



OFFICIAL REPORT

OF THE

STATES OF GUERNSEY

SCRUTINY

COMMITTEE

Security of Strategic Air Links – Alderney

HANSARD

Island Hall, Alderney, Monday, 2nd March 2015

No. 1/2015

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Members Present:

Chairman: Deputy Paul Le Pelley
Deputy Peter Sherbourne
Deputy Arrun Wilkie
Deputy Barry Paint
Deputy Lester Queripel

In attendance:

Mr Mark Huntington (*Principal Scrutiny Officer*)
Mr Alistair Doherty (*Advisor*)
Mrs Anna Henry (*Scrutiny Officer*)
Miss Suzanne Randle (*Scrutiny Officer*)

Business transacted

Procedural – Remit of the Committee 3

Mr Harvey and Mr Brownlees were called at 5.38 p.m.

EVIDENCE OF Mr Neil Harvey, Chairman, Policy and Finance Committee, and
Mr Victor Brownlees, Chief Executive, States of Alderney 4

The Committee adjourned at 6.35 p.m. and resumed its sitting at 6.45 p.m.

EVIDENCE OF Alderney Representative, Member States of Alderney, Mr Louis Jean 15

Mr Lawrence and Mr Le Blanc were called at 7.11 p.m.

EVIDENCE OF Mr Nigel Lawrence, Vice-President, Alderney Chamber of Commerce, and
Mr Tony Le Blanc, Alderney Chamber of Commerce 18

Mr Cadoret, Mr Shaw Harrison and Mr Shaw were called at 7.26 p.m.

EVIDENCE OF Mr John Cadoret and Mr Mike Harrison, Alderney Pressure Group, Mr David Shaw,
Technical Director, Britten-Norman 22

The Committee adjourned at 7.48 p.m.

Scrutiny Committee

Security of Strategic Air Links - Alderney

The Committee met at 5.30 p.m. in the Island Hall, Alderney.

[DEPUTY LE PELLEY *in the Chair*]

Procedural Remit of the Committee

5 **The Chairman (Deputy Le Pelley):** Good evening everybody. I hope everyone can hear me right at the back of the hall. I would like to welcome everybody here today, elected representatives from Guernsey and Alderney, our witnesses and members of the public. Our session today forms part of the Committee of Inquiry into the Security of Strategic Air Links.

10 Please note that filming and photography are strictly prohibited. Can I ask anybody who has any mobile devices to please turn them off, or put them on silent.

It is essential during our session that the Committee is able to hear from our witnesses without any interruption from the public gallery. I might just make it absolutely clear, here. This is not a public meeting as such, it is really like a court of inquiry where you are welcome to hear what evidence is given but you cannot interject or take part in the proceedings.

15 The panel acknowledges that this is an extremely emotive issue for the Island. However, we are here to gather information on this subject and I would request that witnesses and members of the audience conduct themselves respectfully at all times.

We do not have parliamentary privilege in Alderney, so what you say has to be well thought-out and it has to be polite. Please bear that in mind as we proceed.

20 This hearing will be followed by two similar events in Guernsey when the Committee will question the airline, business organisations and relevant government departments. In those hearings we will have an opportunity for some of your points to be put to those organisations.

It is an ongoing process, it will take some time and you are the first of three hearings.

25 I would just like to introduce you to the Committee and the Scrutiny Panel. The Scrutiny Committee comprises nine members, of whom five form this particular inquiry panel. On my right is Deputy Peter Sherbourne, who is a St Peter Port North Deputy; next to him is Deputy Arrun Wilkie, who represents the West; I'm Paul Le Pelley, I represent St Sampson's. I am Vice-Chair of Scrutiny and our Chairman is here today; he is conflicted as a member of the Public Services Department, so he is not taking part, but he is witnessing what is going on.

30 Next to me over here is Deputy Lester Queripel, another St Peter Port North Deputy, and Deputy Barry Paint, who represents Castel.

Immediately on my left and right are two advisors; on my right is Mr Alistair Doherty and on my left Mr Mark Huntington, who is the Principal Officer of the Scrutiny Committee.

35 I now turn to our witnesses. We will be hearing first from representatives of the States of Alderney. Would witnesses please give their name and job title for our records.

