



Transport Committee

Oral evidence: [Coronavirus: implications for transport](#), HC 268

Wednesday 20 May 2020

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[Watch the meeting](#)

Members present: Huw Merriman (Chair); Ruth Cadbury; Lilian Greenwood; Simon Jupp; Robert Langan; Chris Loder; Karl McCartney; Grahame Morris; Gavin Newlands; Greg Smith; Sam Tarry.

Questions 195 - 277

Witnesses

[I](#): Diana Holland, Assistant General Secretary for Transport, Unite; Brian Strutton, General Secretary, BALPA; and Jason Holt, Chief Executive, Swissport.

[II](#): Kelly Tolhurst MP, Parliamentary Under-Secretary of State, Department for Transport; Dr Rannia Leontaridi, Director of Aviation, Department for Transport; and Richard Moriarty, Chief Executive, Civil Aviation Authority.

Written evidence submitted by the [Department for Transport \(CIT0001\)](#)



Examination of witnesses

Witnesses: Diana Holland, Brian Strutton and Jason Holt.

Q195 **Chair:** This is the Transport Select Committee's final evidence session on coronavirus and the implications for aviation. For our first panel, we will be joined by union leaders and employee representatives. For our second panel, we will be joined by the Aviation Minister and by the Civil Aviation Authority. For our transcripts, can I ask the first panel of witnesses to introduce themselves?

Diana Holland: Thank you. *[Inaudible]* Unite the Union.

Brian Strutton: Good morning, Chair. Good morning, everybody. I am Brian Strutton, the general secretary of the British Airline Pilots Association.

Jason Holt: Good morning, everybody. My name is Jason Holt. I am the chief executive of Swissport for western Europe.

Q196 **Chair:** Ms Holland, would you mind reintroducing yourself? We missed the first part.

Diana Holland: Good morning, everybody. I am Diana Holland, assistant general secretary for transport at Unite the Union. Hopefully, that came over.

Q197 **Chair:** It certainly did, thank you, and apologies for the sound difficulties we have in this room. Thank you all for being with us this morning.

With passenger demand forecast to stay low not only for this year but potentially for the next few years, how concerned are you for workers in the aviation sector?

Diana Holland: We are extremely concerned. When Covid-19 first hit, it was the aviation industry that devastatingly across the whole industry felt that impact, because of course across the world countries were stopping flights coming in from certain countries, and immediately the whole industry was impacted. If there is no revenue coming into the industry, it is not just the airlines; it is the airports, everything down the line and all the people who work there.

We are extremely worried about the future and that is why we need to come together now to look at what plans we have to restart, to rebuild confidence and make sure that, while there may be temporary changes as we reach that point, jobs, pay, terms and conditions are not decimated for the future. This is about all of us.

Q198 **Chair:** Thank you. Mr Strutton?

Brian Strutton: I concur with the points that Diana has made and go further than that. I believe that airlines are exaggerating the problem.



HOUSE OF COMMONS

The predictions of some airline leaders of up to a five or six-year recovery are not in line with industry-standard predictions. Last week IATA—the International Air Transport Association—which is usually the touchstone for these things, issued its new projections, and said that by the end of 2022 we would be back to 2019 levels.

We are in a trough at the moment. We will be coming out of it over the next two and a half years, and I think that airlines are egging the pudding too much to take advantage of the crisis to make changes and downsize their workforce unnecessarily.

Q199 **Chair:** Thank you. Mr Holt, perhaps you can answer with regard to your employees and your sector as well.

Jason Holt: Yes. I share Diana's sentiments: this is about people and livelihoods. We have seen a devastating 95% drop in income, and 70% of our costs are people's pay—people's wages—so we are absolutely hobbled by this. I am not sure that I share Brian's sentiment about the bounce-back being so swift. None the less, we have over 7,000 people furloughed and I have an awful lot of colleagues and friends who are at home bereft, with anxiety for their livelihoods.

Q200 **Chair:** Thank you. In terms of engagement with industry and Government, Diana and Brian, how closely have management and Government been listening to your concerns during the crisis, and how effective have the communication channels been to both?

Diana Holland: It has been patchy. It started very poorly and it has got better, but a lot more could be done. When we first raised concerns, we were just talking about preventing people from being made redundant because there was a possibility of mass redundancies absolutely everywhere. The job retention scheme was essential and transformed the response that we could have at that point.

However, we found that, when it came to coming together with the Department for Transport, we needed to make the case for unions from aviation to be part of that. There was already a set-up for rail and for some other modes of transport, but we needed to create it in aviation. While there were regular meetings with other parts of the industry, unions were not there. We have that now. That is a start. It is really important.

We also have a restart and recovery group, which involves all the airlines, all the airports and related supply chain companies, but at that meeting, which is 10s-strong, we have just one trade union representative. That is not sufficient, as you can tell with just the two of us here. There are five unions altogether representing different parts of the industry. We need to make sure that we have a meeting that represents the stakeholders but also has working groups where we can have specialists talking and putting over their case.



We need the Treasury as well as the Department for Transport working on this, because it was the job retention scheme that addressed the plight in aviation, and that was a Treasury programme. When we are looking at safe working afterwards and 2 metre distancing, for example, we will need to look at the impact financially of that on the industry. It will need financial support, but again it needs the Treasury there. We all need to be talking together; we all need to be in the room. There is a chance for new opportunities to be looked at to create more environmental aviation, and to look at connectivity and at protecting public service obligation routes, as well as pay and conditions, but we need to be together in the room looking at how we set those standards together.

Brian Strutton: To add to that, the point about the Department for Transport is that we have had a reasonable level of general contact, a weekly telephone catch-up and that kind of thing, but what we have lacked is specific expert input. For example, the workers I represent—pilots—have a very high level of expertise that they could contribute to the industry debate on questions of health and safety, the working environment and so on, just as we contributed to Government work on drones and lasers. We are not able to give that level of expert insight and input into Government or even departmental-level thinking, and that is regrettable because not only my members but all the other workers in the industry can actually help. We need that voice.

Q201 **Chair:** Mr Holt, you say that you are not properly represented by the airlines and airports organisation, so how have you been able to represent your company and your employees?

Jason Holt: Yes, that is correct. We do not have a trade association that is engaged with Government over this issue. I and three chief executives from fellow large companies in ground handling got together very early in March and realised that the aviation system was in peril. Airlines and airports are well represented by their own bodies. We do not have one, so we made a beeline for Government very quickly. The Department for Transport was very welcoming—it listened to us—and we traded in a way that said we are four chief executives working very closely together with a single voice on the issue. That has worked very well so far, and I would ask the Minister perhaps for her view on that.

Where we have got to is that we are part of a triangle in the aviation system: airlines, airports and ground handlers. We are now in that triangle. We have represented ourselves well. I share some of the comments from Brian and Diana that representation to Government has been difficult. In some ways, the Department for Transport has had robotic answers because it is getting stonewalled from the Treasury. We would like to see more Treasury officials involved in the conversations because, at the end of it all, for my business and the businesses I speak on behalf of in the ground-handling sector, this is a fight for survival. We are hand to mouth and we are running out of cash, and at the moment



HOUSE OF COMMONS

there is no coherence from the Treasury or No. 10 with regard to the aviation sector.

Chair: We are going to move on to redundancies and terms and conditions. We have had thousands of emails from members of staff, particularly British Airways staff, so we want to touch on some of the concerns that they have raised and try to represent those through this Committee.

Q202 Grahame Morris: My questions are particularly addressed to Diana Holland from Unite and Brian Strutton representing the British Airline Pilots Association. I am sure you have seen the previous sessions and listened to some of the testimony from British Airways and the airlines. Some airlines have said that staff redundancies and reduced terms and conditions are the only way to keep airlines financially viable. How do you think that management ought to address the challenges without resorting to redundancies and draconian changes to terms and conditions?

Diana Holland: In responding, can I first give you some information from BA workers themselves? We conducted a survey this week, because it is mental health awareness week, of mental health issues. I wanted to make sure that the voices of the people affected were here: 93% reported anxiety, 82% lack of sleep and 61% depression. Among the messages that they put was, "Years of loyal conscientious service, love my job, feel betrayed. I am so sad that the company I have dedicated 25 years of my life to is choosing to treat us like this."

With all the technical discussions we are having, there is a real danger that the personal stories are getting lost. What has happened is that for certain people there is a threat to their pay, with the combined impact of the imposed new contracts that are being proposed, of a loss of 55% to 75% of their income. That means somebody saying, "I can't live in my home in the future." There is somebody who has ended up being sectioned under the Mental Health Act. Two of our members have had heart attacks. The impact of the threats is absolutely devastating.

What has been proposed is 12,000 immediate redundancies but, basically, 42,000 people having their pay, terms and conditions totally torn up. Unless those 30,000 people accept the new lower terms and conditions, which would make British Airways the lowest of the UK-based airlines, they will not have jobs either.

We of course think there is a different way, and we are working across the board with other airlines. Of course there are difficulties; we completely understand that there are difficulties and that we need to talk, but what we do not have to have is imposed redundancies, tight deadlines and an impossibility to properly consult our members to find out what they are thinking and how they want to move forward.

In the past when there have been dramatic incidents like this, whether it was the Gulf war or the dust cloud—the kinds of things that have



HOUSE OF COMMONS

impacted aviation—we have found ways forward. Our members have agreed all sorts of things as temporary solutions. We are open to that, and we are doing that with other airlines where we can see there is a justifiable need. As to what British Airways has done, we have looked at the finances and had an independent report that says there is no need for it to act in this way. There is no need for people to be facing this insecurity, especially not when thousands of British Airways staff are on the job retention scheme. There is a clue in the name—job retention.

This is a time when we should be talking about how we protect jobs and how we make sure that, if there are short-term changes to deal with the issues, we address them going forward in the future and restore some security and confidence in aviation. This is a time when the whole country has been coming together. It has been an amazing experience and—

Q203 Chris Loder: Diana, would it be all right if I interject with a very brief question, please? You may recall that, at the last meeting we had, I asked a number of questions of Willie Walsh, the chief executive of IAG. One thing I am particularly keen to understand from you is on the question I asked Willie Walsh about voluntary and compulsory redundancies, which he did not really answer because he said they were subject to consultation. Can you tell us from your perspective what is the position with British Airways staff in respect of voluntary and compulsory redundancies? Are they going to be voluntary, are they compulsory or has the company not yet told you?

