Mr Huw Merriman MP
Chair of the Transport Select Committee
House of Commons
London SW1A 0AA

Cc Transport Select Committee
[By email]

15 June 2020

Dear Mr Merriman

TRANSPORT SELECT COMMITTEE REPORT - CORONAVIRUS PANDEMIC

I write to thank you and the members Transport Select Committee for the effort you have made to understand and highlight the specific impact of Covid-19 on the aviation sector. I have read with interest the Committee's report and strongly welcome the recommendations you have made to the Government, particularly those calling for an aviation strategy and business rates relief which were discussed when I gave evidence. Hence, we as Ground Handlers are very grateful to you.

The Committee's report recognises that job losses may sadly now be inevitable across the sector and calls on employers in the sector not to act "hastily" until the Job Retention Scheme ends in October 2020. And whilst we are doing all that we can to protect jobs at Swissport, on this point I must be clear and inform you that it will not be commercially feasible for us, or many others in the sector, to wait that long prior to making workforce decisions. The vacuum of Government policy towards our sector leaves us blind to our business prospects over the next few months and is aggravated by an untargeted quarantine arrangement that the Committee itself sees absent of any aviation sector nuance. As you report, the quarantine simply damages the recovery of the sector and wider economy.

For Swissport, the impact of Covid-19 began with the collapse of Flybe, at the time one of our major and long-standing clients. This was an early indicator of the pandemic's destructive impact resulting from a failure of Government policy to extend to Flybe a much-touted business loan allied with Virgin Atlantic, as a shareholder, ceasing financial support as their revenues collapsed. Not surprisingly, from this moment on we witnessed our revenues vanish.

Public confidence in flying is hugely depressed and the Government's quarantine policy has choked what little was left. The unfortunate fact is, there simply aren't enough aircraft flying for our business to continue running as it did before the Covid-19 outbreak, and there won't be again for some time to come. The International Air Transport Association has forecast that airline industry traffic may not recover to 2019 levels until 2023, and under some scenarios not until 2024. We will have to face up to this fact very soon.

The Coronavirus Job Retention Scheme (JRS) has so far offered us a sustainable employment holding pattern which we and our furloughed staff are very grateful. Nonetheless, we have clearly signalled to Government that if it asked employers, with non-existent revenues to contribute financially ahead of any as yet hard-to-forecast recovery, it would be inevitable that difficult decisions about jobs would have to be made.

However, this would be manageable to some extent if there was a coherent Government strategy towards aviation; something the likes of Swissport and my fellow industry Chief Executives have unanimously told the Secretary of State for Transport and the Home Secretary consistently and repeatedly. Yet, so far as you know, there remains Government ambivalence, ambiguity and indecision on this matter.

This leaves Swissport between a rock and a hard place. We are a proud, intelligent and good business. We are well run, lean and responsible and have traded as the leading business in our sector for many years now. And we have done all that we can to mitigate against widespread job losses throughout the crisis, including repeated appeals to Government to recognise the unique challenge of our sector.

Nor have we been idle either – we have mitigated over 80% of our lost revenues thus far with tough cost cutting measures. But without a return of revenues, and in the absence of alternative support from the Government, it will simply not be viable for us to begin contributing to the JRS for many of our staff. From August onwards we will be asked to make several £m contributions to National Insurance payments and pensions regarding staff we sadly will probably not retain past October 2020 owing to the diminished aviation market and its unrelenting gale force strong headwinds.

And yet we in Swissport continue to lead on behalf of the ground handling sector when engaging with Government. Not only have we collaborated with your Committee to lobby effectively for what is needed, we have also:

- Asked the Aviation Minister and Secretary of State to commence planning for Airbridges in parallel to the quarantine. This will ensure a seamless transition on the very day the quarantine is lifted so that the sector can open immediately and get back into the skies. Much needs to be done such as diplomatic bilaterals and process implementation here in the UK. We are told by Government that this is not policy yet;

- Swissport is working with a large UK international airport to introduce Covid-19 passenger PCR screening that will evolve and complement the quarantine so that upwards of 95% of all passengers who test Covid19 negative will be informed within 10 hours of test. We have asked the Secretary of State to exempt these passengers from the quarantine period. This will ameliorate the quarantine's blunt effects whilst ensuring the UK remains safe;

- Swissport sits on the Home Office Border Implementation Group and the Government's Restore, Recovery & Engagement Expert Steering Group advocating strongly for Airbridges on behalf of all UK ground handlers;

- We also lead the way with support for the NHS. We have 24/7 handled tens of thousands of tonnes of PPE air freight at Stansted and Heathrow despite having furloughed upwards of 44% of our cargo teams. We continue to shoulder this work in the national interest as it is something we feel proud of. I should also add that we elected not to add surcharges on medical freight such as PPE or pharmaceuticals, and finally;

- As an illustration of our *bona fides*, Swissport mechanics are in support of the NHS in the West Midlands repairing and maintaining the NHS' fleet of ambulances *pro bono*.

From the above, Swissport is proud to lean into the pandemic to help others whilst also acting as leaders pressing Government on the very nuanced approach we should adopt to the quarantine as your report suggests.

But still we have minimal income and many bills to pay. Hence, unless Government outlines a clear strategy of support to our sector within days and weeks we will be compelled to announce job losses. At the same time we will negotiate with our Trades Union partners to equitably rationalise our current contracts ensuring that we have support for our lowest paid workers and endeavour to deliver a contract with additional benefits such as multi-skilled training, additional Bank Holiday recognition and Death-in-Service to all. Ideally, on average these contractual changes should not disadvantage our colleagues in their pocket but ensure they have a more equitable range of benefits.

In sum, given the lack of direction shown by the Government it may be reckless to wait to see if specific support for the aviation industry materialises; especially where this puts in severe jeopardy the whole business and its 8,500 plus strong workforce. If Government is serious about helping us save jobs, it is incumbent on the Treasury to engage now as we cannot wait a moment longer. Hence, I would be grateful for your assistance in relaying the urgency of the situation to the Treasury.

As ever thank you once again for all your support thus far. If you or the Committee have further questions, I would be glad to discuss them on a call with you at a time of your convenience.

Yours sincerely,

Jason Holt
Chief Executive, Western Europe, Swissport
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