Mr Harvey and Mr Brownlees were called at 5.38 p.m.

EVIDENCE OF

Alderney Representative Mr Neil Harvey, Chairman, Policy and Finance Committee, States of Alderney, and Mr Victor Brownlees, Chief Executive, States of Alderney

40 **Q1. The Chairman:** I would like to call on Deputy Sherbourne to open with his questions.

Deputy Sherbourne: Good evening, ladies and gentlemen. I think, actually, we should await your response, Mr Harvey.

45 **Mr Harvey:** Thank you very much indeed, yes. I am Neil Harvey, Chairman of the Policy and Finance Committee of the States of Alderney.

Mr Brownlees: I am Victor Brownlees; I am Chief Executive of the States of Alderney.

50 **Q2. Deputy Sherbourne:** Thank you very much. We have obviously quite a scope of questions for this evening, which hopefully will drill down into some of the issues facing the States of Alderney and the population of Alderney. It would be very helpful for us to establish the procedures, the measures that have been taken by the States of Alderney to achieve their actual strategic planning and the statements that they have actually made with regard to the importance of the strategic air links.

55 'The issue of securing strategic air links is far and away the most important problem facing the States as we seek to regenerate the Island's seriously damaged economy.'

That is a statement of the submission from the States of Alderney to the Scrutiny Committee.

I would like to ask you, first of all, whether this statement included in your submission represents the views of the Island as a whole.

60 **Mr Harvey:** Thank you very much. Can I just very briefly add my welcome too. I think it is wonderful to see the Scrutiny Committee here. I think it is probably the first occasion that the Scrutiny Committee have come to Alderney and, on behalf of the States, thank you gentlemen for taking the time to come down and see us. Just to acknowledge our thanks for the Scrutiny Committee coming down to talk to us all today.

65 I joined the States just over two years ago. Fairly early on, we called together business people, those interested in tourism, into one of these rooms and asked them all, 'What are the biggest issues facing Alderney?'

To a man or woman they said, 'Our air links.'

70 Now, at that point, and this was probably about April 2013, the over-riding concerns were twofold. Firstly, the availability of seats, because at certain times of the year and not just in August when we would expect it, during Alderney Week, certain times of the year it was proving difficult for people to get flights, particularly from Southampton to the Island. So there was a real problem on availability of seats.

75 Allied with that, of course, was concern about the air fares, which in the perception of many people have rocketed over the years. It was probably no coincidence that with these twin problems of the availability of seats and the prices at the same time we were seeing a decline in the visitor population and indeed the resident population.

I suspect it is a chicken and egg effect, but there is no doubt that those two things were having a serious impact on the Island and that was a very widely held perception.

80 I have to say since then, it is very difficult to see that things have really got better. Last year was a particularly torrid time for the Island with problems over the Trislanders and I think a decision made not to carry out the extensive checks on one or two of the Trislanders in the expectation that the Dorniers would fill the gap. That hope was proven forlorn, rather. We limped through the summer and quite a bit of the autumn in a very difficult situation, to the extent that there were days when we had only one Trislander serving all of our routes, our medivacs and every operation here that required significantly more.

85 So, yes, I think it is very, very clear to us and it is certainly clear to the States that, although we have an Economic Development Plan which has recently been agreed with Policy Council in Guernsey and has been subject of some initial, and there will be more, public consultation, virtually everything in that plan is dependent upon satisfactory air links. So it is our number one priority, number two, our number three.

90 **Q3. Deputy Sherbourne:** I wonder if I can just press you on the measures taken by the States of Alderney to ascertain the views of all Islanders.

Mr Harvey: Well, we have regular public meetings here. We have People's Meetings every month which the format is to firstly discuss the items on the Billet and secondly is pretty much an open format and

certainly allows for written submissions. It just comes through, meeting after meeting, concerns over transportation, particularly air transportation.

I think that the number of people in the hall tonight testifies to the interest and concern about this issue.

We are not alone, I mean think the many recent surveys of islands around the world show that their top three issues were transportation, energy and waste. Well, energy is a continuing problem that we try and cope with, as is waste. The one that is outside our control is transportation, which is why we make no apologies for lobbying at every occasion for better services.