Diana Holland: The company has issued the formal notification required in relation to redundancies of large numbers of people at a time when those people are on furlough, being funded through the Government scheme. We think that is potentially unlawful and certainly immoral. Nobody is being asked about voluntary redundancy. This is about imposing redundancies, but I think also the point is that everybody is being issued with, "And if you want a job here, it will look like this."

Q204 Chris Loder: Thank you, but I think my question is very clear. Voluntary or compulsory? I think what you are saying is that, as far as you are concerned, it is compulsory redundancy. Is that correct?

Diana Holland: Yes, absolutely.

Q205 Chris Loder: Do you believe there are groups of staff that have been targeted? I asked Willie Walsh last time about the specific targeting of terms and conditions because it was very clear to me that different letters had been sent to different members of staff. On the face of it, from what little evidence I have from BA staff members who live in my constituency, it looks quite clear to me that different groups of staff have been targeted in different ways, because they are receiving different communications. Do you believe that staff have been targeted based on their terms and conditions?

Diana Holland: First, I should say that every single member of staff is facing an impact, but it is true that—



Q206 **Chris Loder:** Diana, I appreciate that, but I am sorry, I need—

Diana Holland: —there are some who are definitely going to have a far worse change to their terms and conditions and pay, and it is felt—

Q207 **Chris Loder:** I beg your pardon, but that is not what I was asking you. Thank you for the point, but do you believe that there is a specific group of staff that are being targeted because of their terms and conditions?

Diana Holland: Certainly we have no evidence to the contrary that at the moment we have enforced compulsory redundancies for 12,000 people.

Q208 **Chris Loder:** But out of a base of 36,000 staff, is it—

Diana Holland: And everybody else—*[Inaudible]*

Chris Loder: Chair, I had better hand over to you because I think Diana has left us for the moment.

Chair: I will hand back to Grahame because I think we were going to have Mr Strutton answer Grahame's question; is that fair, Grahame?

Q209 **Grahame Morris:** Thanks, yes. Brian Strutton mentioned in his answer to your question earlier, Chair, that BALPA disputes the industry's and the airlines' estimates of the time it will take for the sector to recover. I wonder, Mr Strutton, if you might address some of the questions I put about redundancies and reducing terms and conditions.

I understand that airline pilots are not able to take advantage of the furlough scheme, but to what extent have airlines scaled back the redundancies they were planning, now that the furlough scheme has been extended until October? Clearly, it is a job retention scheme and the anticipation was that it would give a breathing space for the airlines to take a longer, more considered look at the prospects for the industry going forward. Perhaps you might address that while Diana Holland is rejoining us.

Brian Strutton: I will try to pick up as many of those questions as I can recall. First, my evidence for saying that we can expect an aviation recovery by the end of 2022 comes from the IATA publication, their 13 May forecast, seven days ago; it is on their website and you can see their projections—back to 2019 levels by the end of 2022. Some airlines are exaggerating that and talking about it being five to six years to get back on growth trend. That is quite a different thing. Getting back to 2019 levels is very good in two and a half years.

If we turn to what has been happening on the furlough scheme and the redundancies you asked about, it is a very good point. All aviation staff are currently under some kind of Covid-mitigation furloughing-type arrangements. For pilots, though, with the limits to the Government scheme, many are still looking at up to 70% pay reductions at the moment. Those agreements were designed to avoid job losses, as you



HOUSE OF COMMONS

know, so we find it absolutely appalling that, while we are still in the middle of those agreements, British Airways, its subsidiary CityFlyer, Virgin and Ryanair have all proposed and started formal consultation not only on job losses but on severe changes to terms and conditions.

We are not unrealistic. There needs to be some restructuring and there needs to be some change. Airlines need to be able to cope. I personally believe that this is an opportunistic land-grab by some airlines exploiting the situation.

Q210 Grahame Morris: Can I ask a supplementary and ask Diana Holland if she would respond? Some of the ground you have already covered, and you kind of alluded to a question I wanted to ask about what recourse is open to the trade unions, including legal action. You may recall from the session we had with Willie Walsh that he referred to a letter—I think it was on 17 March—or he disputed the fact that redundancy notices had been served during that period. Are the unions considering legal action, and what steps could and should Government take to halt British Airways and, indeed, other airlines' proposed restructuring of terms and conditions on the workforce?

Chair: Did you get all of that, Diana?

Diana Holland: Yes, I did. Somebody phoned me and it cut across, I am afraid, so apologies for losing everybody. To answer the question that Chris Loder asked me, it is the legacy crew that are disproportionately impacted.

On the secondary point that Grahame Morris was making, the problem with the legal route is that it is after the fact. We need to not have the redundancies. While we can make a case for unfair dismissal if we think it has not been conducted in the way that it should have been, that is too late. We want to be able to prevent people from being pushed into either losing their jobs or having their terms, conditions and pay decimated in this way. That is why we believe it is so important that we have a tripartite approach, with the Government, the employers and the unions—the specialists in the industry—coming together. How can we possibly know the number of changes that need to be made if we do not know what support is available for the industry?

It was on 17 March that the Government first announced that there would be an aviation package, and the first part of that, from our point of view, was the job retention scheme, but we need more. Unite is uniquely placed because we represent people across every part of aviation. We do not have a vested interest in one part or another. We need to look at how the whole industry interacts so that we can ensure that everybody is protected. We need everybody to be at the table coming together.

What we are very concerned with is that it should not be to the individual advantage of one company over another.



HOUSE OF COMMONS

Q211 **Chair:** Diana, I am sorry to interrupt you, but, as you said, time is of the essence, and if you look at unfair redundancy dismissal it will be after the event. Has your union not looked at legal action with regard to injunctions to stop it taking place if you believe that there are legal irregularities with particular reference to British Airways?

Diana Holland: Of course we have looked into every opportunity, but there is not the option of injunctive award on this case, unfortunately, because, as you say, that would mean we could prevent it from taking place. It is absolutely essential that we are able to come together to say that there is no need for this to be taking place. It is about taking advantage of a very difficult situation, to try to push through something that is totally unacceptable.

IAG's profits—the vast majority—came from British Airways over the past five years, yet the other parts of the company are not being impacted in this way. We do not feel there is any justification for the way in which it is acting.

Q212 **Chair:** To be clear, you do not actually think there are any legal powers, as the law currently exists, to stop British Airways doing what it has written to this Committee and told us it is going to do.

Diana Holland: Currently, we are doing all we can to challenge what is happening. We are looking at whether there is a legal challenge, and we have written on that, in terms of the operation of the job retention scheme and conducting, or seeking to conduct, collective consultation for redundancy during that period, when in fact it is an abuse of that scheme. There are a range of ways in which we are looking at it in terms of individual protections, but, as you say, we are missing something to prevent it from taking place.

Chair: Gavin Newlands has a similar point.

Q213 **Gavin Newlands:** Mr Holt was correct when he said that when we talk about aviation the focus seems to be on airlines, but the whole aviation sector is going to be significantly affected. To that end, Rolls-Royce announced 9,000 global job cuts this morning, which is 1,000 more than we had thought previously. History tells us that most of those will be in the UK and it will be civil aerospace that is affected. Has Unite had any preliminary discussions with Rolls-Royce, and do we know the rough share of the reduction in headcount for the UK versus the rest of the world?

Diana Holland: We are certainly working with the aerospace industry. In terms of the numbers, I can definitely give you those after this Committee, if that would be helpful, with my colleagues in the aerospace part of Unite.

We are working together because we believe that part of the solution that is needed for aviation is, in this opportunity now, that any public funding available has strings attached; that it is, first, loans, but, secondly, that it



HOUSE OF COMMONS

is predicated on increasing sustainability. It will therefore ensure that we look at research and development to have more sustainable aircraft and that we use this opportunity to do an aircraft scrappage scheme of older, more polluting aircraft. Aerospace industry jobs could be protected as part of a broader aviation package.

Q214 Gavin Newlands: I have a specific question for BALPA. I have had correspondence from Loganair pilots who are extremely concerned that an ongoing legal action by BALPA may threaten the financing needed to secure the airline's future. Loganair is one of the very few airlines in the UK that does not have plans for pilot redundancies at the moment. Would you care to comment on those concerns from Loganair pilots, Mr Strutton?

Brian Strutton: We had a legal case against Loganair when Loganair was found not to follow TUPE transfer rules in its takeover of Flybmi last year. That case has already been decided, so I cannot comment further than that.

Gavin Newlands: As far as I am aware, there is perhaps an appeal in that case. I appreciate the time is pressing, Chair, so I hand back to you.

Chair: Yes, you are right; time is pressing. On this section, Chris Loder wanted to come back, and then I will hand over to Ruth Cadbury and we will move on.

Q215 Chris Loder: I would be pleased to hear from you, Diana and Brian, succinctly what you believe the solution to be. We know that the aviation industry is in difficulty. I think we probably have to accept that there will inevitably be some job losses to sustain the aviation industry, and, for me, our focus should be more on how that is done, with the minimum possible number of jobs lost. Diana and Brian, briefly, do you have a view as to how that should be done that is different from what British Airways is doing today?

Diana Holland: First, it cannot be done company by company in the way that it is. That puts so much pressure on to individual workers. They should not be the ones who are pushed into paying the price for something that is absolutely beyond aviation as a whole. We want to look at—

Q216 Chris Loder: Are you suggesting, Diana, that there should be no redundancies at all?

Diana Holland: We are saying that we should look at any suggestion of redundancies or changes to pay, terms and conditions in the context of what the Government are prepared to put in to support the industry in the short term. That—

Q217 Chris Loder: I am sorry, but you are not really answering my question. Do you think there should be zero redundancies as a state of this—
[Inaudible]



Brian Strutton: Can I come in on that? I believe there should be a moratorium on decisions about job losses at the moment. This is the worst point in time to be taking those decisions. That does not mean there will not be job losses, but at the moment we should be taking stock, as actually most airlines are, rather than having knee-jerk reactions.

As Diana said, there should be a holistic approach. We need to work out how the whole of aviation is going to recover from the situation, and we have the Government's restart and recovery task group to do that. Individual airlines should be told, "Don't make these decisions now," especially if they are airlines that have taken Government money, such as British Airways.

