.

**Q346 Ruth Cadbury:** We understand that, but you specifically added economic and diplomatic factors to the list. Was MHCLG, as it was then, asked about the impact on communities in this country of that decision so that that was also factored in alongside the economic and diplomatic factors?

**Robert Courts:** I cannot tell you whether that question was asked of that Department. I simply do not know. What I was explaining was the process that is undertaken when Cabinet Office prepares the papers that go before Covid-O. As is the normal way with a Government decision when there are a number of different Departments involved, which is one of the things that is really tricky about Covid management, they will go to each Department and say, "This is what we are considering." Then that Department has a chance to make its views known. I do not know in that specific example what was said.

**Ruth Cadbury:** We will find out. Thank you.

**Q347 Mr Bradshaw:** This is absolutely fascinating, Chair. I think this is the first time that any of us has ever heard that. I had been labouring under the illusion—I think probably the public have—that all of these decisions on traffic lights for countries are based on public health and the risk of infection and spread. What you are telling us now, Minister, is that, no, there is a committee staffed by, I imagine, civil servants in the Cabinet Office who prepare the recommendations.

We heard earlier from Jenny Harries and her medical experts that they did not make recommendations. They just gave the risk assessment. There is a committee that makes recommendations, and they take into account not just the risk assessments that we heard about earlier but diplomatic and economic considerations. The public are now perfectly entitled to assume, or guess, that some of these decisions have not been made on purely public health and Covid spread grounds but, for example, on France perhaps because the Prime Minister had a tetchy relationship with President Macron or, in the case of India, because the Prime Minister was planning a trade trip. Do you see how this completely destroys credibility and public confidence in the system?



**Robert Courts:** No, I do not. Forgive me; I think we are in danger of misunderstanding what I am saying. Let me go through it again. Whenever a paper is put together that is cross-government, every Department has the chance to make its views known. That is the only point I am making. You would ask the Foreign Office what the Foreign Office thought. You would ask the Treasury what the Treasury thought, and they get their chance to feed in.

Underlying that and tying together everything we do is public health. All of these regulations are made under the public health regulations. That is the golden thread that ties through all of them. The decision has to be made and justified on public health grounds, but, of course, in the course of doing that every Department is able to say its piece, to give its views. It is quite right and proper that every part of Government has a chance to have its say before collective responsibility is imposed. Public health ties together everything, because we are acting under public health regulations. The justification for all of this is public health.

Q348 **Mr Bradshaw:** Wouldn't it be far better if, as in other countries, this was purely a decision made on public health data that was available publicly, published, and not offset or influenced at all by any other considerations? Would that not give the travel industry and the public more certainty, with more credibility for the system, and mean that the system had more integrity that it was not responsive to the whim of our embassy in Paris or our relationships with France, Pakistan or India and that it was simply a public health decision?

**Robert Courts:** You have just been putting to Dr Harries the economic impact on the travel industry of the decisions that were taken. If we do what you are now saying, there would be no grounds for the point you have just put to Dr Harries because you would not be taking economic factors into account. That is clearly what was lying behind the questions you were asking her.

Of course, there are a number of factors that are taken into account. There is the economic, which is the point you were quite rightly making. That should be taken into account. When you are dealing with other countries, the Foreign Office's views should be taken into account. That is quite right and proper, but at the end of it Ministers make the decision. They have to justify it on public health grounds, not on the whim of an embassy as you, I think, slightly unfairly put it.

Q349 **Mr Bradshaw:** The one thing that we have established today, which is helpful, is that these decisions are made by Ministers. Certainly, the impression has been given by Ministers all the way through this pandemic that on these transport decisions they act on the recommendations or advice. Now, there is no such advice. It is just risk assessments.

Is that the explanation? Can you explain to me why, given that you have dropped the red list now that Omicron is rampant in this country, we have retained the extra testing regime that was introduced to stop



Omicron coming here, when both the Transport Secretary and, more importantly, the Health Secretary have said to me in Parliament that these are pointless now that Omicron is going to become the dominant variant here?

**Robert Courts:** There are two parts to your question. The first part of it is around whether a decision is taken on the recommendations. I just want to be clear about terminology. Obviously, in a public health emergency the advice, the view that is given by public health, without getting into the semantics of it, is clearly important. We are dealing with a public health emergency and our priority must be to protect the public. That is what they and you would all expect, I am sure. Any measures that we take have to be justified under public health regulations, so clearly that is going to be very important.

If you are suggesting that the public health view dictates what Ministers decide, that obviously is not right because there are a number of different factors that have to be taken into account. It is a rounded Government decision. It has to be a decision that is subject to collective responsibility. I want to be quite clear about that. Clearly, it has weight. The public health view—whether it is formal advice, or their view, is probably getting into the semantics of it—is clearly very important.

Going to the second part of your question, which was around the need for the testing, it plays a different role. You have the pre-departure test two days before and then you have the post-arrival test up to two days after. The pre-departure test is justified partly on the grounds of the point I alluded to a moment ago about slowing down transmission rates. If you can stop people coming into the country who are already infected, you slow down the seeding and it makes transmission slower. It does not stop it if it is already seeded. I entirely accept the logic of that, but it slows it down.

It also has a role in protecting the travel corridor at the time. That is the view of public health. There are a number of different parts to transport. When you undertake a journey, you go on the tube, and maybe on the bus. Then there is the airport or the airline. There is a ship, or whatever it happens to be. It is not all aircraft. There is that side of it as well. That is obviously the protective side, if you want to typify it that way.

You then have the up to two days post-arrival test, which is where you get into the sequencing point that you are well aware of. That is where you monitor what is happening, so you are monitoring what is coming into the country. That is how we know whether there is a variant coming in that we have to be concerned about. That is the purpose and why that remains.