Q4. Deputy Sherbourne: Could I ask you, to press you further, with regard to a single Alderney view. We are aware that there have been submissions that are in conflict, really, with the States of Alderney position. Do you believe they are conflicting?

Mr Harvey: Well I am trying to guess what those views might be, but I very much doubt whether any of them say the service is wonderful and there is not a problem.

Q5. Deputy Sherbourne: Thank you. The Alderney Strategic Plan states that:

‘The States of Alderney will hold discussions with aircraft operators to understand the requirements in terms of physical airport facilities requirements, passenger numbers, pricing and scheduling.’

Has this been achieved and what are the outcomes?

Mr Harvey: I think where we are putting our efforts at the moment and have been for 12 or 14 months is to secure a binding commitment involving the States of Guernsey, particularly probably Treasury & Resources, and Aurigny. It is the sort of agreement that they reached over 12 months ago in terms of the Guernsey-Gatwick route, which set parameters for fares, or at least 60%, 65% of fares, punctuality, et cetera.

We are seeking a similar sort of agreement with Aurigny, but it has to be backed by the States of Guernsey, clearly, and Aurigny have made that quite clear to us that they will do whatever the States of Guernsey tell them to do.

There is a very, very strong view here and, I think one of my colleagues will talk about it more later, that we all are shareholders in Aurigny. We are all taxpayers to the Bailiwick. Why, then, are we seeing a substandard service? Why are we not seeing a service that, by and large, is in line with the service that people of Guernsey expect on the Guernsey-Gatwick route?

These are our lifeline routes. We do not have the luxury of ferries, high speed catamarans, short links to other islands with more airlines. I appreciate you are down to Aurigny in air links. But we do not have some of the options available to Guernsey and, yet, we seem to be in a situation where it is acceptable that Alderney has a service that does not really meet our needs.

We have talked to Aurigny about getting some data from them and we have had a huge amount of numbers, but not very much is a useable management information, so we are trying to get that.

You know, it is not a difficult call, really. As I say, Guernsey has a stipulation that Aurigny should provide X number of fares within £65, we would like something similar.

Q6. Deputy Sherbourne: Thank you. In his letter to Gavin St Pier, of May 2014, the chairman of Aurigny Jon Moulton said: ‘We have sought to be very open with the inhabitants of Alderney and keep them updated on progress.’

In the same letter, Jon Moulton says of the Alderney Pressure Group: ‘We are very concerned about the intervention at this late stage.’

Do you consider that Aurigny have been sufficiently open in communication with Alderney residents, updating and consulting with them, as stakeholders?

Mr Harvey: I guess there is a very short answer to that and the answer is no.

We have no formal relationship as a States of Alderney, or the people of Alderney have no formal relationship with Aurigny. We have informal contacts with them. We sometimes find out what is going on through reading the media. We do not really feel that is terribly satisfactory.

The replacement of the Trislanders, personally I believe, and I think the States in both Islands have agreed, the replacement of the Trislanders with the Dorniers is the right thing to do. I fully understand that some people have found difficulty with the Dorniers. There are problems over those with limited mobility, which I think need to be considered by Aurigny and some workable solutions found.

That is not a reason to jettison the Dornier in favour of the ageing Trislanders.

155 But the process of acquiring Dorniers has been tortuous. We have not been kept as informed as we would like, bearing in mind the criticality of this issue to virtually everybody on Alderney.

So, we would really appreciate some better communication from Aurigny. We have talked in general terms about some appropriate structure to ensure that happens but, hitherto I think that has fallen on that deaf ears. So, there is a real need for better communications.

160 **Q7. Deputy Sherbourne:** Would you say that there was a need from both parties with regards to better communication or are you pointing the finger at Aurigny?

165 **Mr Harvey:** Well, I mean a marriage is always made of two people, isn't it? We cannot say that our hands are totally clear. What I can say is that we certainly feed back to Aurigny the problems that are brought to our attention; not every day but on a pretty regular basis.