Airlines should be told to honour our agreements, whatever they are going to do. If we do all of those things, there is just one other thing that Government could do: first, expedite the applications they have for finance from Virgin and Loganair, and get those sorted; and, secondly, stop making the situation worse for aviation with announcements like quarantine.

Q218 **Chris Loder:** Are you working together, both of you—the unions? Clearly the unity between cabin crew and pilots unions will be key? To what extent are you working together in the interests of your members?

Diana Holland: We are working together, not just pilots and cabin crew, but ground handling and air traffic control, which is critical in this. To go back to your previous question, I want to emphasise that we need to look at how we protect public service obligation routes and how we ensure regional connectivity. That cannot be done on a company-by-company basis. That is how we look at judging across the whole industry.

Q219 **Chris Loder:** Brian, if there cannot be a satisfactory arrangement made with Unite and the cabin crew with BA, will the pilots be prepared to strike in the event of cabin crew not being able to find a solution, because that ultimately is joint working, isn't it?

Brian Strutton: You are asking me whether we would carry out unlawful industrial action.

Q220 **Chris Loder:** It might not be lawful; you do not know the circumstances. I am just asking, in principle, would the pilots be prepared to strike on behalf of a wider situation that clearly is going to affect everybody, including the cabin crew, because, ultimately, it is the pilots who have the power, isn't it?

Brian Strutton: With the greatest respect, I know what I am talking about here. Pilots cannot go on strike for a dispute that is to do with another group of the workforce. Pilots can only go on strike if there is something that affects them. You can push me a bit further if you like, but we cannot take unlawful industrial action, and I will not give any commitments like that.



HOUSE OF COMMONS

Chair: I am going to interject. I want to bring Ruth in and then I want to move forward to another segment.

Q221 **Ruth Cadbury:** We talked about redundancies, but the other issue is the massively [*Inaudible*] conditions that are being offered to any remaining cabin crew. As Ms Holland already said, there is going to be a massive impact on current income for legacy staff, but the offer, I understand, is even lower than the current very low pay and conditions that the current mixed fleet staff have. Mr Strutton, do the pilots have a concern about safety and customer care, which often go together in an aeroplane, in the air? Is there concern about what that implies in terms of staff turnover, experience, skills and so on?

Brian Strutton: Yes, there is. Pilots are very concerned about what is happening to cabin crew, because on an aircraft it is a whole-team approach. The pilot in charge, the captain, as the head of that team, relies on the cabin crew to do what they are doing, to do it well and to be motivated and to want to work hard for the passengers. The very detrimental proposals that are being made, particularly for legacy cabin crew, are very worrying. The specific proposals about senior cabin crew and cabin managers are very worrying as well. It is one team on the aircraft, so pilots share those concerns, just as Diana explained.

Diana Holland: Can I add to that?

Chair: Diana, I am sorry to interject, but I want to get on to the subject of Government support for the aviation industry, which you have all touched on but we want to explore in a little more depth. My colleague Sam Tarry will address that.

Q222 **Sam Tarry:** I am going to ask a couple of questions specifically of you, Mr Holt, with a wider question to the whole panel about Government support.

Mr Holt, yesterday, I spoke to GMB representatives from five regional airports across the country. They told me that the company at the moment is not topping up furlough payments and that they have examples of staff even previously being paid under the national minimum wage. I want a response from you on that, because obviously that would mean that staff now on furlough are getting paid significantly below the national minimum wage; they might be only on £6 or £7 an hour.

Would you be able to respond to the GMB union's request around sick pay and sickness absence? Staff working in areas where infection and cross-infection increased have obviously been at increased risk; it is the nature of the job. Can you give a commitment to protecting the workforce and ensuring that they get full pay if it is a Covid-related sickness absence?

Jason Holt: Thank you, Mr Tarry, for your question. Let me take it in reverse.



HOUSE OF COMMONS

On the second point you made, I have personal experience of what our teams are going through at the moment. I have been cleaning aeroplanes myself, especially ones from China, mopping up biohazards and other issues in the aeroplane, as an issue of leadership but also as an issue of solidarity. I am very much aware of the risks that our personnel and teams are going through, so I think your question is good.

We have a series of different contracts in my business. Some of those have come through legacy arrangements when we bought other companies and so forth. We would like to address all of them in a unified way, and it has been my business and my management team's business in the last 12 months to try to right-size those contracts to make sure that we are mopping up issues where previous contracts, before this time, do not have such benefits as that.

In my situation, when I have been aware of people who have been off work and it has not been in their contractual obligations for us to pay sick pay, I have intervened and made it the case that we do so, particularly for people who have perhaps been in road accidents and they are the single earner in the house. You make a very good point and we will look into it. Thank you.

Q223 Sam Tarry: In the context of the wider situation, you and I had a conversation a couple of months ago and you explained to me some of the parameters in which you are working and the very thin margins of operating profit your particular business works within. Thinking about your staff, those kinds of questions and the low-paid staff you have, could you expand on what further steps you think the Government should be taking to support the aviation industry, both in the near term and for its long-term viability? I would also like Brian and Diana to answer that question.

Jason Holt: It is an excellent question and I am pleased you asked it because I had been wanting to come back to you on that. I have a couple of specific asks, but then I have an overarching comment that I would like to make about Government support and coherence.

It cannot be said that we are not highly appreciative—all employers, whether in the aviation sector or elsewhere—of the job retention scheme and counterparts in Ireland under the wage subsidy scheme. These are essential holding pattern schemes that have kept our businesses going and kept our people with some degree of income when there has been a devastating collapse of income to the businesses. That is an important first point. It is not a structural change to any business, but it is certainly a lifeboat.

We would like clarity on the job retention scheme going forward into August and beyond. The Chancellor has given with one hand and there is an anticipation that he might take back with the other, so we need clarity with regard to the August arrangements.



HOUSE OF COMMONS

Secondly, we would like some flexibility, and this goes to your point, I think, Mr Tarry. At the moment, we can only unfurlough further people in such a rigid way that it would be prohibitively expensive to us; we would have to lose jobs because of the nature of how we bring people back. We ask Government if they could consider that we can bring back part-time, flexible people and break down the three-week period. That three-week period is a bit of a blocker, so we ask the Government for some flexibility where we can bring more part-time people back into the business to assist, as and when the recovery happens.

The other ask I have for Government is cash-flow management. My business and my sister companies and the chief executives I work for in dnata, WFS and Menzies do not need bail-outs. Bail-outs are for companies that are failing. What we need is cash-flow management. We are very proud and well-run businesses. We are very lean and we work in a very competitive sector, but if we could have cash-flow management assistance, such as business rate relief and VAT, PAYE and national insurance holidays, that would be a start.

A final piece, which I think has not been spoken about too much but is coming more to the front, is better access to the interruption to business loans that the Government have put forward. We salute what the Government are trying to do, but the high street banks are not participating. You will have read in the *Financial Times* last week that only £360 million has been offered for the large business interruption loan scheme to 60 companies. That simply is not enough for businesses like mine and others in the aviation sector, which are labour and capital-intensive, to keep going.

What you find in other parts of Europe, as I know from my business elsewhere, is that any bank assessment of a business worthy of a loan is pre-Covid. They look at the business and how it was trading pre-Covid. Currently, on the high street in the UK, the Government have signalled to banks that they look at it during Covid. Anybody who has a forecast with a quarantine period in it is not able to say to the banks that they are trading satisfactorily and will bounce back.

I know Brian does not think that the airlines are telling it straight, but the incoherence coming from Government makes it very difficult to make a forecast, and when you go to a bank to ask for money, even if there is a degree of guarantee from the Government, we are not getting access to that. That will be the bit that strangles businesses like mine. If we go bust, and we go into liquidation, the aviation system stops.

The final piece is coherence from the Government. I want to make this point for you all. The UK is about to strike out on its own; we are about to go our own way post Brexit. We are about to embark on trade agreements for the first time in 40 years—a generation for all of us. Aviation is key for those trade agreements. Whichever way you slice it, aviation is front and centre in global trade agreements.



HOUSE OF COMMONS

This is a Government, before and after, who have been responsible for deregulation, opening up the European skies, being consumer-facing and highly competitive in the most remarkable, liberal market in the world. That is something to be very proud of: it creates wealth and it creates jobs. But right now the Government do not have a coherent strategy towards aviation. Without a coherent strategy, there is not a fulcrum from which we can build, and if the Government remain asleep at the wheel, our competitors in other parts of Europe—France, Germany and elsewhere—will shoot past us as we head towards a car crash. If we go bust, it will take many years for the aviation sector, which is the pride of the European skies, to get back on its feet.

I ask Government to come to the table with an aviation-wide solution. They are very quick to tax—APD—aviation-wide and they are very quick to put in wide quarantine restrictions, but they are very shy of doing sector deals. They do sector deals with other sectors, so in response to your question, Mr Tarry, I ask this Committee to speak to Government and put that forward. I see Diana nodding.

Q224 Sam Tarry: Brian and Diana, could you quickly come in on that to say whether you are in agreement with Swissport that there is not a coherent strategy coming forward from Government? What is the one key thing that the Government could be doing right now? Is it taking stakes in companies? Is it doing, as suggested there, some of the loans, and at least some of the forward planning for rebooting the economy and aviation post Covid?

Diana Holland: What was just described is exactly the kind of approach that Unite is calling for. If there is one thing, it is bringing the industry together to agree an appropriate way forward that recognises that, while there has been quite a lot of talk just about airlines, cabin crew and pilots, it is about the whole industry—ground handling, security, airports, the supply chain—and how everything interconnects, because the revenues come in via people buying tickets. If that is not able to happen to the same degree, we have to look at how we manage it. What we are saying is that public money can be in the form of loans, which can be repaid, and the industry is able to do that; but they need to be coherent as to what we are supporting.

There was the terrible situation of Flybe, the airline that so sadly collapsed at the very beginning of this, and we are still doing all we can to make sure that their plight is not forgotten. That airline ran regional connectivity, ensuring that everybody was linked up, and it was also the predominant airline in a number of airports.

