

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

5th November, 2019

Proposition No. P.2019/104

Policy & Resources Committee

The States of Guernsey Annual Budget for 2020

AMENDMENT

Proposed by: Deputy N.R. Inder
Seconded by: Deputy B.J.E. Paint

To add a new Proposition 38A:

“38A. To direct the States’ Trading Supervisory Board in its role as the shareholder representative of the States of Guernsey to immediately give a shareholder objective to Aurigny to cease operating on any routes which are already being serviced by another operator, until any new shareholder objectives are agreed following the development of a co-ordinated and coherent government framework on air route operation and support being led by the Policy & Resources Committee.

Explanatory note

The States of Guernsey has a lack of clarity on how Aurigny’s losses continue to grow, not least through the refusal of the business to publish its full management accounts. However the limited information that is in the public domain indicates that Aurigny moving into the competitive operation of two routes already being operated (specifically Guernsey-Jersey and Guernsey-Southampton) earlier this year will only serve to increase those losses.

Such a misuse and waste of taxpayers’ money is unacceptable, not least in the context of the business’ increasing losses.

The deregulation of the air route licensing framework (agreed by the States of Deliberation in July 2018, implemented in September 2018) was not intended to lead to a deliberate haemorrhage of tax payers’ money by a States-owned business competing with other operators on non-lifeline routes that are already being adequately serviced.

The review of the air links framework proposed in the Budget Report will set out revised shareholder objectives for Aurigny, and which will need to address this.

In the interim an additional shareholder objective to prevent Aurigny operating on routes that are already being serviced should be put in place with immediate effect, and to be reviewed only at the conclusion of the P&R Review. That is the only way to prevent a further misuse of tax payers' money in this way and to begin to stem the losses the business is making at the public's expense.

It is essential that the States' Trading Supervisory Board, whose role it is to protect the interests of the shareholder (in this case the States of Guernsey on behalf of the community), acts decisively and immediately in this way.