A case in point is, a few days ago, we were alerted to the fact that the new schedules for the summer have brought forward the last flight from Guernsey to Alderney by 20 minutes. Twenty minutes does not sound very much and we are told that they will make some savings on the back of that. Twenty minutes unfortunately means that those travelling from Guernsey either have to change their days or they have to spend the night, unnecessarily in our view, in Guernsey, and it is virtually impossible for anybody to do business in Jersey, who is based in Alderney.

170 So, on the one hand, we have States of Guernsey supporting our economic development efforts and, on the other hand, we have one of their wholly owned enterprises pursuing their own course to, understandably, cut costs, but without reference to anybody, without any consideration of the impact.

There is a lack of joined up thinking there.

180 **Q8. Deputy Sherbourne:** I asked, a few moments ago, I read a statement from Jon Moulton, with regards to the late intervention of the pressure group. What is your view of the Alderney Pressure Group's intervention in Aurigny's aircraft acquisition process?

185 **Mr Harvey:** I think they are all honest gentlemen with a particular viewpoint, who have the interests of the Island at heart. I think they are going down the wrong route. I don't think that the Trislanders, they have been a wonderful servant for the Island, good heavens they have worked for almost 40 years supporting us, I think that their day is past. Although I am an amateur flyer, I do not know all of the ins and outs of the CAA and the EASA, Sir, but the people who do tell me that it is highly unlikely that a new Trislander would be licensed, given the changes in regulations since their production line last operated, and I am very conscious that there are those who will argue otherwise, staring me in the back. But, never mind.

190 I think the future does lie with the Dornier. It is more than just odd conversations with people who will say, we came to Southampton, took one look at the, as they are kindly called, 'Meccano aircraft' and left, without flying. There are those who would see it that way.

Is the Dornier the perfect aircraft? No, of course not, there is no such thing as a perfect aircraft, but I think it is a damn sight better than a 40-year-old Trislander.

195 Equally, there is a view held that the States should be taking a more interventionist approach here, that we should be pulling together the people and potentially the money to create its own airline. I do not believe that is the job of the States of Alderney. I think it has been hard enough for the States of Guernsey to almost have it happen to preserve a lifeline. I see no taste for it in the States of Alderney, nor the expertise necessary to be intervening and creating that.

200 For those who say well, we should, let us remind them that Aurigny did not start off as a States' initiative, it started off as a private initiative.

If private initiatives want to come along with a sound plan, we will talk to them, of course we will.

205 **Q9. Deputy Sherbourne:** Thank you. The States of Guernsey agreed the following resolution in December 2014 to be reported back by the end of 2016:

'The Policy Council is to publish an action plan, not later than March 2015, defining the extent of an appraisal of the financial relationship between Guernsey and Alderney and to report back to the States not later than March 2016.'

210 The Alderney Liaison Group was subsequently established and, jointly with the Alderney Policy and Finance Group, was charged to develop a position on future strategic policy developments, including a draft action plan detailing measures to safeguard and develop the economy of Alderney, those to be considered by the Alderney Liaison Group not later than March 2015.

Can I ask you what work has been done to date with Guernsey Government to secure the strategic air links for Alderney?

Mr Harvey: Well, there are a number of different questions rolled into one there. If I can start from the point of view of the economic development action plan. This, as you say, was one of requirements of the States of Deliberation debate in December, with the objective that Policy Council should bring forward to ALG a draft economic development action plan by the end of March.

Several of my colleagues and I took the initiative on that towards the end of last year and started drafting our own economic development action plan, rather than waiting for Guernsey to move on that. That economic development action plan, which is a summary, of course, it does not go down to every last detail of what will be done or it would run to about 2000 pages. But we have that summary, it is in the public domain. It has been published to the people of Alderney. We had our, probably, the first of a number of meetings here last week to start talking to people about it. It has been shared with the Alderney Liaison Group and the Policy Council have given it agreement in principle.

So we have beaten that particular deadline.

But, I have to say, once we start looking at the detail of what we have produced, almost the entire first page of it, which probably represents a couple of hundred jobs over a period of time, certainly some significant improvements to the Island's economy, we can tear it up if we have not got satisfactory air links.

There is no shadow of a doubt. Perhaps some of my colleagues on the ALG would rather see us do just that, rather than continue banging our heads against what seems to be something of a brick wall.