Without a coherent strategy, everybody is struggling. It is absolutely essential that we all work together to look at how we can ensure that there is an industry rebuilding and that confidence is rebuilt as well. That will require some public money, but it is money that can be repaid, and, as I was saying earlier, it can have things attached to it. Our blueprint, which Unite developed with other unions looking at experiences



HOUSE OF COMMONS

internationally and across Europe, calls for regional connectivity to be looked at, public service obligation routes to be looked at, and environmental and sustainability issues to be looked at. That cannot be done by anybody on their own. It needs the aviation industry to come together.

Brian Strutton: I agree with all of those points and will not repeat them. In the meantime, we have threats of job losses starting on 15 June. The one immediate thing that needs to be done is that those knee-jerk decisions taken now in isolation by different airlines need to be called out and stopped. Government should be saying that the right time to take those decisions is not while we are working out a holistic way forward for the industry. The one big thing Government could do to help over the job losses is to publicly say that those decisions are not for now; they need to be when we have our plan.

Chair: We are running close to time, but it is very important that we speak about the protection available to workers with regard to their health and safety.

Q225 **Lilian Greenwood:** We have heard some powerful evidence this morning about the impact on staff and union members and the concerns around job security and incomes. We know that many aviation workers have died as a result of Covid-19 in recent weeks. How satisfied are you that employees in the aviation sector are properly protected from the risk of catching coronavirus, or will be as more flights resume? Perhaps I could put that question first to Jason in relation to your employees at Swissport.

Jason Holt: Lilian, thank you—an interesting point. As leaders, our people are first and foremost. I have dressed up in some very peculiar PPE in recent months and I have been out there, as I said, leading from the front.

This is a very difficult time. We have 144,000 pairs of gloves, 200,000 overshoes, 10,000 litres of hand sanitiser and 26,000 masks. We have really gone for it in terms of protecting our staff. We took an idea in early February that this was coming over the horizon, so we went out and made sure that we had the necessary stock and replenishment of that equipment, and we have briefed and spoken to our staff continuously throughout the period, almost on a routinely daily basis.

Q226 **Lilian Greenwood:** Is the feedback from your staff that they feel adequately protected with gloves and masks as you describe? Are all members of staff given the same level of PPE?

Jason Holt: Yes, they are. All staff have access to the equipment I just mentioned, and, when I have been wearing it, I have been dressed as everybody else has been, so I fully understand the anxiety that other people might not feel they are.



HOUSE OF COMMONS

I am the chief exec and not everybody tells me exactly how they feel. I do webcasts every week and I have 7,000 people listening in. The responses I get are that we are supporting our teams, both with leadership and equipment. I would be very keen to know, particularly if you have knowledge, Lilian, if there are pockets where we are not doing that, and I will fix it instantly. From my understanding, we are doing as much as we can everywhere.

Q227 Lilian Greenwood: Can I turn to Diana and Brian? Can you tell us what your members are feeling about current arrangements and what their issues are around returning to work if they have been furloughed up to now?

Diana Holland: Probably the overwhelming feeling at the moment is a fear that there will not be work to go back to for those who are on furlough. For those who have been working, there have been repatriation flights, there has been transport of freight and medication and a whole range of issues that have still needed flights to operate, and there has been concern about 2 metre social distancing almost being seen as not applying, or not the same level of understanding that, where we can, it operates. We need to look at what that means.

On planes, for example, if you are not going to fill middle seats because that is seen as important for safety, the economics of the flight really change. There are many passenger interfaces in airports. Each of those is required by law. How do we ensure that everybody is safe taking part in that? I think we start with a risk assessment. We need to make sure that we are looking at a standard across the industry. The European aviation safety body is working on those kinds of standards. That is another example of where the aviation industry can come together and build.

It is not just about personal protective equipment, important though that is; that is the last resort. We need to look at the measures and what is in place to make people safe. Are there new developments we can look at? Quarantining is being talked about, but that has a very dramatic impact on everybody. It may be that, medically, that is what people say is required at the moment, but are there alternatives? Is there temperature testing? Are there ways we can ensure that aviation is safe not just for the people working in it but for people travelling as well? We need to be developing work on that all the time. What people do not want is pressure to work in an unsafe environment in order to keep their job. That is completely wrong.

Q228 Lilian Greenwood: Diana, can I clarify, from Unite's perspective, whether you think social distancing should be enforced on planes and in airports? I am sure we all heard Michael O'Leary's very outspoken comments earlier in the week, basically trashing it and saying that everyone, including passengers, should be wearing masks. What is the trade union's view on that question?



Diana Holland: We start with risk assessment and try to get rid of, as far as possible, the risk that is there. If it is not possible, you have mitigation. The 2 metre social distancing in certain environments is extremely difficult in aviation. We of course recognise that, but we do not start with the decision not to operate it. Where we can, we think it should be there.

It is very difficult for cabin crew, who are going to be very close to people on planes, and it can be very difficult for people checking passports and so on. We need to look at shielding or other forms of protection for people, but we do not start from the premise that it does not operate in aviation. We have heard some very worrying stories from people who felt that their own health and that of their families was being put at risk.

We need those standards to be properly enforced, but we are very happy to look at all the alternatives, if we can, that will keep people safe and will protect them. If we do not have confidence in the industry, people will not travel, so it is very important that those measures are supported across the board. We are not just saying that it is about hope. We have to say that it is about something that is properly tried and tested.

Q229 Lilian Greenwood: Are you seeing employers bringing in the sorts of measures that might protect people after doing risk assessments? For example, are screens being installed on check-in desks or are there similar measures as a result of carrying out risk assessments with trade union health and safety representatives?

Diana Holland: At the moment, when there are many fewer people travelling—travelling is right down to rock bottom—it is much easier for there to be that kind of distance. As things develop, it will be much harder to do. Yes, there are a number of ways in which we have been seeing developments just like that, and we will continue to as we look at the industry coming back into operation and recovery.

Passengers wearing masks and face coverings is something we have talked about, but it has to be something that performs the task that is needed. If you are in an enclosed environment, or you need to be, that has to be properly recognised and the level of equipment needs to reflect it.

Q230 Lilian Greenwood: Brian, briefly, do you have anything to add on that from the perspective of your members?

Brian Strutton: Very briefly, we think the provision of risk assessments has been extremely patchy, and we are quite disappointed with some airlines in their failure to properly sit down and discuss those things with us. It is, of course, impossible to segregate pilots in the cockpit; that just cannot be done, so we have to take other mitigation measures.

If the Committee has not done so yet, we commend considering the public health corridor concept, which is work being done by the industry internationally and a lot of work being done in the UK, to make the



end-to-end passenger experience as safe as possible at every single point. Within that, it includes provision for crew, separation from the general passengers and different means for them as well. Going forward, so that we can safely restart aviation, there is a lot of work being done in that field and I would be happy to provide more information about it if you have not come across it so far.

Lilian Greenwood: Thank you.

Chair: I am afraid time has defeated us. I know we started late, but we have overrun by about 10 minutes notwithstanding that, so I have to move on to the next panel.

Jason, on behalf of the Committee, I pass on our best wishes to you and your employees at this challenging time and thank you for giving us your evidence. Likewise Diana and Brian, to BALPA and Unite members: thousands of them have written to us. We have been unable to write back to them individually, but we have posted a letter, which we hope you can pass on. The manner in which your members have written to us has been with passion, but with kindness and real respect. We all appreciate that and want to see them do well in this situation. Please pass on our best wishes and thank you again for your evidence.

Diana Holland: Thank you. Can we thank the Committee as well?

Chair: You can, thank you. That is much appreciated.

Examination of witnesses

Witnesses: Kelly Tolhurst, Dr Leontaridi and Richard Moriarty.

Q231 **Chair:** I ask our second panel to identify themselves for our records.

Kelly Tolhurst: Good morning, Chair and Committee. I am Kelly Tolhurst, the Minister for aviation and maritime.

Dr Leontaridi: Good morning. I am Rannia Leontaridi, the director of civil aviation with the Department for Transport.

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

Q232 **Chair:** Welcome to all three of you. Thank you for joining us. I will open by asking the Minister to set out the challenges that she has had to face and that are being faced by the many workers and companies in the aviation sector.

Kelly Tolhurst: I thank the Committee for holding this inquiry and highlighting the importance of the aviation sector at this particular time, as we fight through the Covid-19 crisis. The aviation sector is so important to the UK economy. It contributes at least £22 billion, and it



HOUSE OF COMMONS

supports over 230,000 jobs, and potentially up to 500,000 jobs with all the associated trades and businesses connected to it.

When I was first appointed, one of the things I was looking forward to was how we could build and grow aviation, but I have been faced with a sector that has seen significant impact through the crisis. The impact on the aviation sector cannot be underestimated, with the reduction in flights and passengers and the challenges businesses operating those services are facing.

Over the recent weeks, I have been available to all stakeholders who have wanted to speak with me about particular issues. I have been engaging constantly, as have my officials, with the stakeholders to understand what the particular issues are and what potential mitigation could be implemented. That has obviously been alongside the big, unprecedented package of support that the Chancellor announced across the economy, and that has very much been made available for the aviation sector.

Listening to your previous session with the unions, Chair, one thing I really want to highlight, and which keeps me awake at night, is that businesses are made of people. Fundamentally, the strength of the business is always that of the people who work in it. The aviation sector and people working in it have, over recent weeks, been involved in repatriating over 1.3 million British nationals. They have been making sure that we have had PPE, freight and medical equipment coming into the UK.

With the uncertainty and the challenges that the industry is facing, there are a number of employees who rightly are currently having a very worrying time about the future of their employment. I want to recognise that, because I too have been contacted by many aviation workers over recent weeks. I am under no illusion as to the impact on those individuals, the concerns they will be feeling and what the consequences could be for some of them.

Fundamentally, my priority has been, and will be going forward, how we work with industry and all stakeholders in the restart and recovery process. It is my top priority. There are many challenges. Some will not be easy to overcome, but, ultimately, we need to work together as an industry and internationally in order to get our planes up and flying again and our airports working, and to keep our workforce in work.

Chair: Thank you for that opening response.

Q233 Robert Largan: Minister, you talked about the importance of restart and recovery. I gather that the first meeting of the cross-Government restart and recovery unit took place on 6 May. Is it possible for you to tell us what outcomes there have been in relation to the aviation industry from that meeting?