Q350 **Mr Bradshaw:** I understand what you are saying, but what a lot of people do not understand is why we have both a pre-departure and a post-arrival regime, which no other western European country has in the face of Omicron, and why we have a much more stringent regime on



people who are travelling here from another country than the average person in the United Kingdom going about their normal business. This is causing devastation to our transport industry. You will be well aware of it. It is causing misery to families who are separated or who simply cannot afford the huge expense of rip-off tests to be reunited with their families over Christmas.

**Robert Courts:** I am not under any illusions about how difficult this is for the travel industry. None of us welcomes any of this, but we have to act according to what we feel is the best thing for the public health of the nation as a whole. We will, of course, review these things. We have reviewed the red list already, as you know. We have said that we are going to review the testing requirements in January, again, as you know, so we keep it under review at all times. It is a balancing act, as with any policy decision. It is a balancing act between protecting public health, which has to be our priority and you would expect us to—if we did not, you would be criticising us for that I am sure, and understandably so—and then the economic on the other side.

Q351 **Mr Bradshaw:** I am questioning the contribution this makes to that public health imperative compared with the domestic regime. It is virtually non-existent now that Omicron is rampant here, and yet you are maintaining the most stringent travel regime, decimating our travel industry and causing misery to thousands of families. By January, it will be too late. The Christmas period will be lost to the industry and to all of the families hoping for a family reunion.

**Robert Courts:** I understand the point that you make. It has great substance. It is not just about going on a jolly or having a holiday. It is about families being kept apart. It is about people's emotional lives. It is about businesses that they have to keep running. That is there as well. It is critically important. As I say, I am absolutely aware of the impact this will have upon all parts of the travel industry. No decision like this is taken lightly.

It may just be a matter where we agree to disagree, but the rationale behind the testing, which will be reviewed in the early part of the new year to see where it is still needed and still justified, is on the reason I have given. You have the preventive, slowing down effect of the pre-departure test. It means that as we are pushing out more and more vaccination, if we can slow down community transmission by not seeding further variants, it has an effect by making it possible to vaccinate more people.

With regard to the second aspect, the post-arrival test, as I have explained, is so that you can monitor what is going on. We will review all of that.

Q352 **Mr Bradshaw:** Seeding from abroad now, Minister, is minuscule compared with the community spread in the United Kingdom. It is devastating our travel sector and destroying families' lives.



**Robert Courts:** And we will keep reviewing it. What I am keen to do is to remove testing requirements. Of course, that is what we in the Department for Transport would like to see happen, and the whole of Government would like to see happen. There has to be a balancing act between controlling this new variant and getting as many people jabbed as we possibly can over the course of the next few weeks, and then we will review the efficacy of the tests in the early part of the new year.

Q353 **Chair:** If the Government would like to see this happen and, as we have established, it is the Government who make these decisions—

**Mr Bradshaw:** Do it.

**Chair:** As Mr Bradshaw says, just do it. Why do we wait for January? Let me give you an example—

**Robert Courts:** I am sorry, Chair, do what?

Q354 **Chair:** Drop the testing requirements. You have said that the testing requirements were brought in to reduce the spread of Omicron. That may be fair enough in terms of why they were brought in. We have already heard that it is doubling in under two days. Its community transmission is out there. The travel bit does not make a jot of difference, but bookings have collapsed in the industry.

**Robert Courts:** I understand. As I say, I am not under any illusions about the impact this has on the travel industry. It is not a decision that any of us will take lightly.

Q355 **Chair:** The other issue though, Minister, is that it is probably fair to say that the travel industry feels that it gets picked on and that its economic contribution does not get taken into account. Why is it that I can still walk into a restaurant and go to my table without wearing a mask, yet I need two tests in order to travel? The travel industry feels that it gets targeted time and time again when it is not proportionate. You can understand that, surely.

**Mr Bradshaw:** Hear, hear.

**Robert Courts:** I understand how difficult it is. Obviously, I do not accept that the travel industry is being targeted. That clearly is not the case. It is critically important. This is a global country with a global outlook, with trade all over the world and people who have families all over the world. The importance of travel is critical to the country and critical to the Government. It is absolutely not the case that the travel industry is being targeted.

For the reasons I have given, in controlling the spread of a new variant, we felt that we had to take the decisions that we have taken, but we will review them. They will be reviewed. The reason why we do not just drop them now, as you suggest, Chair, is for the reason I have given. It gives us time for more people to become vaccinated. Ultimately, it is the vaccines that are going to provide us with the way out of this.



I would say one other thing—

Q356 **Chair:** Let me come back on that, Minister. It does not make any difference, surely. We have heard already that the rate is doubling in under two days. What difference does it buy at all in terms of people coming in from abroad with Omicron, when it is completely out there?

**Robert Courts:** We are now into a judgment call as to what effect it has. The public health advice is that it has an effect in slowing transmission and in protecting the corridor. There is a sliding scale in the judgment call of how much of an effect it has. At the moment, the feeling is that it does have an effect that makes it worth while, but we will continue to review it.

Q357 **Chair:** Yesterday, a decision was made. You remember that the vote the week before was to have to self-isolate regardless of vaccination if you suspected that you had come into contact with someone who had Omicron. The Government then took the view that that would lead to the pingdemic all over again. They took the decision, “We need to change that. It doesn’t work because events have superseded it.” We can do that on a domestic basis, yet the international travel market continues to be clamped down on when the horse has well and truly shot out of the stable.

**Robert Courts:** I understand the logic of the point entirely. It is not lost on me at all. The explanation is the one that I have given, but we will continue to review it in the not too distant future, as we already have and as we have shown we have done with the red list. I hope it proves positive of the fact that when a step like that, which of course is unwelcome, is taken, we will review it, the efficacy of it and what we are gaining in public health as set against the economic impacts, which of course is the other part of the decision.

There is one other point I would like to make before I take Simon’s question. It is in response to Mr Bradshaw’s point, which he made both to Dr Harries and then again to me, although in slightly different terms. It is about being out of step with the rest of the western world—

**Mr Bradshaw:** Western Europe.

**Robert Courts:** In both cases, clearly no two countries are comparable. Different countries approach things in different ways, both in their governance structure and in the approach that they take. By no means are we out of step with the whole of western Europe or of the western world.