We have been trying with the States of Guernsey now, for at least 14, 16, 18 months to get a service level agreement in place. I have a whole string of references to 'yes we will do that'. We have had the Minister for T&R who has said he should do it. He said it in his submission to the States of Guernsey in December.

Unfortunately at that point, the recommendation was that Commerce & Employment take up this issue and look at whether it should be a service level agreement, public service obligation or what.

Well, no disrespect to them, but we have not heard a word from them at the moment.

I wrote to Gavin St Pier, the Minister for T&R, before Christmas, in response to a press article which was extolling the virtues of the existing agreement on the Guernsey-Gatwick. A press release on 9th December in which they said, 'Earlier this year the supervisory subcommittee set a target for Aurigny to offer 60% of its available fares on the Gatwick route at £65 or less, excluding duty. In the first nine months of the year, the airline actually exceeded this target, often 72% of its seats at £65 or less, with 44% paying £50 or less.'

It then goes on, I won't go through the whole thing, but it talks about fully flexible fares, where the number of those has not been too high, and it failed in everything, I'm sorry, it passed the targets in everything except punctuality.

Having seen all of that, I did write to the Minister and say, 'Look, you are a great one for value for money. Why are we talking or instructed to talk to Commerce & Employment about this when you have a supervisory sub-group which is clearly not only engaged with Aurigny and giving them instructions as to what parameters they should be working to, but it has established some monitoring arrangements with them as well, so you can measure the success of that? Why would we now want to go to Commerce & Employment and ask them to reinvent this particular wheel?'

Well, we had a response in the New Year, which did not really take us too much further than introduce various other issues about whether it was a public service obligation with EU implications, or what.

Frankly, the people of Alderney do not care what you call it, as long as there is something in place that is binding upon Aurigny and sets out some reasonable terms of engagement with them and provides us with a decent air service.

That is really all we are trying to do and if that means parity with Guernsey, well, why not, for heaven's sake?

I think the idea that Aurigny should be run as a commercial operation has long since disappeared out of the window. It probably disappeared out of the window the moment the States of Guernsey bought them to secure their slots in Gatwick. That was direction and control.

That they should be run efficiently and cost-effectively is obviously a given. They are part of government and like all parts of government, they should adhere to that. But, having said that, they are so fundamental, I believe, to the economies of both Islands and I think the fact that you gentlemen are here recognises that importance, but there has to be a fair degree of direction to Aurigny and if the management there do not like it, well, I am sure somebody else will.

So, I think, yes, I think the States of Guernsey need to give more direction to Aurigny. I think we need to grasp the nettle in terms of the Alderney services and I am sure you will probably get similar complaints when you go to Guernsey. Here, we have no-one to turn to but Aurigny.

Q10. Deputy Sherbourne: So, you are saying that there is not even a draft version at the moment produced by C&E?

Mr Harvey: No, we have had no contact from Commerce & Employment as of today.

Q11. Deputy Sherbourne: Are you aware whether Aurigny have actually provided the information that has been asked of them?

Mr Harvey: We have asked for information and, in fact, I think probably you are getting bored of hearing me, can I pass you over to our chief executive?

Mr Brownlees: Thank you very much. Yes, as Neil has said, we have requested quite a lot of information from Aurigny and we have had quite a lot of what might be loosely called information. It is mostly just a mixture of data on spreadsheets. Now, I do not know how to run an airline. I would not pretend that I should. I think the people who do run it could be more effective in their communication with us and in their engagement with us, if I can underline that.

That is where we are and my own view, and I hold this very, very strongly, is that the relationship should be between the two governments. It is actually irrelevant, in my view again, who runs an airline. It should be of no consequence to us. It is the responsibility, I believe therefore, of the States of Guernsey Government to engage with the States of Alderney Government to sort this out.

Q12. The Chairman: Do you think you that you are being listened to by the States of Guernsey?

Mr Brownlees: I believe that there are those in Guernsey who are listening to us. But, you know, fine words are great, but I would like to see some more effective action. Neil has outlined the request that we have made to T&R. We are following that up and I think we have already spoken to the Minister about this. We need to actually get to a resolution and he has very kindly offered to meet us later this month to try and move this forward.