Kelly Tolhurst: With regard to the restart and recovery group, ultimately, as you would imagine, we have been dealing with and working with industry on some of the immediate crises and some of the issues that are facing the sector. We decided with industry to set up the restart and recovery unit, which I attend. As part of that, there are also a number of sub-groups. Ultimately, what has been agreed is that we will come up with a programme within four weeks that sets out and presents clear messages, initially on the health measures.

There are two stages we need to identify. There is the restart, which involves some of the immediate issues facing the sector and on which we need to get industry agreement. It has to work with all the stakeholders in that, and should sit alongside the recovery programme, where we look at some of the longer-term issues and measures in regard to the recovery of the sector, and ultimately growth.

The immediate focus at the moment in the restart will be on examining new standards for health and wellbeing across the customer journey and the measures needed to sustain and boost the sector. It will be ensuring that standards are also established at an international level, as was mentioned by the previous panellists, and that the proposals are fit for purpose. That is an overview currently of what we are dealing with in the restart and recovery group.

Q234 **Robert Largan:** Thinking slightly further into the middle distance about the restart, it is clear that a lot of the international airlines are going to start by only reopening their most profitable routes first. What are the Government doing to ensure that the UK, our airports and our routes are competitive when compared with our neighbours in Germany, France and the Netherlands?

Kelly Tolhurst: This is something we have to work through in the recovery sector and phase. Obviously, we are keeping an eye on what is happening internationally. One of the important things for us is to establish core principles around the health measures so that consumers have confidence in the marketplace, airlines are able to operate and workers feel confident.

There is a big piece of work to be done, and it is something we are all working through with industry. Unfortunately, I do not have all the answers now because with a lot of it there is going to be no simple or straightforward solution. That is predominantly why we set up the restart and recovery group. Incidentally, it will be part of one of the centrally recognised task forces, just because of the absolute importance of the aviation sector to the UK's economic recovery and the important part that aviation plays.

As has already been mentioned by your previous panellists, we will be working at an international level around standards. Ultimately, we want to make sure that we are as competitive as we can be in the UK. That is why we are working incredibly closely with the airlines to understand



HOUSE OF COMMONS

some of the challenges that they are facing and what they believe to be the future issues for them to operate in the UK.

Q235 **Robert Largan:** Is air passenger duty one of the things that is going to be looked at in terms of competitiveness?

Kelly Tolhurst: One of the things that was announced by the Chancellor prior to Covid was that we would be looking at APD. Quite rightly, we need to look at all measures through the eyes of recovery and take appropriate action where we feel it is necessary and has an impact or a mitigation. At the moment, nothing has been ruled out, but that work needs to be worked through. We need to understand what the consequences and impacts are, and what the benefits are, so that we try to make the right decisions in the most timely way.

As the Aviation Minister, I am looking forward to getting stuck into what we can do to make the market more competitive and what measures can aid the recovery. Everybody is in the same space as me on that. We want to work together and have those tough conversations in order to get our aviation sector restarted.

Q236 **Chris Loder:** Earlier, you may have heard one of the senior executives of the industry say that he believed that the Government were asleep at the wheel when it came to aviation. Could you tell us if there is a strategy for aviation recovery?

Kelly Tolhurst: I do not recognise the statement about being asleep at the wheel. I have definitely not been asleep over the last eight weeks. In fact, I have made myself absolutely accessible to anyone in the industry who has wanted to discuss with me the issues they are facing individually, as a company or as an industry.

The sector has faced, as I have already outlined, unprecedented challenges and has been affected greatly. One of the key things is that we have set up the restart and recovery group. The whole point about that is that it is Government working with industry in order to come up with a plan to deliver restart and recovery. As some of the panellists said, that cannot be done in isolation. We need to do it by working with the unions, the airports and the ground handlers, which we are doing.

Ultimately, we are in unprecedented times. We are obviously working internationally with our neighbours, who face some of the same challenges as us. We will work hard to make sure that we are clear about how we work with industry in order to get the recovery that is required. We have not been asleep at the wheel.

Q237 **Chris Loder:** In terms of the strategy for aviation recovery, is there a strategy at the moment?

Kelly Tolhurst: That is what we are working on with industry. It is around what the challenges are and looking at proper issues like connectivity in relation to how we get planes back into the air. Ultimately,



HOUSE OF COMMONS

as I have already outlined, we need to get into a position where we have industry support for health measures, so that workers feel safe and consumers feel safe about flying, where we can get routes back up and running. Ultimately, that is where we need to be today.

A lot is unknown about when we might be coming out of this. A lot of it is fast moving. We do not know how long we will be faced with issues around coronavirus. That is why we are having regular weekly meetings, particularly on that subject. We are devising a strategy in order to come out of this.

Q238 **Chris Loder:** Could you tell us when that strategy will be available for us to see?

Kelly Tolhurst: We are currently working on that. In regard to the four weeks, we have said that we will have a document that we will be able to present with regard to health measures. That is the target we have set ourselves; the industry called for that. We are working to that, but in regards to—

Q239 **Chris Loder:** I am sorry; I could not hear. When did you say it would be available? I lost the signal.

Kelly Tolhurst: We have agreed in relation to our programme for restart that it will be within the next four weeks. When we have that, I will happily share it with the Committee. It is an ongoing piece of work, and it will be very heavily influenced by other factors. We are working to it.

Q240 **Chris Loder:** From the feedback we have had from others, both today and last time, it feels as though certain components of the aviation industry are crucial to its long-term sustainability, but their longevity, as it stands at the moment, is very short indeed given the current circumstances. Just so you know, the interest in the strategy going forward is predominantly to make sure that we avoid any of the smaller component parts of the industry falling down.

I will ask one final question before handing back to the Chair. You are undoubtedly seeing at the moment that the aviation industry is faced with job losses. Last time, as I am sure you know, we interviewed Willie Walsh. One of the things that is not only concerning the employees affected but also increasingly the electorate of the United Kingdom is that the Government are understandably supporting aviation businesses—in this case particularly British Airways—by financially supporting them, but it appears that that financial support is being used by some, particularly BA at this time, as a buffer in order to allow them to progress considerable numbers of redundancies.

On the face of it, from what we have seen so far, it is a very clear strategy of BA that 12,000 people are going to lose their jobs, yet BA is receiving furlough cash for that. Do you believe that the Government should continue to give financial support to BA, given the situation that 12,000 of the people BA is receiving funds for are going to be made



redundant?

Kelly Tolhurst: On the strategy, I want to be clear that the absolute intention of the restart and recovery unit is to make sure that we do not lose those component parts. That is why it is sector-wide. We have ground handlers; we have the unions; we have people like IATA; but we also have cross-Government and other Government Departments like PHE, the chief scientific officer and the FCO sitting on that group, in order that we do not miss those component parts.

On the proposed plans and the announced process that British Airways is going into in relation to Government support, at the moment, as far as I am aware, British Airways has about 42,000 workers, and there are 22,600 staff currently on the job retention scheme. When the Chancellor announced the package in relation to the job retention scheme, it was very much around making sure that we were able to support businesses in the short term and protect jobs. We are clear about that, and I would absolutely rather see the use of the Government scheme to do exactly that. But, of course, businesses will make decisions and look at the way they manage their businesses going forward.

Chris Loder: Is it your—

Chair: I am sorry to interject, but we have a heck of a lot of sections to get through. I want to bring in Simon, and indeed Mr Moriarty.

Q241 **Simon Jupp:** Good morning to all three on the panel. We have spoken about the recovery unit; I get that. It is a really integral part of making sure that the aviation industry can get back on its feet.

This question is to both the Minister and Richard Moriarty. What do you think are the long-term implications of the pandemic on the aviation industry?

Richard Moriarty: It is clear that the central question for all of us is how we build confidence in restart and recovery. There will need to be measures in place, probably for some time, that have medical support and public confidence and that the workers are content with. Aviation is an ecosystem. It needs all the component parts to work together, so the only way for us to do that is to come together and support the work that the Minister has set up in the restart and recovery unit. At the CAA, we are very keen to play our full part in that.

Kelly Tolhurst: As Richard outlined, the biggest challenge is that we do not know how long we are going to be in a situation where Covid will have an impact on people's travel. That is exactly why—I am sorry to repeat myself—there is the focus in the restart and recovery group, so that we fully understand as the Government what the challenges are for the airlines, the airports and the ground handlers.

Obviously, there might be slight differences, depending on where you are in the scheme of things. We also need to understand what the international consequences are, and what is happening internationally. It



HOUSE OF COMMONS

has to be one effort. We need to work with industry, first, to agree what the challenges are and where potentially the issues will go, and, secondly, to try to get agreement on how together we will tackle some of those issues.

The whole idea, when we set up the restart and recovery group, was that the work would be needed at pace and it was not going to be a talking shop. I am very clear that it has to be a group that shows outcomes. It cannot just be another committee, where we just talk around the houses. We have to see outcomes and impacts. That is what I will very much be pushing to achieve.

Q242 **Simon Jupp:** One of the things that has been talked about a lot in recent years is greener travel. The industry itself has committed to be carbon neutral by 2050. Do you think that is still possible, given the impact of the pandemic on finances?

Kelly Tolhurst: The industry has come together to make sure it is able to reach that commitment. There are probably opportunities for us to work further with industry on that point. I think it is something we can work to, and it absolutely has to be a significant part of the discussions and our strategy in relation to the recovery of the sector.

Q243 **Simon Jupp:** Do you think that the industry will need financial support in order to reach that target? You hint at perhaps further working together with the industry. One would suggest that it has been pretty catastrophic over the last couple of months. Therefore, what will you do in order to get closer to that and achieve the goal that you, many consumers, passengers and every type of campaigner would like to see?

Kelly Tolhurst: As I have already outlined, we have our objectives as a Government. Obviously, the industry has come together on that point. That has to be one of the issues where we are working together on how we can indeed continue to meet our objectives and ambitions. I do not have a direct answer for you as to whether that would be accompanied by further Government support. That is something that is going to be part of our discussions. Obviously, we have our commitments, which we are driven to meet, and we need to work together in order to be able to deliver on that.

Q244 **Simon Jupp:** Having an open door on that policy is a really good decision. On a wider point, one of the things a lot of people have been extremely pleased with in the last couple of years is the fact that air travel has been accessible. I am the East Devon MP and I have Exeter airport in my patch. You could fly across Europe and further afield from Exeter at fairly low cost in most cases. Do you think that air travel could be out of reach for many people because of price hikes in air fares, package holidays and travel insurance, as the industry tries to recoup what it has lost in the last couple of months?

