

# **Evidence from the States of Alderney to the Scrutiny Committee of the States of Guernsey**

## **Regarding Security of Strategic Air Links**

### **Introduction**

The States of Alderney warmly welcomes this opportunity of providing evidence to the Scrutiny Committee, as it believes the issue of securing strategic air links is far and away the most important problem facing the States, as we seek to regenerate the islands seriously damaged economy. Indeed it can be argued that with no ferry services, all, or both our air routes are strategic, and our comments therefore are predominantly regarding our own experience and challenges in Alderney, though for the main the solutions can only be found in Guernsey.

### **Background**

Over the years a number of different operators have provided air services to and from Alderney from our modest airfield, which was of course the first in the Channel Islands. Aurigny was founded here and since the loss of Blue Islands services in 2011 has been the sole operator, with now just two routes to, Guernsey and Southampton. Underinvestment in aircraft by Aurigny, and in the airfield by the States of Guernsey over recent years have placed our air services in a more vulnerable position than at any time in our modern history. With many broken promises of improvement, at the time of writing there is very grave concern at what seems almost a daily deterioration in basic service.

### **Air Links and the Economy**

Alderney's location in some of the world's strongest and most turbulent ocean currents has inevitably predicated against successful ferry operations – a number have been tried, with routes from the UK, France and Guernsey but all have failed or been terminated after relatively short periods. The only exceptions are two or three 12 seat or smaller operators who whilst performing a valuable service, are barely able to scratch the surface of the island's transport needs.

Therefore air links are absolutely fundamental to the social and economic life of the community, in a way which many in Guernsey might have difficulty in fully understanding. Put very simply, for most businesses and people, life on Alderney would not be possible without air links. As an example, the tourism industry contributes c. £6M-7M per year to the GDP of the island – without reliable air links this industry would be devastated.

It is not coincidental that the serious decline in Alderney's population and economic activity has matched, or even been driven by reducing air routes, frequency of flights and a reciprocal increase in air fares. The effects of these are spelt out in more detail in the DRASS Report (*Alderney Economic Strategy and Development – Airport Development @ Appendix a*) by Dr A. Sloan. Whilst this was driven in the main by the January 2014 Requete regarding the Alderney airfield, the issues are inseparable from those under consideration here.

### **Airfield**

Alderney airfield is operated by Guernsey as one of the transferred services under the 1948 agreement. There has been very little capital expenditure on the airfield over a number of years, to the extent that minimum regulatory requirements of the CAA/DCA are barely complied with, and urgent remedial work is now required just to remain open. In view of the higher wind speeds, greater turbulence and smaller aircraft sizes in use, cross wind and poor weather operations are

more difficult than in Guernsey. It is for these reasons that two cross-wind grass strips were established as well as the hard surfaced main runway. Over the last winter or two, waterlogging has resulted in progressive closure of these runways, first the short prevailing wind grass runway, then the longer grass runway, and finally width and operational length reductions in the main runway itself. Many flights were lost in the early part of this year as a result of these closures and restrictions, to add to the usual flights or days lost through poor visibility. PSD has worked hard to reopen the grass strips with improved ground work this year and discussions on options to bring the main runway up to standard required by the regulators are ongoing. The TPS report, whilst not supporting extension to the main runway, does clearly indicate a good case for extending and tarmacing the prevailing wind runway 03/21 which following such work would be usable by Aurigny in strong cross-winds. This would eliminate a major cause of weather-related cancellations and delays. The cost would be significantly less than extension of the main runway, and this option would have the potential to achieve earlier benefits to the resilience of our vital air links. Notwithstanding the fact that there is no compelling business case currently for the runway extension we would like to see improved collection of data on demand for travel with a further review in the light of this within 3 years.

## Data

Paragraph 3 of the Terms of Reference mentions measuring the effectiveness of policies, and we regret that there is a dearth of data regarding many aspects of Alderney's economy and specifically its air links. Despite requests to Aurigny we have been unable to obtain any information on cancelled flights or serious delays. Such information is to an extent published in the UK (<http://www.flightstats.com/go/Airline/airlineScorecard.do?airlineCode=GR>) and the limited data for Southampton airport suggests very poor timeliness. Of greater concern currently are the numbers of flights cancelled.