But I come back to it, it has to be between the two governments to resolve this.

Q13. Deputy Sherbourne: Can I assume or can you confirm that the States of Alderney are actually in favour of some form of service level agreement.

Mr Brownlees: Yes, I believe that is absolutely necessary. As Neil again has pointed out, this is no mere commercial undertaking. This is our lifeline to the outside world and I mean that. It is life and death for some people in terms of, particularly, the medivac service, so I think it is absolutely essential that we have confirmation that a service will be provided that is acceptable to the people of this Island and absolutely vital to them.

Q14. The Chairman: Can you tell me what your priorities will be with regard to the air links. Would Southampton figure highly in that?

Mr Harvey: Thanks very much. I believe it has to. I believe if we are to be a serious location for businesses and we have programmes in preparation to try and attract businesses here, then we have to have that link.

Just to put these matters in perspective as, I think, we included in our evidence to you, several months ago we had a very alarming communication from the chairman of the AGCC, who was seriously concerned about the ability of him and his commissioners to do their work properly, both in terms of visiting clients and to carry out the regulatory and due diligence that they are tasked with undertaking. He was having major, major problems in terms of transport, bearing in mind their clients are scattered around the world.

Now, that is not just one more person complaining about the service, this is a man whose organisation contributes £2 million a year to Alderney's coffers and by the best estimate, between £30 and £50 million a year to Guernsey's earnings from servers and employment and everything else. When he starts to say 'this is really jeopardising our business' you have to sit up and take notice.

Since then, in the past few days, we have heard that another of our regulatory people, that is ACRE, the holding commission for renewable energy, who oversee tidal energy, have abandoned trying to hold meetings in Alderney, even though they are mostly based here. They are now having to hold their meetings in Guernsey and in Southampton because they just cannot guarantee the flights and the connections to bring together the people they need to talk to.

So, at a time when we are desperate to grow our economy, we are getting, as Victor has said, we are getting all the right messages from senior ministers in Guernsey, the actions on the ground, not by them but by Aurigny, are just not supporting those efforts.

It really is almost heart-breaking to see all the effort that many people here are putting in to try to turn this Island around in difficult circumstances and, yet, at the stroke of a pen somewhere, we will change the schedules or we will wait another three to six, 12 months for the replacement aircraft.

Things got so bad last autumn that Victor and I and one or two others went and talked to the Chief Minister in Guernsey and said that this cannot go on. As a result of that Aurigny chartered a Let aircraft for a period of time to fill in some of the gaps that were appearing in their service. I believe they chartered it for two weeks and it made a bit of a difference. For two weeks.

You know, obviously, the costs were significant. The costs of chartering or wet-leasing an aircraft are greater than actually owning and operating an efficient and effective aircraft. I guess, ultimately, it was the cost that drove them to saying, 'Well, that's it, we tried that. Move on.'

Q15. The Chairman: Can I ask you to expand a little bit on the type of air links that would be desirable for Alderney? There are lifeline links for the place to actually survive. There is also, as outlined in your strategic plan, the economic generation aspect of links. Should they be split or do they work alongside one another?

Mr Harvey: I think they could work alongside one another. We, as many people will be aware, a couple of years back now, almost, we ran a very successful trial on flights to Jersey, direct flights to Jersey. Something that many people on this Island have missed and probably quite a lot of people on Jersey as well.

Now, it was a trial that was organised quite late in the year, it was for six weeks in October. We took the risk, the States of Alderney took the risk and chartered the aircraft and we achieved high load factors.

Now the plan would have been, then, last year to try and persuade or "bully" Aurigny into running a longer trial but then unfortunately in the spring time the ceiling fell in and they were down to one aircraft a day on some days. So, there was no question of them being able to look at other routes.

The number one priority is to secure our links to Southampton, which I believe is essential, and to Guernsey. Beyond that, yes we would like to see in particular the Jersey route opened up again at least on an extended trial. It might be a seasonal route, it might be two or three flights a week during the summer months. We believe that would work.

We believe there is significant pent up demand in Jersey for tourism to Alderney. It would give the option of people in Alderney being able to travel to Jersey. Now, whilst that is not directly an economic benefit, it makes the Island more attractive as location for people to move to. If you have got more air links, then that becomes much more attractive.