Kelly Tolhurst: It is something we are going to have to monitor. Obviously, connectivity and competition are key for any market. You can



HOUSE OF COMMONS

have different operators and players in order to deliver those services. It is demand and supply. All the normal market forces are at play in the aviation sector. That is why I am particularly interested in connectivity and how we are able to make sure that all parts of the UK have accessible air travel.

There will be concerns around people's confidence and whether people want to travel. That goes back to points we have already made about creating confidence in the marketplace so that people want to travel to other countries. It is multifaceted. We have to make sure that the policy decisions we take within Government are able to aid that. Obviously, we are working with our partners to deliver on that.

Interestingly, as you know, the CMA launched a Covid-19 unit in relation to looking at competition and prices for consumers. It is going to be very interesting to see the work that the CMA does in relation to consumers and competition. That feeds into the wider movement and wider policy making, and where we may or may not need to intervene. Ultimately, the Government have been clear about wanting to level up and making sure that we have connectivity around the UK. That is something I feel very passionate about as well. It is about competition and still having aviation accessible to people, even if it is something they may be less likely to be able to do or want to do. We need to tackle that.

It is a big task. I am not underestimating or trying to make light of the challenges that the sector faces, or some of the tough discussions, decisions and consequences. What I can tell you is that in DFT, I, the officials and the Secretary of State are determined to do what we can to get the sector restarted and get people flying, as quickly as we possibly can.

Simon Jupp: Thank you, Minister. It is much appreciated.

Chair: We will move from the future to the here and now, and touch on common health standards and quarantine periods.

Q245 **Greg Smith:** I want to start with the common standards that we talked about in the previous session and that you mentioned, Minister, in some of your previous answers. Could you elaborate a little bit on why it is taking so long internationally to get those common standards in place? Are there any particular sticking points from around the globe in those negotiations that are preventing us from getting some clarity for the airlines and airport operators as they make their preparations to, hopefully, get the economy rolling again?

Kelly Tolhurst: Ultimately, every country has been dealing with a situation where there are the immediate issues of coronavirus. They have been taking decisions very much on a country-by-country basis on what they are doing within their sectors and home borders, as are we. There is not a sticking point per se; it is making sure that we are able to get international agreement on all those measures. It is challenging. It is multifaceted, and to get an agreement globally will be a challenge.



Everybody is focused on delivering that aim and making sure we are able to get agreement with our neighbours around measures.

It is complex. There are different pulls and pushes within each territory, but it has been a focus internationally. Everybody is ultimately trying to achieve the same objective as us, which is to get back to travelling, flying and accessing all those routes as quickly as possible. We will keep working on that and will look at what other countries are doing as they are coming out of lockdown. We will be having those conversations. There is not a straightforward solution, but, ultimately, we have to put the safety of passengers and workers first. Of course, there will be differences, but we are working with our international partners and Europe to make sure that we are able to tackle this and get clarity as soon as possible.

Q246 Greg Smith: I completely appreciate the complexity. I do not for one moment suggest that it is an easy task. We have seen some pretty big differences in the way different countries have responded to Covid-19. Is it possible that we will not get an international agreement on common standards for aviation and that at some point we are going to have to say as the United Kingdom, "We believe these are the best measures for our airports and our operators, and this is what we are going to go with."?

Kelly Tolhurst: We may. We have not finished those discussions. We might be in that position, but the reality ultimately is that aviation is a global industry. It is an international industry, and everybody has absolutely the same objective. That is why the work we are doing with our neighbours is so important.

To give you an example, we have IATA sitting on the expert steering group. Obviously, we also have the CAA and the International Civil Aviation Organisation. Everybody is working together. We are talking to our European neighbours and making sure that we are able to learn from some of the evidence and science that they and we are looking at, in order that we are able to deliver those measures. There isn't a sticking point. We have very much been dealing with the immediate crisis and what that has meant for the industry, travel and how people fly. We are working at pace in order to try to get agreement. It may be that we look at certain routes, or there might be agreement bilaterally. My understanding is that our international partners are keen to deliver on that as well.

Q247 Greg Smith: What is the cut-off point at which we have to abandon hope of an international agreement if one has not been negotiated? Obviously, we hope that one has been negotiated, but what is the point at which we have to say that we need to get aircraft in the skies again, and we will go with bilateral agreements or whatever it may be?

Kelly Tolhurst: Ultimately, we need to build confidence. Unless we are able to build confidence with consumers and the people working in the industry, people will not want to fly. There is a demand issue.



We have to be clear about how we want our people and our workers to be protected. We will continue to work internationally. We may be able to get agreements bilaterally before there is international agreement. The reality of it is that we will continue to work and do what we can to make sure that we get planes flying and open up routes, but you are quite right to highlight that it is not just reliant on what we want. We have to be cognisant of what our international partners are doing and what their requirements are. There will be some challenges along the way.

There is a lot of work still to be done, but we have not put a timeframe on it. We will work as quickly as we can in order to get as many agreements on routes as we can in principle. Other countries are working together. There is a group of eastern European countries that have agreed some measures and air bridges. There are lots of things we are looking at. It is going to be very much part of what we are doing in the restart and recovery group and the sub-groups in the wider unit.

Q248 Greg Smith: Moving to the question of the impact on demand, there are the 14-day quarantine proposals. We have heard some pretty stark warnings from airline operators over what that is going to mean. Indeed, it is common sense that people are not going to go on holiday if it means they have to isolate for 14 days on their return.

Can you give us a view on what modelling has been done around the 14-day quarantine proposals, and what that means for aviation at large if it goes on for a month, three months or six months, and so on? Within that, were other options explored that could have equally maintained the safety of passengers and airport and airline workers that would not need such a blanket response as everybody, save one or two exceptions, having to go into 14-day quarantine?

Kelly Tolhurst: Ultimately, our priority is to protect the public and stop the spread of the virus, and to keep the overall transmission in the UK as low as possible. We have seen significant falls in the number of flights and the number of passengers travelling. We are looking at far lower numbers— in some cases, reductions of 95% or 99%. That has had a major impact on the levels of people who are flying.

We recognise that, when we start to move into lower community transmission and as that number comes down, we want to reduce the number of imported cases by being able to implement the 14-day self-isolation measure. It will not just be that. We will require passengers to give us their accommodation and contact details so that we are really able to home in on where they are. We will be asking airlines to confirm their health status.

We need to take those measures in order to keep on top of transmission. What we are doing is working to make sure that we are able to look at the scientific evidence on some of the other measures being used and look at some of the options that other people have talked about. We will look at what other countries are doing so that, when the quarantine or



HOUSE OF COMMONS

self-isolation element is reviewed, we are able to move out of it as quickly as possible.

Q249 **Chair:** Minister, can I interrupt? The concept of air bridges has been raised. In fact, the Secretary of State for Transport gave a pretty positive view of it in the Chamber the other day. The Greek Tourism Minister stated yesterday that, as long as it was reciprocal, it was something that would potentially work for Greece, where their R rate is lower than ours. Have there been conversations between the Department and other Governments on air bridges, or indeed through the counterparts of the Civil Aviation Authority?

Kelly Tolhurst: Air bridges are obviously something we are looking at. There is going to be a sub-group of our restart and recovery group that will be looking at that. Perhaps I could bring in Rannia, who is the aviation director. She has been having many of those conversations with our counterparts.

Dr Leontaridi: We have been having quite a number of interested parties working with us, from the sector, airports, trade unions, IATA and others, to look at the concept of air bridges as a potential way of working with various countries in the future.

You will have heard that there is interest from a variety of airports. We are collaborating very closely with Heathrow and, of course, MAG airports. We are trying to identify what measures we could potentially have to put in place across Government, working jointly with the Foreign Office and the Home Office, to make it a measure that we could take forward in the future. That is exactly what the Secretary of State mentioned yesterday. Work is progressing at a very fast pace, alongside the public health measures that the Minister raised earlier for the beginning of June.

As UK director general for civil aviation, I have not had a conversation with any other particular countries on the issue, but we continue to discuss through forums like ECAC, across the world, how we can continue to collaborate and ensure that the aviation sector is able to fly again.

Q250 **Chair:** You will understand that to build a bridge you need to get some foundations on the other side. Have you had any conversations with any of the departments in other countries on that front?

Dr Leontaridi: We are discussing through IATA and ICAO with various departments across countries. We also understand that, in order to build a bridge on this side, we need to know exactly the theory and how it would work on the UK side, too.

Q251 **Chair:** Mr Moriarty, have you had discussions with your regulatory counterparts in other countries on air bridges?

Richard Moriarty: Not directly, but we are working closely with Rannia and the Minister's team. ICAO—the UN body responsible for civil



HOUSE OF COMMONS

aviation—is talking to a number of regulators like ourselves on the concept that Brian Strutton mentioned in the previous panel, which is public health corridors. They are very similar in concept to air bridges. There is an awful lot of focus around the world on trying to develop what common international standards might be.

Chair: Sorry, Greg, I cut in on your questioning. Did you have another?

Greg Smith: Most of my points have been covered, but I urge everyone involved to look at the alternatives to the blanket ban. It is not just the aviation sector that will suffer very badly from that as we start to get other elements of the economy running that are dependent on aviation to bring people in, for whatever purpose. As an example, half the Silverstone racetrack is in my constituency. There are supposed to be two Grands Prix as part of the Formula 1 season this year, which is worth about £10 billion to the UK economy at large, with all the supply chains.

If they cannot bring in the three teams that are not based in the UK, those Grands Prix cannot go ahead. That puts a lot of motorsport industry businesses—£10 billion-worth—at risk. Whatever can be done to ensure that there is not a blanket ban would be good for the UK economy as a whole. It is imperative that the DFT models not just the impact on the industry itself but on the wider UK economy.

Q252 **Chair:** Minister, do you want to respond to give Lewis Hamilton and others any hope of racing in the Grand Prix at Silverstone?

Kelly Tolhurst: I totally agree that ultimately aviation is so important in an indirect way. We are all constituency MPs. We all have areas in our constituency that are important, particularly to tourism, sport and the leisure sector. We recognise that; I recognise that. We want to work as quickly as possible. Rannia said that we are working at pace, even though it is never quick enough, in order to try to find those solutions.