You will point to countries where you say they take a different approach, and other countries take a different approach, clearly. Austria has a 72-hours PCR pre-arrival and then a PCR post-arrival; Japan, which I appreciate is not western Europe, has similar for post-arrival and pre-departure; Singapore, similarly, has a PCR before and a PCR after; and Switzerland, in western Europe, has a 72-hours PCR before and then



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PCRs post-arrival. Do you see the point that I make? It is not true to say that we are out of step with everybody.

**Q358 Mr Bradshaw:** But those examples of Austria and Switzerland have been very short-term responses to the Omicron variant. The point I was making to Dr Harries, and I would like to put it to you, is that throughout this pandemic we have had by far the strictest and most onerous and expensive travel regime in western Europe, and we have had one of the worst records on Covid in terms of hospitalisations and deaths.

I will ask you what I asked her. Have you done an assessment as to whether these travel restrictions actually worked?

**Robert Courts:** Clearly, there will be an ongoing assessment—

**Q359 Mr Bradshaw:** Are we going to have to wait for the public inquiry for this?

**Robert Courts:** There is always an ongoing process in Government anyway as to the effect of what you are doing, be it imposing a restriction or removing it. Clearly, protecting public health has been our priority.

**Q360 Mr Bradshaw:** It hasn't worked.

**Robert Courts:** I have said many times before that we have taken a cautious approach. Whether it has worked or not is a wider issue; that is not just about travel restrictions. There is a wider issue about why the country has fared in the way it has through Covid. That is going to be a matter for the public inquiry, of course. I cannot start getting into that now.

I do not accept that we are significantly different from other countries, all of whom have taken similar strict approaches in different ways, and in their own way, according to whatever their governance structure is and the way their systems work.

The other point I would like to make is that if you compare where we were when I was last before you on this subject—I have been before you on other subjects—which was approximately nine months ago in April, Chair, back then I was saying to you words to the effect, "I want to open up travel as soon as we are able to but in a safe and sustainable way." If you look at what has happened over the course of the year since I was last in front of you, I think we can prove positively that that is what we have done. We first of all introduced the traffic-light system. I know there has been discussion around how that has worked. We then moved to a vaccination system.

**Q361 Mr Bradshaw:** We know that, Minister, but travel is now more difficult than it was before we had the vaccine. Where is the logic in that?

**Robert Courts:** Because of Omicron. Setting aside Omicron, we have a very strong story to tell. I think I can point to what we have done since I



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was last in front of you and show that we have opened up international travel.

**Mr Bradshaw:** Even before Omicron it was more onerous and stricter, with more tests than before the vaccine. I think to most people that makes absolutely no sense, but I have used more than my fair share of time, Chair.

**Chair:** Your regional colleague, Mr Jupp, is about to come in.

Q362 **Simon Jupp:** Thank you, Chair. I should make it clear that members of my family run a travel business, although I have no financial or direct interest in it.

A couple of weeks ago, the Committee—if you don't follow the Transport Committee on Twitter, please do—

**Robert Courts:** Essential viewing.

Q363 **Simon Jupp:** It is an essential feed, as you say Minister. The Committee conducted a Twitter poll asking consumers about the most significant barrier they face in making plans to travel abroad; 48.5% cited testing costs. That is a widespread criticism in my inbox as well from constituents. I want to understand from you, first, the steps that the Government have taken to reduce the cost of tests.

**Robert Courts:** That is certainly a point that you have put to me before. There are a number of things that the Government have done, in terms both of the overall policy and the operational implementation of the policy. The overall policy is the one I referred to in answer to Mr Bradshaw a moment ago, which is that we have tried to move away from a policy based on testing to one based on vaccination where possible. We have had to reintroduce that because of Omicron, but the clear direction of policy, if you look at the direction of travel since I was last in front of you, has been towards that. That moved not only to a lowering of testing, where possible, but to going to lateral flows where possible, which was the position that we were in just before Omicron. That had a major impact in and of itself.

The second part of it is operationalising the testing providers and the checks thereof, which is the point you have made. I know that my colleagues in the Department of Health feel as strongly about this as I do. I know that they continue to have checks on what is being advertised and the performance of it. For example, they completed over 2,100 price checks or audits over the course of the last three weeks. They have removed all tests under £15. There are tough new penalties for companies that do not follow the law. There is the ability to remove people from the approved list if they do not comply with the standards that people rightly would expect of them.

Overall, the price of tests has reduced, and it has reduced from when I was last in front of you. Several providers are now charging under £80 for day two and eight home PCR tests, and a day two PCR test for under



£45. That is a very different position from where it was a few months ago when we were frequently looking at tests that were in the hundreds. We are seeing gradual reduction of pricing, as you would expect, as the market takes effect. On a policy level, we are trying to reduce not only the number of tests, but which type of test is required, with the obvious caveat that we have had to take a different approach because of Omicron.

Q364 **Simon Jupp:** Do you accept that some private companies have been profiteering from PCR tests and the testing regime that you have had to reintroduce?

**Robert Courts:** We will always make sure that we keep a very close eye on the performance of private providers, which of course is what you would expect us to do. Where problems have been seen, my colleagues at the Department of Health have taken action, which is what you would expect.

Q365 **Simon Jupp:** It is pleasing to hear that the policy overall is being reviewed next year. I know that different Departments may have different views on that. I sincerely hope that this policy will be dropped as quickly as possible.

In the last evidence session, Dr Harries was talking about the capacity of the NHS PCR testing regime. At the moment, it is stretched; we all accept that and we all understand why. Once it is not and capacity has been built up, surely there is a case to offer NHS tests for international travel.

**Robert Courts:** As with any responsible Government, we will keep all policy under review. The decision thus far has been that it would not be right to impinge on NHS testing capacity lest it be insufficient, and clearly the pressures that we see at the moment underline the reason why we take that cautious view.

