Unite Covid19 Aviation Plan

Initial primary support for the industry:

This would be through Government equity or debt participation which would be available to eligible Aviation businesses utilising loans or a loan guarantee programs. Such a programme should include:

- Any debt should not be not be reduced through loan write offs. (In other words, eligible businesses must exchange warrants, options, an equity interest or debt in their companies to take advantage of the loan or loan guarantee programs, and the loans cannot be written off)

- The Treasury may receive warrants, options, preferred stock, debt securities, notes, or other financial instruments issued by recipients of financial assistance, which, in the sole determination of the Treasury, provide appropriate compensation to the government

- Participating eligible businesses are prohibited from share buybacks, paying dividends or making capital contributions from the date of the loan until 12 months after the direct loan is repaid in full.

- Recipients' executive pay will be capped, including limiting pay increases and severance pay or other benefits upon terminations.

- All eligible businesses participating in the program must also maintain employment and are prohibited from reducing their employment levels by more than 10% and must commit to maintain collectively agreed terms and conditions.

- Eligible business participating in the program must have incurred or be expected to incur losses such that the continued operations of the business are jeopardised.

- Alternatively any such participation can be on the basis of a business acting as a consolidator, or stepping in as a service provider for a business or part of a business that ceases to exit. Put simply this could also be used to favour and incentivise the consolidation and stabilisation of the industry post-COVID19 crisis measures.

- Such 'consolidators' should be those of sufficient size, capitalisation and capacity to undertake such consolidation, and to abide by the terms of any support package.

Measures post lockdown

- Articulation of subsidy with social distancing and 'seat free' restricted passenger loads. Any subsidy would be through based on routes and either directly provided to airlines or through PSO's

- Subsidy to cover other mitigation measures such as testing pre-boarding, health 'passports' and immunisation should it be developed

- Continued sectoral specific support for labour costs where significantly restriction on travel / and or conditions of travel are maintained.

Specifically for ANSP's:

- The principles of the agreed Eurocontrol initiative that has been instigated for the distribution of en-route charges to European ANSPs, including NATS En-route Ltd (NERL) should be utilised at a UK level.

- Government would advance the cost of air traffic service provision at airports requiring such assistance, either through the airport itself, or direct to the NATS.

- This cost would be the amount required for immediate service provision continuity, together with ongoing costs needed to maintain staff for recovery, minus any furloughing rebates and discounting other costs such as profits, unessential overheads and development costs.

- If the recovery of the industry is slow or partial, this support should continue to be underwritten by governments pending a better understanding of the likely restructuring of the industry.

- In the event that there is a full recovery the government would be expected to seek partial or full recovery of financial support. The costs could be repaid in a number of different ways over future years to would be determined and agreed with stakeholders.

  Mechanisms to repay these costs could include:

  a) airports repays the costs over a number of years, in line with the trajectory of recovery;

  b). the costs could be recovered from an element of any Air Passenger Duty;

  c). the costs could be a surcharge to en-route charges, spread over a number of years.

For Regional airports:

These vary in both size and scale, and in importance to the local community and economy as well as for connectivity of a region.

- The size and scale capitalisation of airports handling above the 3 million per annum passenger numbers is such that a scheme for loans or government support could be utilised. Those airports below such a size could potentially be transitioned to either public ownership or partnership, as access to financial markets - both currently and in the future – is severely restricted due to their smaller scale economics.

- These airports should also able utilise an enhanced Public Service Obligation provision in order to maintain flights and routes, and ensure connectivity. Such PSO funding should be part of a wider framework of structured provision

Focus on environmental concerns and a more sustainable future

- Drive for sustainable low carbon growth by investing in next generation low emission Aerospace and Aviation technologies. Commit to uplift to funding allowing the sector to continue focussing on development of such technologies with more attractive gearing from governments.

- Seek commitments from airlines to invest in newer more environmentally friendly aircraft and ramp up in sustainable aviation fuel SAF usage by airlines over the next decade as a condition of Government support packages. Increase and accelerate investment in the development of Sustainable Aviation Fuels and intensify support to emerging industries.

- Position the EU as the world leader by launching a fully funded programme to study and assess the technical and industrial potential for a zero emission regional aircraft. Ensure PSO funding is linked to the future utilisation of such aircraft.

- Accelerate pace of progress on European policy making in relation to net-zero by implementing market-based measures, regulating up carbon price in the next 10 years, increasing emissions taxes and incentivising low-carbon technologies. Hard link emissions pricing revenue to investment in low emissions.

Note: **Proposals cover companies that are registered and based in the UK**