

Aer Lingus Opening Statement to Joint Oireachtas Committee on Transport and Communications Committee – 2nd June 2021

Thank you for the opportunity to engage - once again - with the Transport and Communications committee.

This is Aer Lingus's fourth time attending an Oireachtas Committee in the past 10 months, so I will avoid labouring points that we have previously made.

Suffice to say, you are all aware that the impact of Covid-19 on the sector has been compounded in Ireland by the implementation for over 15 months of the most restrictive travel policies in Europe; the relative scale of financial supports provided to the sector in Ireland versus other countries; the absence of a data-driven, risk-based Irish roadmap to reopen international travel; and the failure to implement the previous recommendations of the Aviation Recovery Taskforce.

The narrative from Government – until last Friday - was that people should not book flights or plan future travel and this has had a profound impact on bookings, and in turn, on Ireland's international connectivity.

Even with last Friday's announcement of the easing of travel restrictions in late summer, flying schedules will be a fraction of normal levels for some time to come.

Aer Lingus welcomes the easing of travel restrictions that have been announced, but that easing will not facilitate a significant level of travel to and from Ireland during the critical summer months of 2021.

It was also disappointing that the reopening of the Common Travel Area was delayed and that EU approved rapid antigen testing has not been approved as a standard of pre-departure testing (something I know this Committee has also asked for).

With restrictions in place until late July, Aer Lingus will continue to burn a significant amount of cash over the coming months.

The cumulative consequences of the crisis over the last 15 months leaves Aer Lingus facing significant restructuring to rebuild its network and financial strength.

This includes the permanent closure of the Aer Lingus cabin crew base at Shannon Airport. The announcement made by Aer Lingus recently on the immediate actions and structural change it has to undertake has generated a lot of reaction. There have even been some suggestions that the decision to close the Shannon cabin crew base could potentially be reversed. This is not the case. There has not been a flight out of Shannon since April 2020. We did not take the decision lightly and a reversal will not be possible.

The temporary closure of the Aer Lingus base at Cork airport from early September until late November 2021 with many of those working being temporarily laid off during that period has also been announced.

We are also undertaking a review of our ground handling requirements in Shannon and Cork. Reduced hours and associated pay reductions and lay-offs will also continue.

The airline must be more cost-efficient and productive in order to generate the cash required to rebuild its financial health, to repay debt and to support a broad network of flying. That is what informed the decisions we have made and it is what will inform the further structural change we have to undertake.

Much has also been said of the financial supports that Aer Lingus has received from the State. Yes, we have accepted all supports offered to us including the TWSS and EWSS and they are welcome.

Aer Lingus has also drawn down a loan facility from ISIF entered into on strictly commercial terms, but with Aer Lingus losing on average over €1m per day for well over a year, the €150M commercial loan secured from ISIF doesn't alleviate our problems. Moreover, it needs to be repaid, with interest. The interest on the debt that Aer Lingus has had to take on is in itself a significant burden on the business.

I have read some commentary that significant conditionality and restrictions should accompany any financial supports that those in the aviation sector receive from the State. Such conditionality is not acceptable to Aer Lingus – anything that would impose additional inefficiency on the airline is not acceptable and would in fact negatively impact upon our ability to restore and maintain connectivity.

And while the EWSS has certainly helped retain jobs and reduced the number of redundancies and layoffs required – as was its intent - with the summer mostly lost (and an uptick in travel now not going to happen until late summer if at all), it is now clear we have too many resources for even optimistic scenarios of the year ahead.

Aer Lingus has confirmed to its staff that the airline will emerge smaller from the pandemic and there will be a requirement for redundancies.

We are in ongoing discussions with Unions representing our employees regarding both the immediate and structural changes that need to be implemented.

We need to be more cost-efficient and productive in order to rebuild our broad network and financial strength and in order to repay debt.

The support of this committee in ensuring the restoration of our international connectivity is critical. We need to send the message internationally that Ireland is '*open for business*' for those that are vaccinated or appropriately tested or recovered, and we need to do it urgently.

We need clarity around future supports for those working in the aviation sector in terms of the future of the EWSS.

We need the urgent adoption of rapid and affordable antigen testing as an approved standard of pre-departure testing.

We need to ensure both the timely and flawless technical implementation by Ireland of the EU Digital COVID Certificate.

We need the Common Travel Area to be reopened as soon as possible and if possible earlier than announced by Government last Friday.

Finally, we need to ensure that we follow the science, apply a rational, risk-based approach to our border control which is reflective of our vaccination roll-out, our economy and our public health.

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