The second point is: who should pay for it? I know now we get into a discussion around the purpose of travel. I am a wholehearted advocate of travel for all sorts of reasons. It is one of the great goods that mankind has done for itself, in my view. It brings people closer together, understanding each other, seeing the world and all of those things.

Of course, I accept that families are being kept apart and that this is extremely distressing for people. Many Members will have personal experience of that. I accept that businesses need to ensure that they keep running, and you have to do that in person by travelling and going to see things. None the less, a significant proportion of travel is discretionary. That is the issue we have to deal with. It comes down to a judgment.

There are extreme examples where it is very difficult. Of course, not all travel is discretionary but a great deal of it is. It is the question of whether we should be using public funds for the NHS to subsidise



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discretionary travel. That is something we would have to think very carefully about.

**Mr Bradshaw:** What about nightclubs?

Q366 **Simon Jupp:** What about, for example, if you are in a position where people could prove that the purpose of travel was to be reunited with a loved one?

**Robert Courts:** We are now getting into the detail of policy. As I say, as a responsible Government we will—

Q367 **Simon Jupp:** It is intriguing and interesting to explore this. Yes, I accept that people go on jollies. I referred to jollies in the last panel, but sometimes you are reuniting with a loved one who could be passing away or a family member you have not seen for a long time. Is there not at least a case—please accept whether there is a case or not—in that circumstance, if that can be proven, for free testing for international travel via the NHS once capacity has been improved?

**Robert Courts:** Clearly, I see the force in the case that you are asking us to consider. Of course, as a Government, we will consider all options. I am happy to take that away and consider it. The only point I seek to make is not to misunderstand the significant operational difficulties that that would have. There are clearly heartrending and extreme examples, like the one Mr Bradshaw used when he was asking Dr Harries about a terminally ill relative in another country, but it is not those clear examples that cause the difficulty when you are trying to operationalise policy. What is difficult is the grey area in the middle. How do you prove that someone is terminally ill or if they are just seriously ill? That is the sort of difficulty you get into.

Q368 **Simon Jupp:** You can prove that they are going on a domestic holiday, which involves eating and drinking 24 hours a day. That is very clear.

**Robert Courts:** That is the other end. You have the very virtuous and understandable example of the terminally ill relative in another country. At the other end of the scale, you have a pure jolly. It is the stuff in the middle that is difficult. That is all I am saying.

Q369 **Simon Jupp:** From what I hear of what you are saying, you would much prefer that this policy was not in place anyway, to a point. The review in January will decide the future of testing policy and whether we go back to lateral flow tests, for example, which would be most welcome.

If it stays in place, I am glad you will take that away. I think it is really important that people can be reunited with loved ones. People email me who have not seen their family in nearly two years because of our international travel policy. That surely must change. Do you expect that to be fed into your review in January, which of course is cross-departmental?



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**Robert Courts:** The statement about the importance of travel I wholeheartedly agree with. It is your driving motivation, and mine, to want to see the world brought closer together and people brought closer together. We talked about going on holiday. Going on holiday itself is an important thing to do. On an individual basis it helps people to relax, and it helps them see the world. That is a good thing. It supports the travel industry and that is a good thing. All of that is critically important. All of that, and what we are trying to achieve, we are in agreement on. The only real matter for dispute is how fast we get to that position.

Of course, I am keen to see testing requirements reduced and made easier. As I have always said, I want to see travel that is seamless and cheap and easy for people to be able to do. I want to get back to that position as soon as we can. Those are points that I will discuss within Government and with colleagues at DHSC, who of course will hold the pen for this, given that it is their capacity and their costs we are talking about.

**Simon Jupp:** Thank you, Minister. I am heartened by your response.

**Chair:** Ruth, I know you have to go. There are a number of questions you had in two different sections. Why don't we take as much as we can from you before PMQs?

Q370 **Ruth Cadbury:** I will go with the medium-term future for aviation and international travel. It continues to look bleak for the next year, or probably longer, even before the recent Omicron infection rises. Minister, what assessment have you made of the merits of providing additional financial support to the aviation and travel sectors?

**Robert Courts:** The first thing to note is that there has been a great deal of support given already. You know about the measures we have put in place. There is approximately £8 billion-worth of support from the cross-economy schemes that the Treasury introduced at the beginning. That is £8 billion to the aviation sector itself.

The third iteration of AGOSS, which is the ground handlers and airports fixed costs, is about to be launched, at the end of the year. We also have things that the Department for Transport has in its gift. It is able to do things like the Aviation Skills Retention Platform, which offers job opportunities for those who wish to remain in the sector, to help with the manning point of view.

The overall drive of Government policy is to ensure that we can allow people to get about and travel, and for the industry to operate, as soon as we can and as safely as we can. That is what we are trying to do—

Q371 **Ruth Cadbury:** I am sorry, but we are running way over time. On the specific assessments that you have made, obviously you have a conversation with the Treasury, but have you made assessments about the sector support that is going to be needed in order to make the case to the Treasury?



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**Robert Courts:** As a Government, we of course talk to the sector on an ongoing basis to understand how we can best support them. I cannot go into the details of individual intra-Government discussions here, but of course you would expect me to be in regular contact with the industry, which I am, as are officials.

Q372 **Ruth Cadbury:** On that subject, during our Committee's recent visit to Germany, we saw collaboration and mutual respect between the aviation industry, the Länder and Government, but in the UK some companies in the aviation industry have taken the Government to court. What lessons have you drawn from the German experience on collaborating between industry and Government? What can you do to improve that relationship?

**Robert Courts:** I want to have a relationship with the sector, which I value more highly than I can possibly say. I want a relationship with them that is co-operative, close and characterised by mutual respect. I think, to a large extent, that is the case actually. I have regular roundtables with all parts of the travel sector that fall under my brief. We have open and honest conversations.

Q373 **Ruth Cadbury:** Is there a different constitutional arrangement? Does that make a difference?