We have had research done, IMF research which shows the value of creating new connections. It is one of the best ways of growing an economy. Beyond that, Jersey, I think would be the first priority because we have operated there in the past, it is a short route and we think it would work at least as a seasonal operation.

Links to France is another one we would like to pursue. That is probably slightly less certain but, on the other hand the potential gains are that much greater with France.

There are other people: there is a small operation with a couple of aircraft who are talking to us about some possible links there. The beauty of that is it would not conflict in any way with the existing routes, it would be additionality and that is what we really want.

But, really, that is the icing on the cake. The baking of the cake is to make sure we have the two fundamental routes secured on satisfactory terms.

Q16. The Chairman: We are just about to move on to the next set of questions *in a moment with Deputy Wilkie*. Is there a problem of reliability?

(Several members of public gallery: Laughter.)

Mr Harvey: I hope you are not talking about States' Members!

Yes. Let's face it, the Trislanders are approaching 40 years old. Not many of us drive around in 40-year-old cars and, you know, there is a difference between breaking down at zero feet and breaking down at 3-4,000 feet.

I would hate anybody to think I don't like the Trislanders. I have loved the Trislanders as everybody else has. They are a fantastic workhorse. But, you know, things move on. The time has come.

Those have travelled on the Dornier, including your good selves, will say, 'Well, there is no guarantees that they will be reliable, based on today's performance.' But, I think the potential is there to be more reliable a servant. They are in, I believe, current production, and if we could just get our turn on the assembly line then that would make things better.

So reliability is a problem. We have tried to extract information from Aurigny as to cancellations and delays and it is starting to filter through at the moment and I think that some of the figures have surprised my colleagues and I in terms of punctuality; that they, according to Aurigny, are nowhere near as bad as we sometimes believe.

Maybe that is the consequence of individuals being affected by individual delays, it tends to colour their judgement, rather.

I think, I would expect that a Dornier that is somewhat younger, I know they have a design that is nearly as old as the Trislander, but nevertheless I think it was more of a forward-looking design and less localised and specific to one location, I think that the Dornier has the potential to be more reliable, but we are suffering from reliability problems at the moment, as you gentlemen are aware.

The Chairman: You mentioned that we might have experienced a Dornier ourselves. Unfortunately, it “went tech” today. *(Laughter and applause)* If I could now bring in Deputy Wilkie please.

Q17. Deputy Wilkie: Thank you, good evening gentlemen. Is there a trade-off to be had between maintaining the Southampton links and improving the Guernsey links?

Mr Harvey: Again, this has been suggested. It has been suggested and there are those in this hall who believe that that if you ran a very, very regular shuttle down to Guernsey you could actually start to replace it and have better links.

I think there are a couple of problems with that. One is the fact that you have two weather gateways to negotiate rather than one and we have enough problems here with one. So, again my own personal limited experience of trying to fly to Gatwick via Guernsey was a disaster and we ended up in Southampton because we could not get to Guernsey.

I do not really think it is the solution. There may be a part for it to play, but, again, we have here an internationally renowned organisation, the AGCC. We have the potential for others. We have the Tidal Energy Commission, in the economic plan there are proposals there for other new regulatory regimes which are looking extremely promising and have the support of the States of Guernsey, but they all depend on being able to get to the UK pretty quickly and with some degree of certainty.

For that reason, I believe that the Southampton route, Southampton of course is, if you can get there, is a wonderful gateway with the trains an hour up to London, probably almost better than Gatwick in some respects because you probably get onto the train a darned sight quicker than going to Gatwick, so I think Southampton is the perfect UK location, although others have been used in the past. I would hate to see it go. I think it would be quite damaging to the Island both in the short term and for what it is trying to do in the long term if we lost that Southampton route.

You know, we are a very small Island, we pay allegiance, if you like, to Guernsey, a lot of the life of individuals here, in terms of family, friends, health issues, relate to Guernsey, so you cannot get away from that link there, nor would we wish to do so. But the Southampton one is equally important to the economy of the Island.

Q18. Deputy Wilkie: Is the flight capacity adequate for the Island’s needs all year round?

