Air travel taskforce arriving too late

Things must be getting dicey in the aviation industry. Six months after lockdown, the government has set up the “Global Travel Taskforce”. And what better way to get people flying again than a navel-gazing talking shop co-piloted by Matt Hancock and Grant Shapps, the health and transport chiefs? They’re going to have a squint at airport testing — which France and Germany have been doing for months — plus other ways to “increase consumer confidence and reduce the barriers” to take-off. As the duo put it: “A core function of the taskforce will be to afford policymakers a chance to discuss these issues further with those outside of government”. Haven’t they had that “chance” for yonks?

Anyway, back in the real world, Manchester Airports Group, which also owns the Stansted and East Midlands hubs, greeted the news with a plan to axe 900 jobs: the latest from a sector where 20,000 have already gone, excluding Rolls-Royce. And in flies Easyjet boss Johan Lundgren, warning of the first full-year loss in the airline’s 25-year history: at least £815 million pre-tax and an even more impressive £2.3 billion in cash. It has raised debt, including £600 million from the UK’s covid facility; sold and leased back planes; and tapped shareholders for £419 million in June at 703p. But even if cash-burn last quarter was sub-£700 million, it’s vanishing fast. Mr Lundgren expects a smaller outflow this quarter from flying only 25 per cent of its schedule. But even that depends on second-wave lockdowns.

His worry is how long the virus will wreck travel for. Easyjet has £2.3 billion in cash. It has raised debt, including £600 million from the UK’s covid facility; sold and leased back planes; and tapped shareholders for £419 million in June at 703p. But even if cash-burn last quarter was sub-£700 million, it’s vanishing fast. Mr Lundgren expects a smaller outflow this quarter from flying only 25 per cent of its schedule. But even that depends on second-wave lockdowns. Yes, some will have little sympathy. Badgered by 28.7 per cent investor Sir Stelios Haji-Ioannou, Easyjet paid a £174 million dividend at the start of the crisis. And Stelios is still droning on about the boardroom “scoundrels” buying new Airbus aircraft. With the shares at 535.2p, up 2 per cent, Mr Lundgren may face the tricky task of asking investors for more cash at a much lower price than June’s placing. Yet, self-help also relies on the government having a coherent plan for the industry. He reckons that if ministers wait until things are “really bad”, they’ll face businesses beyond recovery “like Flybe and Thomas Cook”. The Shappscock taskforce simply doesn’t cut it.