**Robert Courts:** I am not an expert on the German circumstances. It is difficult to compare countries, but I will look at what they do and see if there are any lessons we can learn. It is a different constitution, certainly, because it is a federal system. That may have a bearing on it. There are always questions around what data we can share. It is why I was looking at the website earlier. It explains what you can and cannot share. There is always some debate around that, but we do everything we possibly can to explain our thinking to the sectors we represent.

Q374 **Ruth Cadbury:** One of the differences is that there are elements of decision making and control around both airports and airlines. There is a closer relationship constitutionally, whereas here they are purely in the private sector.

**Robert Courts:** Yes, that may have a bearing on it. Clearly, if something is partly state run, you would expect Government to be slightly more involved. I am in danger of speculating, though, as to what the German situation is. I clearly recognise the force in that.

To give an example of what we have done, I last had a roundtable with the travel sector yesterday to explain this. I know that during the summer officials had a very detailed sit-down with the sector to explain the way these decisions are taken. This is very much ongoing. I make it absolutely clear to them that, as far as I am concerned, my door is open and I will talk to them pretty much whenever and wherever.

**Ruth Cadbury:** Thank you.

**Chair:** Do you want to touch on Jet Zero, Ruth, or do you want Gavin to



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do that?

**Ruth Cadbury:** I will leave it for others, because I need to go to the Chamber.

Q375 **Chair:** Totally understood. That's fine. Let's go back to where we were in our order, if that is okay with you, Gavin.

Welcome, Mr Moriarty. We want to touch on enforcing the consumer's right to a refund, which may be an area you wish to give us some evidence on. First, how could the Civil Aviation Authority's powers be reformed to hold airlines accountable for delivering refunds to their customers in a full and timely manner?

**Richard Moriarty:** Thank you. We are in a much better position now on consumer refunds than we were the last time I came before this Committee. Airlines responded to the challenge we gave them and have paid over £2 billion-worth of consumer refunds. When we last spoke to the airlines and looked at their data, they were all within the current seven-day timetable for refunding consumers.

It has to be said, though, that our consumer powers, as we have discussed before this Committee a number of times, have not been modernised for some time. Other regulators have surpassed us. We have been in very close conversations with the Minister and departmental officials about bringing us into line with other regulators.

I think there are two angles that other regulators have, but we do not. The first is that at the moment our powers are very administrative and bureaucratic. We have to go through successive rounds of court action to give consumers a fair outcome. To exemplify that, there is one airline, which I will not mention, that we are in court with, I think in April next year. This is over a raft of cancellations for strike action in summer 2018. No consumers or your constituents would think that four years is a decent time to wait for redress.

Having said that, the conversations we have been having with departmental officials have been very positive. The Minister and I discussed the issue only this week. There is a consultation that we are working on, which we hope to issue when the time is right. Clearly, given the current context, we need to pick our timing carefully.

The other thing that is worth the Committee noting is that airlines have changed their policies somewhat since the start of the pandemic. They were frankly woefully overwhelmed at the start of the pandemic. You will notice when you go to their websites now that many of them have dropped their fees for changing flights. They are much more flexible now than they were at the start of the pandemic.

I am never going to be complacent on this because consumer rights are one of the things that we take really seriously at the CAA, but I think we are in a better place now, with the back book being paid back, the



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conversations we are having over reforming our powers and airlines leaning forward and being much more flexible and, dare I suggest, empathetic around consumer refunds and redress.

**Q376 Chair:** You have described a process that is very reactive, in terms of your powers to go to court, rather than having proactive powers. We conducted another Twitter poll, and 26.5% of all respondents cited lack of refund certainty as a reason why they would consider travel to be too much of a barrier. We know there has to be some sort of market demand for the consultation that you mentioned. Minister, when do you believe that consultation will take place?

**Robert Courts:** We are finalising it now. I would expect it to be in the early part of next year.

**Q377 Chair:** Have the Government taken any other steps to clarify consumer law in regard to whether passengers are entitled to a refund when their flight goes ahead but they are legally prohibited from taking it? In a way, it is the scenario we just touched on.

**Richard Moriarty:** Chair, this is a difficult area. It is one that our colleagues at the Competition and Markets Authority have looked at. It turns on the legal notion of frustrated contracts. I am not a lawyer, but it is not a straightforward area of law. Our colleagues at the CMA looked at it very carefully and basically came to the conclusion in relation to both Ryanair and British Airways, whom they were investigating, that the law was unclear and their judgment was that the public interest in pursuing that was not good value for money.

There is clearly an issue on frustrated contracts more generally. It is not just an aviation thing. It relates to weddings that have been cancelled and hospitality events that have been cancelled. It is a more general economy thing rather than an aviation-specific thing.

**Q378 Chair:** We have touched on aviation insolvency reform a lot. Amazing repatriation efforts have taken place, but there has been a commitment to reform and bring in legislation. Are we any nearer to getting a date for that, Minister?

**Robert Courts:** As with so many things, Chair, it is a matter of legislative time, but the commitment remains the same.

**Chair:** We have a commitment, but we just do not have a date for the legislation. Let's talk about the Jet Zero Council, which I know, Minister, you have been very much involved in. Gavin Newlands.

**Q379 Gavin Newlands:** Thank you, Chair. The Jet Zero Council was established in June last year. How much new funding have the Government allocated to the Jet Zero Council's work?

**Robert Courts:** The Jet Zero Council itself, just to remind the Committee, brings together a number of different structures. I will go through it now, if you will forgive me. I will answer the question, but I



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want to make sure there is no misunderstanding about what the Jet Zero Council is.

The Jet Zero Council brings together the leading figures from academia, industry, Government and so on to make sure that you have the right people in the room. Underneath that sit a number of different workstreams. The two key workstreams are aerospace, which is essentially a BEIS lead, and then sustainable aviation fuels, which sits under the Department for Transport. The sustainable aviation fuels aspect was the £180 million to develop sustainable aviation fuel plants in this country that was announced in the Budget.

