

Future Guernsey – Priority Policy Area update (June 2019):

Future Guernsey Themes:	Our Place in the World Our Economy
Future Guernsey Outcomes:	Centre of excellence Strong, sustainable and growing
Priority Policy Area:	Strategic Air and Sea Links - Transport connectivity
Political Governance:	Committee <i>for</i> Economic Development Policy & Resources Committee

Overview
<p>It is essential that the Island has robust, sustainable, reliable and affordable air and sea links in order to deliver a dynamic and growing economy. This incorporates business travel to and from the Island, visitor and local travel to and from the Island, and the import and export of freight.</p> <p>In December 2018, the States of Guernsey agreed its Air and Sea Route Policy Development and Investment Objectives following the submission of a policy letter from the Committee <i>for</i> Economic Development. The core strategic objectives for the Island's air and sea links are that they must:</p> <ul style="list-style-type: none"> • Meet the majority, if not all, of the current and future requirements of the residents of the Bailiwick; • Enable economic growth; and • Increase visitor numbers. <p>Critical success factors were identified, which are that air and sea links must:</p> <ul style="list-style-type: none"> • Act as an economic enabler; • Act as a social/cultural enabler; • Be affordable; • Be sustainable; • Optimise choice and flexibility of connections; • Provide reliability and continuity of service; and • Deliver the air and sea link connection priorities. <p>The December 2018 policy letter followed on from the States agreeing in July 2018 to reform Guernsey's transport licensing framework following a policy letter from the Committee <i>for</i> Economic Development.</p> <p>The agreement of the policy letter meant that from September 2018 Guernsey has liberalised its aviation licensing framework, with public service obligations in place on the two lifeline links of Guernsey-London Gatwick and Guernsey-Alderney, and open skies otherwise.</p> <p>The combination of clear policy and investment objectives, and a market-based approach to developing air connectivity has enabled the establishment of a trial Guernsey-London Heathrow service, and eight new routes have been established since September 2018.</p> <p>During 2018 PwC was commissioned by the Policy & Resources Committee, following a States'</p>

resolution, to deliver an independent study of Guernsey's air links infrastructure. The report sets out that market-based options for enhancing Guernsey's air links connectivity were important, as these options could be used to target investment; to create flexibility in meeting specific challenges and opportunities; and to make expeditious improvements. These options are already being progressed, and the investment in these options demonstrates a commitment across the States of Guernsey to invest in Guernsey's air links. Examples of this are:

- The Committee *for* Economic Development has used funding from the Future Guernsey Economic Fund to provide route development support for the Guernsey-London Heathrow link from March to October 2019;
- The application by Guernsey Airport of a route development airport charges discount policy for new routes;
- The use of Public Service Obligations on routes designated as lifeline; and
- The adoption of the "quasi-open skies" approach from September 2018 that enabled the liberalisation of the licensing framework.

In addition, in December 2018 the States agreed to support the business case for a new Aurigny fleet that would utilise of ClearView technology.

In April 2019 the States decided not to invest further funding from the Capital Reserve to develop a business case to extend the Guernsey Airport runway, a recommendation from the Policy & Resources Committee as part of the review of Guernsey's air and sea links strategic infrastructure. The States did agree to invest further funding in protecting and maintaining Guernsey's critical sea links.

In its independent report, PwC confirmed the importance of the Island's sea links to its economic and social wellbeing, and advocated that this critical connectivity is protected from disruption in the long-term through effective contingency planning in the event that the potential sale of Condor Limited leads to a reduction or loss of sea link services.

The States agreed with the Policy & Resources Committee's recommendation that only two of the four contingency options considered by PwC merit further analysis at this stage: on assessing the capacity and appetite of other ferry operators to operate a ferry service to Guernsey should Condor Limited not be in a position to provide the required services in the future; and on examining the cost and feasibility of establishing a stand-alone ferry service should it be required in the future. This will ensure that the States of Guernsey is prepared for any eventuality as the sale process of Condor Limited progresses. The States also supported PwC's analysis that the States of Guernsey should work closely with Condor Limited and its owner in order to be fully apprised of developments in relation to any future change of ownership, and to continue to negotiate the best possible service. The Committee *for* Economic Development has the mandate to undertake this work, which it is actively undertaking.