Ultimately, the health and safety of people in the UK and our workers has to be the priority for Government. We have to make sure that we are able to do that and give confidence. People who are going to travel to the UK on aeroplanes, or who work on aeroplanes or in our airports and in ground handling, need to have confidence in the provisions and measures that are there. We are working hard to achieve that. For me, it is a source of frustration. There are things we need to do. We will keep working until we are able to deliver on that. Hopefully—

Chris Loder: Minister, may I just—

Chair: Chris, I want to bring in Karl and then Robert. I will then move on to redundancies and terms and conditions.

Q253 **Karl McCartney:** Minister, we do not have very much time, so could we have some pithy answers please, rather than vacuous, long-winded ones, if that is possible. Are you going to reconsider the 14-day period?

Kelly Tolhurst: Obviously, that is something—



HOUSE OF COMMONS

Q254 **Karl McCartney:** Yes or no?

Kelly Tolhurst: It is being led by the Home Office, so obviously these things are under review.

Q255 **Karl McCartney:** That is a no. Are there any other people, other than maybe Formula 1 drivers or sports people, who are going to be given a pass that they are going to have a 14-day period if they want to come into the country and play sports, be that snooker, football or whatever?

Kelly Tolhurst: In relation to exemptions, the exemption lists are being looked at and finalised.

Q256 **Karl McCartney:** Yes or no?

Kelly Tolhurst: We do not have the full list. Obviously, work is ongoing around what will be on the exemption list. The DFT has been very focused on making sure—

Q257 **Karl McCartney:** In hindsight, are there any decisions that you and your senior colleagues in the Department have made that you would perhaps have made differently.

Kelly Tolhurst: I am sorry; I missed the first part.

Q258 **Karl McCartney:** In hindsight, are there any decisions that you and your colleagues in your Department would have made differently?

Kelly Tolhurst: In relation to?

Q259 **Karl McCartney:** Your choices. Give us a quick answer, if you can.

Kelly Tolhurst: No, at this point—

Karl McCartney: Thank you very much. I will hand over to you, Chris.

Chair: Robert was due to come in on this section as well.

Q260 **Robert Largan:** Thank you, Chair. I agree with what you said, and Greg said, about air bridges, and urge the Minister to look at every possible option when it comes to that.

On quarantine, I am interested in the timing. Why—*[Inaudible]*

Q261 **Chair:** Rob, you have broken up, but I'll read your mind. I think you were going to ask why now on quarantine rather than at the start of lockdown.

Kelly Tolhurst: We are looking at quarantining and self-isolation now because we are in a situation where the UK transmission rate is falling and coming down. We want to limit the number of imported cases of Covid that are coming into the UK. Ultimately, the advice that was given earlier on was that, where the transmission was greater within the community, it would have a very minor impact to bring in those kinds of measures at that point in UK-wide transmission. As we see transmission falling, we want to make sure that we are reducing the imported cases. That is why the decision has been taken to work further on that now.



HOUSE OF COMMONS

Chair: We have still lost Rob, but we will try to get him back. Time is marching on and we still have a lot of sections to cover. While we could go on and on about quarantine, it is important, not least for staff in the aviation sector, to hear about the issues around redundancies and terms and conditions being changed.

Q262 **Sam Tarry:** Minister, last week we heard from Willie Walsh. He did not give me any convincing answers about his strategy around British Airways. We see a parent company that has assets in the region of £10 billion. We see a company that has thousands of staff on furlough.

What will you and the Government be doing to assure people across this country who recognise British Airways as a flag-bearing airline that the way it treats its staff is proper and decent, and that it is not just using this crisis, as all the evidence seems to present, to restructure the company? What are you specifically going to do to say to BA that this is unacceptable?

Kelly Tolhurst: Any announcements around job losses or consultations around redundancy or terms and conditions is deeply worrying. I think we have been clear with the sector. We announced the job retention scheme. As outlined, that is to retain jobs. We have been asking businesses in the aviation sector to make use of those Government schemes. We have been very open around being willing to have conversations with businesses that have looked at the packages that have been announced and need further support. That door is open.

I feel absolutely concerned for the workers of BA and some of the other businesses that may or may not be making redundancies. I will be doing all I can to make the point that we would rather BA makes use of the Government's schemes than making those redundancies. Ultimately, it—

Q263 **Sam Tarry:** But, Minister, would you have any comment on the fact that so many of those staff have served their airline for 10 or 20 years? They seem to be targeted in a process where the only option the company is putting forward is for them to go on to a new contract with far worse terms and conditions, after they have built that up over very many years. Do you think that is the right way for BA to be treating its staff, given the amount of cash it has? It could actually keep employees in place for up to 15 months without sacking them or losing a single job.

The members of crew working at BA need to hear a commitment from you about what you are going to do. Would you go as far as saying that you would ask British Airways to hand back the British flag? It does not seem, if it is not able to support British jobs, to be able to represent our country globally. We would like to see a little bit more pressure from you. Could you explain something specific that you will be doing on that?

Kelly Tolhurst: Those individuals within BA will be incredibly concerned. Obviously, the process is ongoing. It is absolutely the case that businesses can enter into negotiation with their employees and



employers. That is something that Government are not part of—those discussions and those negotiations.

As we have heard from the unions, they are very much involved in that as well and in the timescale. I have been clear. We want businesses to make use of the Government scheme because it is around retaining jobs. Businesses will have to take decisions on a commercial basis, and I will be working across Government, with my colleagues and with the sector, in order to do what I can as a Minister to mitigate any potential job losses.

It is a deeply worrying time for those individuals. We will be there to support them through that process, but the work is ongoing. It is deeply sad. We will continue to work towards making sure that we protect as many aviation jobs as possible.

Q264 **Sam Tarry:** With the furlough scheme now being extended to October, would you like to see a scaling back of the potential redundancies at BA?

Kelly Tolhurst: I have been clear. I would prefer businesses to be making use of the Government schemes that have been implemented for a reason—job retention—in order for us to protect jobs. Ultimately, those economy-wide schemes that have been announced by the Chancellor have been in that vein, and that is what I will be encouraging companies to do. As I have said, and have been really clear on, businesses that have wanted further support and conversations with us have been able to do that.

Q265 **Sam Tarry:** Do you think the reason why BA has not approached you for a bespoke package is so that it can go through a process of restructure and, at the expense of its staff, come out in a commercially advantageous position compared with most of the other airline industry competitors?

Kelly Tolhurst: That is for it to answer. It needs to answer those questions. One of the things I am doing is monitoring what is happening with BA. I am monitoring what is going on in all airlines and taking feedback from the unions and workers. I have heard from some directly, and I am having discussions with the company.

We are in a situation where the sector is faced with significant challenges. There may or may not be difficult decisions that need to be taken by those companies, but ultimately it remains a process that the employees and the employers need to work through. There are still options for redress, depending on what happens. With the unions as engaged as they are, and feeding in to me as a Minister, ultimately, we want to be able to protect as many jobs as we realistically can in the market.

Q266 **Chair:** Minister, in dealing with Willie Walsh he strikes me as a man who likes to have the last word. He has tried to put through in the past the changes to terms and conditions that he is now proposing and has been thwarted by the workers. This time, the coronavirus crisis gives him the



chance to do so, before he rides off into the sunset.

We have heard from the unions that there seems to be no legal redress at all. Is there anything the Government can do, and have there been any discussions across Government to stop British Airways taking a rather opportunist and underhand approach to its workforce?

Kelly Tolhurst: It is a private business. It is able to enter into those negotiations with its employees. That process and that consultation has to be carried out. It is not an ideal situation, and what has been outlined or suggested is regrettable if the motivations behind it are true. I am monitoring it. We want to see as few job losses as possible. That is why we are working with the sector. Ultimately, I think the British paying public will make their own views known on the actions of certain airlines. They have a reputation and that process needs to be worked through. The customers may or may not have a view on actions that are taken by any business throughout the coronavirus crisis.

Q267 **Sam Tarry:** You are correct; plenty of businesses and customers will have that view, but have you personally spoken to Willie Walsh, or any of the executives at BA, to say to them, on behalf of the Government, that their behaviour is unacceptable?

Kelly Tolhurst: I have not spoken with Willie Walsh. I have spoken with representatives at BA. Obviously, I have expressed my disappointment, while recognising that as a business they need to work through the processes they need to address.

I have always been clear, when we have spoken to all airlines, that the Government schemes are there to be used. We understand that there may or may not be challenges in some cases in accessing some of them. That is why we were able to go to that last resort—"Come to us for those bespoke discussions."

It is not just the businesses. As I outlined in the early part, businesses are people. Businesses are entities, but it is the people that make those businesses. Ultimately, it is around protecting jobs and making sure that we have people there when we move into the restart and recovery phase. The unions are particularly concerned about how we are able to make sure that we maintain some of the skilled jobs. We have committed to working with them on that.

Chair: I am going to make myself very unpopular with Members because I know that lots of you wanted to come in on this, but I want to touch on Government support.

Q268 **Gavin Newlands:** Many folk working in the sector will be quite concerned by some of the answers so far. We all heard the Chancellor speak of an aviation-specific sectoral support package. Indeed, you and I were in the same room, Minister, when the Secretary of State looked the industry in the eye and said that the Government would deliver and stand with them.



The Scottish Government have delivered by exempting aviation businesses from business rates for a year. Why did the Government go back on their word? Given that huge sums of state aid are given to foreign aviation businesses, does that not put the UK industry at a massive disadvantage?

Kelly Tolhurst: Thank you, Gavin. The Chancellor announced an unprecedented package of support. We all know about the access to the Bank of England schemes to raise capital, and about time to pay, flexibility, the job retention scheme and VAT deferrals.

The Chancellor wrote to the sector in relation to aviation-specific support. We were very clear that we wanted businesses to look at and make full use of those Government schemes. We wanted them to make sure that they were able to pursue all options to preserve cash, maximise liquidity and speak to shareholders, lenders and markets. As a last resort, they would be able to come to the Government to seek bespoke support. That is something other industries have not been able to make the case for.

Q269 **Gavin Newlands:** I appreciate that, Minister. I am sorry for cutting across you, but I am conscious of the time. That is not what was essentially initially promised by the Government. In addressing the point about state aid putting the UK industry at a disadvantage, could you explain what the Transport Secretary meant on Monday when he said, "I absolutely will bring forward enormous amounts of support to aviation businesses"? "Absolutely". What did he mean by that? Is there something else in the offing, or is he just getting the industry's hopes up again?