**Q380 Gavin Newlands:** Obviously, that funding is welcome, and I will come back to sustainable aviation fuels in a minute. We have a press release from the Government that says it has provided over £20 million. I appreciate that £180 million has just been announced in the Budget, but prior to that £20 million had been invested in the Jet Zero Council since last year. Irrespective of the SAF funding, which is welcome and again I will come back on that, is that enough? How much do you think it will cost for the UK aviation industry to decarbonise by 2050? There must be a figure in Government somewhere of the ballpark estimate. Perhaps you could write with an estimate.

**Robert Courts:** You referred to an earlier competition and earlier funding. You are quite right that there is that as well. The £180 million builds on the earlier £20 million fund, which was the clean fuels, clean skies competition.

An overall figure is very difficult to provide, for the simple reason that it depends on technology that is being developed. Which technology is developed will obviously depend on the cost of it. It is a matter of not putting the cart before the horse. The Government's policy is to think about it in terms of seed corn money. We put in the money which develops conceptual ideas. Clean fuels, clean skies, for example, helps people develop different kinds of sustainable aviation fuels because, as you know, there are different types.

We then look at money that has gone towards a clearing house, towards a blending mandate, and then that £180 million is with regard to plants. Might there be a case for more? Clearly, there is going to be more money needed to go into decarbonising aviation. That is obvious. Some of that will come from industry. It is a privately funded industry, and brilliantly so. There may be a case for further Government funding. We will look at that, of course, as we go along, but I cannot speculate as to what it might be now.

**Q381 Gavin Newlands:** I am conscious of time and, in fairness, it is a very difficult question to answer or give a ballpark figure on. Richard, do you have any clues as to how much it might cost?



**Richard Moriarty:** No, I do not have an answer to that. One thing I would note though, which I think might be helpful to the Committee, is that there is a consensus in aviation that Net Zero matters and people need to step up to the plate. Over the last six to nine months, the Minister and I have seen a number of initiatives. Nearly all the big players have done something. There was a British Airways flight across the Atlantic that it described as the perfect flight. It was 35% SAFs—sustainable aviation fuels—and the rest was offset, flying very fuel-efficient trajectories. That is just one example.

During this pandemic, in the CAA, particularly in the work we are doing on innovation, we have actually seen an up-tick in entrepreneurs and private capital wanting to come to the UK to trial and experiment on new technologies. We had the world's first hydrogen flight at Cranfield. Minister, you were there for that.

**Robert Courts:** Yes, ZeroAvia.

**Richard Moriarty:** I appreciate that most of my week is spent dealing with commercial aviation, which is in a very difficult place, but I would not want the Committee to lose sight of the fact that at the moment the UK is drawing in quite a bit of private investment, with people coming here to trial new technologies.

**Robert Courts:** I would like to emphasise that, if I may. This is a really exciting time. ZeroAvia, a year ago, had the first hydrogen electric aircraft at Cranfield. They are now at Cotswold airport. They are looking at a Dornier 19-seater. This is enormously fast work. Over at Exeter we recently had the Ampaire flight that I went to see as well. There is a lot of fast work happening. That is without looking at the sustainable aviation fuels thing, which is massively important.

The other point I want to make, because you asked me about money, is that we have put £1.95 billion of funding towards aerospace research and development from 2013 to 2026. I did not give you that answer, and I now have.

Q382 **Gavin Newlands:** I appreciate that. I accept the point that you are both making about hydrogen and electric flight. We have ZeroAvia and Loganair closely involved in a lot of this as well.

Going back to SAFs in particular, I welcome the £180 million in the Budget. It is a small level of direct support when compared with a number of other countries and what they are giving the SAF sector in their country or area. There is an issue that we may fall behind in this country and may have to import SAFs if that is the case.

If the Government are not willing to give further direct support or grant, is there a possibility of perhaps looking at de-risking, at least to some degree, private investment in SAFs? At the moment, it is still very much a fledgling industry. We hope it is an answer in the near future for aviation. Might that be something that the Government look at to help it



along, if there is no more direct grant?

**Robert Courts:** We will continue to look at whatever steps might be necessary. I do not accept that we are not doing that. I think we have a leading proposal as it is, and the £180 million going in is precisely to avoid what you are referring to, and so that we have plants creating SAF in this country. We will continue to look at the sector and understand what it might be, but it would be speculation at this moment when we still have not got to the point of developing those.

Q383 **Gavin Newlands:** We like speculation in this Committee.

**Robert Courts:** I know, but me speculating is probably unhelpful. We will continue to look at this, but I cannot emphasise enough what Richard has just said. This is a very exciting, very growing and very promising industry for this country. We are leaders in every way, both in development in technological terms and in regulation.

Q384 **Gavin Newlands:** I will move on to airspace change. In a previous session, Dr Andy Jefferson intimated that we may be at risk of not meeting the 2033 aim in terms of making all of the airspace changes that are required. I have asked you before about the Airspace Change Organising Group not being on the Jet Zero Council. Andy Jefferson said he thinks it should be directly on the Jet Zero Council. I know it is on sub-committees. Would it not be a good signal, in terms of speeding this up, perhaps with further Government support for an industry that is currently quite indebted, to put ACOG on the Jet Zero Council?

**Robert Courts:** With regard to membership of the Jet Zero Council, we will obviously consider membership. The difficulty with it is that it has to be fairly limited at plenary level just so that it is productive, otherwise it will end up being very big and it will not be productive.

For example, the Jet Zero Council plenaries met four times. The CEO steering groups met twice. The SAF delivery groups met five times. The sub-groups have met 25 times. It is the delivery sub-groups, as is often the case with these things, where a lot of the hard work is done. ACOG will be intrinsically involved. We will consider whether or not membership of the plenary council is necessary. I do not know that it is necessarily vital, but they will absolutely be involved because airspace is a critical part. It is not just about decarbonisation, because there is no point burning fuel when you do not have to; it is also about overall efficiency.

On your second question about funding, we have provided some funding already. I will consider with colleagues across Government as to what other support might be needed at the appropriate time.