The response to proposals for improvements to our main runway, to facilitate larger or different aircraft is generally 'the data does not indicate sufficient demand'. It would seem this is based solely upon Aurigny's load figures – but these are frequently at odds with their 'online' booking system. This system, through which a large majority of bookings are now being channelled for efficiency reasons, does not reflect reality and seems to be largely dysfunctional. Moves to update or replace it seem to have stalled.

Any proposals to provide greater security of air links arising from this study, at least so far as they impact upon Aurigny, must include greater disclosure of key data as to their **effectiveness** just as much as the financial data should disclose how **efficient** they are.

## Current Situation

During October/November 2014 there have at times been only one functioning Trislander to support our air transport needs, including medical emergencies as well as routine travel. In one recently publicised incident, it was only the fortuitous intervention of a passing helicopter that enabled a seriously ill patient to be taken to Guernsey after yet another aircraft failure. The decision by the States of Guernsey to invest in Dornier aircraft was welcomed by most on the island, but successive deadlines for delivery of the first aircraft have come and gone. Delays and cancellations are very frequent. The impact of this is severe; see letter from the Chairman of the Alderney Gambling Commission at appendix b. The AGCC contributes around £2m a year to the Alderney economy, and between £30m-£50m a year to Guernsey's economy – this is under threat.

The Billet for Guernsey States in December 2014 includes a detailed report on the Alderney Airport and measures to promote Economic Development on the island. This includes an agreement with Aurigny (Public Service Obligation, Service Level Agreement or similar) regarding Alderney services, something for which the States of Alderney have been pressing for over a year. At a meeting held on 30 October 2014 between the Alderney representatives on the Guernsey States, the Chief Minister and the Managing Director of Aurigny it was agreed to progress the drafting of a 'service level agreement.' Consequently on 5 November the States of Alderney submitted a formal request to Aurigny for information to assist in the drafting and despite a reminder sent on 11 November has yet to receive that information.

## **Risks**

These are clear and substantial:

- Airfield. With a short main runway we can accommodate only a very limited number of aircraft types, all of 19 seats or less.
- No other UK airline operates with Trislanders or Dornier 228s, we are therefore totally dependent on Aurigny.
- Any operational or political issues impacting upon Aurigny would directly affect the island's survival as a community.
- Financial pressures on Aurigny and the States of Guernsey are already leading to a degradation of service and damaging attempts to revive our economy.
- The ultimate risk if present trends continue is further severe depopulation to a point the island is no longer viable, posing critical problems to the States of Guernsey and international humiliation over its role as leader of a failed Bailiwick.

## **Roles and Responsibilities**

It will be clear from the foregoing that in Alderney at least it is felt the States of Guernsey's management of our investment in Aurigny is failing to meet the needs of the Bailiwick. In a small market such as the Bailiwick, with limited attraction to other airline operators, the notion of running Aurigny as a commercial entity against much bigger competitors whilst still serving its community, is nonsensical. It cannot do both.

We believe that the States must look upon Aurigny as a crucial part of the infrastructure supporting economic activity in Alderney. That it should be run well, cost effectively and efficiently is obvious, but to expect it to generate profits, or at least break-even *irrespective of any other considerations* is to take a dangerously narrow view of its role.

It is no longer enough, and does not meet expectations of transparency at both domestic and international level, to accept minimal, opaque accounting information and little else.

The role of Treasury and Resources as shareholder is not in our view effective, other than as a purely financial measure. The problem of 'who should have responsibility' for Aurigny is a paradigm of the States of Deliberation and Committee system – with a lack of joined-up thinking, and sluggish response to changing challenges. If proposals for a new, more powerful, unified Policy and Resources Committee come to fruition, we believe that control of air links, which principally means Aurigny, should reside there. The matter is of such significance to the Bailiwick that only at the highest level should responsibility be vested.