

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

23rd November, 2022

Proposition No. P.2022/90

Policy & Resources Committee and States' Trading Supervisory Board

Alderney Airport Runway Rehabilitation

AMENDMENT

Proposed by: Deputy P Roffey
Seconded by: Deputy P Ferbrache

To insert an additional proposition:

“3. To agree that, if the Option C+ scheme is adopted as the preferred way forward, then the amount of money which can be made available by the Policy & Resources Committee in respect of any future Public Service Obligation contract, or alternative to that arrangement, for the provision of air services to and from Alderney shall be limited to 60% (in real terms) of the funding being provided under the current Public Service Obligation contract with Aurigny, such a limit to become operative as soon as the works described in Option C+ have been completed.”

Rule 4(1) Information

- a) The proposition contributes to the States' objectives and policy plans by providing resilience for Alderney's essential air links. The Air Policy Framework presented to the States in 2021 (Article 12 of Billet d'Etat XX of 2021) identified a number of core strategic objectives and critical success factors for air links, including: the provision of stability on current essential routes; the provision of reliability and security of essential services; and, ensuring services are affordable and sustainable.
- b) In preparing the proposition, consultation has been undertaken with the States of Alderney and Aurigny.
- c) The proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.

- d) The financial implication to the States of carrying the proposal into effect will be to guarantee a reduction in the level of subsidy for the provision of Alderney's air services.

Explanatory note

This amendment seeks to give assurance to those States' Members who have expressed concerns over there being no guarantee of realising the future revenue savings outlined in the policy letter. Those savings are required to justify the estimated £6.23m of additional capital expenditure required to extend Alderney's runway and to provide enhanced security facilities.

That additional expenditure by the States of Guernsey – from the joint Guernsey/Alderney exchequer – reduces to less than £3.0m after netting off the special payment offered by the States of Alderney. On the other side of the ledger, this amendment guarantees savings of at least £800,000 per annum compared to the current expenditure in subsidising air services to Alderney (2021 values).

It should also be remembered that a proportion of the current Public Service Obligation (PSO) payments relates to the provision of the patient transfer facility, noting that health is a transferred service under the 1948 agreement and that the infrastructure used to provide both the patient and scheduled passenger services are the same.

We are aware that a few States' Members would prefer to see no subsidy of Alderney's air services once the current PSO runs out and for fares to rise and/or services to reduce so that the services breakeven.

This is naïve. Aurigny advises that there is no prospect that they could provide any meaningful service to Alderney that is subsidy free. Nor is there any reason to believe that any other operator could either.

Therefore, to completely remove the subsidy on Alderney's air services would be to condemn that Island and its community to inevitable and rapid decline. We cannot believe that this is what the majority of States' Members would like to see.

This amendment represents a half-way house and guarantees a reasonably rapid return on the additional capital deployed.