Q385 **Gavin Newlands:** I am not sure I understand the reluctance to put them on the plenary committee, but I will move on as I am conscious it is now noon. Do you plan to publish guidelines on how airports and airlines quantify their net zero calculations?



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**Robert Courts:** We are undertaking our jet zero consultation at the moment. That has taken into account the views of a wide range of stakeholders, including airports and airlines. We will be publishing it in due course.

Q386 **Gavin Newlands:** In due course?

**Robert Courts:** The early part of next year. I did not mean to be vague.

Q387 **Gavin Newlands:** Those giving evidence to the Committee a couple of weeks ago, on both sides of the argument to some degree, made the case that APD is not an environmental tax. In your view, what are the pros and cons of introducing an environmental tax on the aviation sector?

**Robert Courts:** It depends on the terminology, but to a certain extent APD is because it is a tax that is paid on flying. The reforms that we have introduced recently emphasise that. Now we have the ultra long-haul range, which shows that those who fly the most pay the most.

Q388 **Gavin Newlands:** I think the argument being made is that the money raised from APD perhaps does not go towards environmental issues or trying to encourage folk to travel by rail instead of air. That is the argument. Perhaps something more akin to that might be more suitable.

**Robert Courts:** Any taxation matter is more for the Treasury. Then you are into a wider debate about sequestering taxation funds for certain purposes, which would not just impact on the environment. There are all sorts of policy areas where that argument might apply. Generally, it is not the approach that the UK Government take.

Q389 **Gavin Newlands:** I had a feeling that was going to be your answer. Again, I am conscious of time so I will make this my final question. It is a question for both of you, but I will start with Richard.

At a sustainable aviation event at Glasgow airport recently, I saw a presentation on advanced aerial mobility, which is a new industry powered by electric VTOL aircraft. You will obviously be aware of it. It is currently moving at pace, and they are looking to try to bring it in a lot sooner than perhaps people might think. There are a lot of issues to be dealt with in terms of regulation, be it classification of aircraft or how close to buildings they can land and take off. Where are the CAA and indeed Government on this at the moment? Is it on your radar?

**Robert Courts:** On the regulatory aspect?

Q390 **Gavin Newlands:** On the regulatory, yes. Obviously, there will be a legislation element as well.

**Richard Moriarty:** I am happy to start on that. There are a lot of entrepreneurs and private capitalists looking now for the UK to be the market of choice for electric vertical take-off and landing, particularly around London but not just dominated by London and the south-east.



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There are two things that we are doing at the moment. We have a team that are not regulators but are designed to work with innovators to harness new technology and to trial, and have experimental flights like the one we did at Cranfield. That innovation hub we have is the only example in Europe of a regulator that has one. I am very keen to point the team at helping new technologists bring this technology to the UK.

You are absolutely right; once the technology is proven there has to be regulatory certification. Ultimately, it has to be safe for the public to use. As you can appreciate, in our organisation we have a long track record of wanting to make sure that aviation used by the public is safe. We will not cut any corners on that.

What we will not do is work in sequence. I do not want the technologists to trial some stuff and then only come to us at the end and say, "What about regulatory certification?" We have to work really closely with them as partners throughout the process.

Although I am very keen for the UK to play a leading role in eVTOL technology, most of the major companies will also wish to export that technology around the world. Therefore, they will want regulatory certifications that can be valid in Europe, in Asia and in particular North America. Whenever I am talking to my colleagues in the US FAA or EASA, eVTOL is nearly always one of the subjects that we talk about. We swap notes. Ultimately, we want to make sure that we do not get in the way and that we can bring the technology to market, but it must be safe for the public to use.

**Q391 Gavin Newlands:** You will be aware that there is a UK company that has a substantial order book already for its products. Any delay from a CAA or indeed governmental level would not be great. Minister, could you look at that?

**Robert Courts:** Yes, we will obviously look at the ramifications from a legislative perspective as we go along. It is important, I think, to get it in the right order. As Richard explained, you have to look at what the technology is going to be and then the regulatory ramifications of that and then the legislative ramifications of that. It is all part of the work we are doing, but again it is too early for me to start promising when that regulatory work will take place.

**Gavin Newlands:** I am sure it is something that the Committee will come back to in due course. Thanks, Chair.

**Q392 Chair:** We have taken some evidence on support for domestic air connectivity. A number of the witnesses at a previous panel talked about the merits and demerits of making the rules on operating PSO routes more flexible. At the moment they are limited only to those that run to and from London and are exclusively operated by one airline. Are there plans in place to increase flexibility for PSOs?



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**Robert Courts:** One of the things we will be considering in the strategic framework for the sector that we are writing and considering at the moment will be PSO use. We have had the straightforward PSO you referred to. We have recently had the Newquay one, in addition to City of Derry and Dundee, but we will consider wider PSO policy when we release that document. It is also something, you will have noticed, that came up in the Union connectivity review as well.

Q393 **Chair:** What do you believe are the merits and demerits of establishing a route development fund? We had some evidence from Regional & City Airports director, Clive Coleman, who called for “a more flexible PSO arrangement or another version of the route development fund, where APD could be free on new routes.”

**Robert Courts:** I think that is really all part of the same bucket of consideration that we will be looking at as we look at the strategic framework for the sector.

Q394 **Chair:** I know that you have touched on this being for the Treasury, so that might be the answer to this as well, but I note that the Government’s proposed changes to air passenger duty do not come into effect until April 2023. Why is there a big delay?

**Robert Courts:** Tradition is the wrong word, but there is an understanding that APD changes are a year out. That is for planning and scheduling reasons. If changes to APD take place, they are given a year’s notice.

Q395 **Chair:** On slots, I served on your Bill Committee when those rules were being shaped now that we have the power. Looking past this winter and the coronavirus pandemic, does the airport slot allocation process require more fundamental reform to ensure that it encourages competition and connectivity?