Kelly Tolhurst: We have been clear. There are businesses in the aviation sector that are talking to us. We are looking at ways we are able to further support those organisations. Quite rightly, there is work on recovery. There may be policy options. There may be opportunities in the future or decisions that need to be taken that will aid the recovery and help businesses further. That is something we need to work through. Predominantly, that is why the restart and recovery group is important. It is not just around regulations or looking at health measures and the longer-term issues. It is looking at policy measures and financial support that may or may not be needed in order to move forward as a sector.

We have offered the aviation sector support. They have been able to speak to us. We have been having conversations and doing a lot of work in regard to some organisations. All the requests and demands may not always be able to be fulfilled, but that is something we are working at. We are not ruling out further work or further support, but that work is ongoing as we move through the crisis.

Q270 **Gavin Newlands:** There is a lot of talk about future work moving forward, and that is great, but people are losing their jobs now in their thousands. This needs to happen now. The job retention scheme, for example, is a very good scheme and very welcome, but I have to ask this. Is there a strategic aim to the scheme as it relates to aviation, the



HOUSE OF COMMONS

recovery of which everyone acknowledges will take significantly longer than the vast majority of sectors?

We have heard many announcements. We have had tens of thousands of jobs cut across the sector. Do the Government have a plan to save those jobs, for instance in a longer, bespoke, tapered furlough or job retention scheme for the industry? If they do not, how many jobs does the Department for Transport expect the industry to lose? How many hundreds of thousands of jobs will go?

Kelly Tolhurst: In relation to furloughing, the Chancellor announced an extension. There is further detail to follow. We have been very clear around what the sector have asked for in relation to their request for tapering and flexibility. As Jason Holt mentioned earlier, they have been consistent about their requests and demands. We are working across Whitehall to make sure that particular challenges and requests from the aviation sector are heard and recognised.

We are now working with those businesses in order to provide the support they need to protect those jobs. I would say that, yes, ultimately, as we come out of restart and move into recovery, we need to make sure that we are able to work through all of those timeframes. I reject the idea that we are not doing anything now, because we are working with those businesses now in order to try to protect jobs.

Q271 **Gavin Newlands:** To conclude, is that an admission that come October there may potentially be an extension of the furlough scheme in some form or other for aviation, and perhaps other sectors as well? We have heard that recovery of the sector will take a minimum of 18 months, and others are saying it will be three to four years. Could it be extended, or not?

Kelly Tolhurst: Whether it is extended or not rests with the Chancellor, but what I am doing is working with the sector to understand what they would like and what they need, to make sure that I represent the sector correctly across Government. We are working together to get to an agreement where we can implement packages or policy measures that enable and assist the aviation sector.

We are not ruling anything out. We are looking at ways in which we need to support them going forward. Ultimately, any Government support needs to be equitable for the taxpayer. The bar needs to be high. We are working to make sure that we are able to protect as many jobs as possible. Ultimately, we want the same thing. We want to make sure that we have a thriving aviation sector and that we protect those jobs. There is a lot of work that still needs to go on to look at some of the actual outcomes and how long we are in this. There are a lot of unanswered questions. That is why we are working really hard with industry to find the answers to those questions.

Q272 **Ruth Cadbury:** Minister, you have just said that you are trying to juggle the expectations of passengers, the aviation sector and the needs of



HOUSE OF COMMONS

staff. What about other Government policies, particularly as you have some leverage over schemes such as the extension of furlough or specific Government support? Will there be any conditions, such as environmental conditions, on bespoke financial support for the aviation sector? Are you concerned about the importance of retaining regional and national connectivity and infrastructure, which could be lost if airlines or airports fail in this crisis? The question is in two parts.

Kelly Tolhurst: Thank you for the question. Ultimately, we need all Government support that is given to be cognisant with our legal obligations as a Government. That includes obligations around state aid and our climate objectives. As we work through this crisis, and as further support may or may not be given, those things will be under constant review and looked at.

The second part of your question was about connectivity. Something I feel really strongly about is our regional connectivity. Obviously, I was very concerned when Flybe collapsed earlier in the year. At that time, we were not in this situation. Connectivity has to feature very much as part of our strategy, as has been mentioned by Chris and others today. There are lots of policy options we can look to. We can look at PSOs and our policy around that. There are things we could do to make sure that we are able to protect and build on that connectivity. All of those things are open for us to look at and discuss as we move forward and plan how to maintain that connectivity as we move out of the virus.

Chair: We have a few minutes remaining. The last section is on passenger refunds. We would be delighted to bring Mr Moriarty back in.

Q273 **Simon Jupp:** My inbox is busy with emails from East Devon constituents struggling to get refunds for holidays they have scrimped and saved for. This is a question for Richard Moriarty, to start with. What powers do you have to make travel companies and airlines repay holidays and flights that have been cancelled?

Richard Moriarty: Thank you for that question. I recognise that this is an enormously important issue for your constituents, and for people up and down the country.

We have launched a probe, a review, of airline practices in relation to the repayment of refunds. We have also published clear guidance that they should pay those refunds as soon as practicable. We are supportive of things like vouchers and rebooking where it suits the consumer, but where the consumer demands a cash refund it is their right and they must get one.

The question, of course, is how quickly the airlines can pay that money back to consumers and tour operators, given the operational challenges they face, particularly around staff during lockdown. All the airlines that we regulate have said to us that they are paying refunds and that they will continue to do so until they reduce their backlogs. I do not have the precise numbers because it is still subject to our review, but I know of



HOUSE OF COMMONS

one large airline that has already cleared 90%. I know of one very small airline that has only cleared a third of the backlog but has plans to bring in extra resources.

Part of our probe is to understand whether they are doing everything possible to get that money back as soon as possible to the consumer, recognising—we need to be careful here—that many of them have been badly hit in terms of their trained staff with self-isolation, lockdown and not being able to access their offices, and so on. Having said all of that, as the lockdown eases, we expect them to adapt and clear those backlogs as soon as possible.

Q274 **Simon Jupp:** Would you say that the powers you have—you mentioned the probe—are adequate at the moment?

Richard Moriarty: In all candour, I would submit to you that our experience over the years of using the powers suggests that there is a case to strengthen and enhance them. They are powers under the Enterprise Act. They are court based, so we have to write for information. We have to seek voluntary undertakings, and then we take an airline to court. We have done that. We have a track record of standing up for consumers and taking airlines to court. We have two cases at the moment, but the process takes two years.

It is obviously for Government and parliamentarians in the powers they give regulators always to balance the public interest with the companies that we seek to use them against. I submit to you that, if using them takes two years and requires a very expensive court process, perhaps we have the balance in the wrong place.

Q275 **Simon Jupp:** I do not think many people would disagree with you. Thank you, Mr Moriarty.

Minister, what are the Government doing to help customers get the refunds they are legally entitled to?

Kelly Tolhurst: We have been very clear that they are entitled to those refunds through the CAA's directions on that. We have made clear to the airlines that they must pay within the time.

We are trying to take a pragmatic view in relation to timings and enforcement, recognising some of the challenges that airlines have. The reality is that a lot of the regulation was not designed for a situation where challenges were of the significance being faced by some of these companies. The regulations are being tested, but ultimately customers are entitled to their refund. We are working with the CAA to make sure that we understand where there are particular issues.

The point Richard makes about opportunities for the future, and where we can strengthen enforcement, is something we need to look at as we move out of this crisis. We need to look at ways in which we can take



action if there are examples of organisations that completely ignore the rules as they stand.

Q276 Simon Jupp: Basically, you back what Richard Moriarty said a few moments ago about the review. Could the review be sped up in the case of this particular pandemic? At the moment, there are many people waiting for refunds. Richard kindly highlighted some of the struggles that some companies have had in returning money to people. Do you think it could be sped up, and are there plans to put an emergency situation in place where you could help, as the Government, to get people's refunds back to them? People are being very hard hit at the moment.

Kelly Tolhurst: Absolutely. The organisations themselves are facing unprecedented demands for refunds. There are many issues, as has already been outlined by Richard, with regard to the practicality and the operational level of being able to deal with that demand for refunds. Ultimately, we need to get to a position where people are able to get their refunds on time. I have raised it. The industry has raised it with me over the last 18 weeks and asked us, as a Government, to make changes to the vouchers.

I have been clear about the significance of the concern for the consumer, and my concerns around the time and the speed at which they are paid. We will continue to monitor it. As regards speeding up the review, Richard is doing that work, as he outlined. Where companies' data is not as it should be, the CAA is going back to the organisations to ask very clearly about what their plans are to speed that up. I believe I am right in saying that, Richard.

Richard Moriarty: That is right. If we believe any can improve, we demand action plans of them. If we find evidence that they are not doing their level best to get the refunds back, we will not hesitate to take action, notwithstanding the points I made earlier about the powers.

Q277 Simon Jupp: Thank you both. Hopefully, this is a brief question. Can you confirm that the vouchers that people have received instead of a refund are protected should the company that has offered them and given them go out of business, for example?

Kelly Tolhurst: We need to identify the two parts of the regulations. We have the Package Travel Regulations, which obviously are about holidays and may have an airline element. Then we have the EU 261, which is just the air ticket refund. That is not backed by any Government insolvency protection. It is the Package Travel Regulations that have ATOL support. It depends on the contract between the customer and the operator.

One of the questions has been around vouchers being underwritten rather than refunds. That is something we are working on at pace in the Department. It is quite complex. Some other countries have done it and some have not. We are trying to work with HMT to get to a policy outcome in relation to that.



HOUSE OF COMMONS

Simon Jupp: Thank you, Minister. Chair, do we have time to pass to Gavin Newlands in this section?

Chair: I am sorry, but the broadcasting unit is about to shut us down. Time has defeated us.

Minister, thank you very much for giving us your time. There are obviously many challenges on your desk, and to come. We are very grateful for all the time that you have given us. We wish you and your team the best; and likewise, Rannia, as part of that team. Richard, thank you, and our best regards to everyone at the Civil Aviation Authority.

That concludes our three evidence sessions on the implications for the aviation industry of coronavirus. We will be looking to make our recommendations and report very shortly.