**Robert Courts:** At the moment, we are using the powers that were in that Bill, now the Air Traffic Management and Unmanned Aircraft Act, in order to provide more flexible conditions when we are looking at alleviation while we are still in the pandemic. It has to be on the basis of the pandemic. Then we will consider slots as part of the framework I have already alluded to. When we consider that, slots will be a part of that work too.

Q396 **Chair:** Is there a concern that with the rules as they are at the moment airports will struggle to get new entrants, because airlines can play the system and sit on them?

**Robert Courts:** It is certainly fair to say that different parts of the sector would have a different view. Some people would certainly make that case, and I understand the force in that. We will consider it in the round and consult with everybody and then consider the policy in due course.

Q397 **Chair:** Obviously you moved, as most of the world did, to change the



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rules to say that you do not require to fly 80% of the time. Before those rules were changed, did we have any ghost flights that took place where, effectively, airlines were flying aircraft around with nobody on board just to meet the rules?

**Robert Courts:** I do not have any data as to whether that phenomenon existed before Covid, but we can clearly see the risk that it would during Covid.

Q398 **Chair:** I know this is subject to consultation, but there has been a lot of noise about the Heathrow increase in charges. The airlines had some pretty strong evidence to give. There is a consultation in train at the moment. When does that end, and is there anything more you can update us on in terms of decisions?

**Richard Moriarty:** I would be happy to. Periodically, we review the level of landing charges that Heathrow can levy on its airlines. It usually has a degree of controversy because the airport, understandably, seeks to raise charges and the airlines, understandably, seek to reduce charges. I can absolutely understand, from their business and financial interests, why they would press that case, and why they would press that case very hard. So that we are clear, our primary duty in setting those charges is to ask ourselves what is in the best interests of consumers, both in the short term and the long term. This is an exceptionally difficult time to be resetting the charges for the obvious reasons that we discussed before during this pandemic.

Heathrow put in a request, effectively, to put in a very significant increase, of about 90%. For the Committee's understanding, the average charge at the moment is £23 per passenger. Heathrow wished to add £10 to £20 to that, nearly doubling it. The airlines put in their evidence, suggesting that the charge should fall.

We have looked at the evidence and considered the financial issues involved, as well as what is in the best interests of consumers both today and in the future in terms of investing in a modern airport. Our initial proposals, which we published, were to add between £2 and £12 to the charge. It is an increase, but nowhere close to the increase that Heathrow wanted.

Part of the reason for that is that, in calculating the average charge, the denominator is the number of passengers. Clearly, during the pandemic that figure has been hit quite hard. The airport has a number of fixed costs that still need to be recovered, such as keeping terminals open, heating, security, safety, and financial costs. We are very keen to hear what people have to say. We will look at the analysis again before coming to a final decision in the early part of next year. We want to be really clear that we can stand behind a set of proposals that, compared to other outcomes, really is the best outcome for consumers.



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There is a check and balance in the system. I should advise the Committee that if either Heathrow or the airlines are still dissatisfied at the end with our decision, they have the ability to appeal the matter to the Competition and Markets Authority.

Q399 **Chair:** What percentage increase would the £12 figure be on a standard passenger charge?

**Richard Moriarty:** If it is £23 and we were to add £12, which is at the top of our range, it would be just below 50%.

Q400 **Chair:** When you consider that Heathrow's shareholders have not been tapped for any funds at all, whereas at Virgin they were, why should Heathrow be allowed to claw back money that they would have lost through the pandemic?

**Richard Moriarty:** We are not, in our proposals—maybe we should be clearer on this—allowing Heathrow to recover its pandemic losses. In fact, our proposals ruled out its request to recover an extra £2.5 billion or £2.3 billion. We said no to that, for the reasons that you have suggested.

Q401 **Chair:** But how could you justify a figure of 50%? What is going up in terms of their cost base by 50% to justify that figure? I know you have not landed on that figure.

**Richard Moriarty:** We have not. We still need to go through the process and look at the analysis.

Their costs are not actually going up. It is the denominator; it is the number of passengers that we divide the costs through to provide the average unit charge. That is effectively the problem that Heathrow has over this pandemic. It is not the only international hub airport in that position. At Schiphol, which is often used as a benchmark for Heathrow, there are very similar dynamics as well.

**Chair:** Heathrow would point to the profits that British Airways, for example, makes out of that operation as well, to be absolutely fair to them. The last word to Gavin Newlands.

Q402 **Gavin Newlands:** The Chair touched on a more flexible approach to PSOs. That was an idea raised at the last Committee. Aviation is a reserved function of the UK Government. If you look at PSOs and discount support, and so on, the Scottish Government's and Scottish local authorities' contribution for PSOs in the last financial year we have figures for was just short of £11 million. As far as I can see, the UK Government's funding of PSOs amounted to just over £3 million per year. If those figures are incorrect, I am more than happy for you to correct me.

If it is reserved yet the devolved Administration and authorities are picking up the tab for it, surely the UK Government should be funding more PSO routes and routes outside London as well. At the moment, it is only London routes.



## HOUSE OF COMMONS

**Robert Courts:** It will depend on which process we are talking about. There are about 19 other PSOs around the DAs. Those will be intra-DA, and are wholly the responsibility of the devolved Administrations. That may be, perhaps, what you would expect. Scotland is a good example. There are a number of remote islands, so you will have some connectivity there that is the responsibility of the Scottish Government.

Q403 **Gavin Newlands:** Do you think it is fair that the only PSOs the UK Government will actually fund are in and out of London?

**Robert Courts:** I see what you mean. Are we interested in opening up PSOs—wider PSO use? It is the answer I gave the Chair a moment ago. We are considering PSO policy, and that is something we will be talking about in the wider framework.

**Gavin Newlands:** Thank you.

**Chair:** That concludes our evidence session. Indeed, it concludes our inquiry on aviation and international travel. We will be submitting our recommendations. Thank you, Minister, and Mr Moriarty, for giving us so much of your time. Apologies for the delayed start. Thank you again.