Mr Harvey: As many people will know in Alderney Week the Island is full to bursting. Now it is difficult for any airline to cope with that level of people one week out of 52 during the year, so we do try to be understanding at that.

But what we are finding is that other weekends, particularly bank holiday weekends, it is impossible to get a flight for several days beforehand. I had a conversation with Jon Moulton last year, before the debate in Guernsey, and I said we should be measuring days sold out. I think he thought that I meant flights sold out. Well, we could probably live with a flight or two sold out, but when you are getting a series of days with no flight availability whatsoever, something is wrong. Something is wrong with the system.

Many here will say that Aurigny used to operate a waiting list. I am told that is not possible now. Whether it is not possible because of systems constraints or financial constraints is difficult for me to say, but I would propose that any service level agreement, any arrangement, tri-partite between ourselves, the States of Guernsey and Aurigny must include within it somewhere a limited number of days when it is not possible to get a flight here.

So, I think, you know, the availability, is clearly a problem at certain times of year and my suspicion is those certain times of year are growing in number, not just the August peaks.

Q19. Deputy Wilkie: So, would you agree that a seasonal variation would be part of a suitable solution to the Island’s problems?

Mr Harvey: Absolutely, as it is at the moment. We have a marked variation between the number of flights in winter. Taking again the Southampton route, we are down to normally two flights in the depths of winter and that may be sufficient, particularly if Aurigny are offering 19 seats instead of 12 or 14. Equally, during the summer months, there has to be some growth there.

But there has to be the potential to grow it. We have a very active Tourism Department that are working their socks off to spread our season, as other tourist destinations are. We are now getting success, we are getting groups of people wanting to come here in the shoulder months, in April and October. But if they find they cannot get a flight, or the flight costs them more than flying across the Atlantic, why would they bother?

Q20. Deputy Wilkie: How does the States of Alderney know that the decline in air links has not followed the decline in population and hence demand?

Mr Harvey: Well, yes, as I said at the beginning, I think it is a bit of a “chicken and egg” argument. But chickens and eggs do not really help us here. If you have got a downward spiral, somebody has to break into that spiral with some investment and that is what we are asking for.

Some of it, just an investment of time and recognition. Yes, there may be cost attachment to that and I am perfectly happy that we should be part of trying to identify those costs and justifying those costs, but at least give us the opportunity of doing so.

Q21. Deputy Wilkie: You have stated on several occasions during October and November 2014 that one Trislander was serviceable and problems were aggravated by missed deadlines with delivery of the Dornier. Could you tell us a bit more about the impact this had in Alderney?

Mr Harvey: Well, I suppose the really dramatic incident was when a medivac last year was cancelled, I believe, with a patient in the aircraft, and it was only the good fortune of a passing helicopter from, I believe, another island not too far from you, who offered to help, that the matter was resolved.

I think it is difficult to explain to those who have not lived here the isolation of this Island, particularly during the winter months. With an ageing population, although medivacs take up a tiny, tiny percentage of flights, they do loom quite large in the minds of any people here and quite understandably so.

I think that was one extreme example.

Another example we had was from a local estate agent who had people coming over here in the final stages of buying a house. Could not get a flight, cancelled the whole deal.

I am sure there are other anecdotal, unfortunately they have to be anecdotal because of our lack of hard information in terms of numbers, but these are some of the anecdotal stories, the other ones are letters we have had from AGCC and the likes.

Q22. Deputy Wilkie: From what you have said, are you claiming that improved air links could turn the Alderney economy around?

Mr Harvey: By itself, they would probably have a positive impact, but taken in conjunction with our economic development plans, yes I believe they would. I believe they would have a marked effect on the Island. The corollary, as I say, is that we will continue trying to soldier on to bring people here, whether it be for tourism or as business people, or through organisations. That really is going to be an uphill task unless we do sort out the air links.

I think, I should just say at this point, it is not really about knocking Aurigny. Aurigny is our only provider of air links and there is a great deal of affection here for Aurigny, born in Alderney. I suspect that affection has been strained greatly over the last year or two.

I think some of the problems come back to the States of Guernsey. Not least, of course, the fact that although it is not the remit of this committee, the airfield here on any measure is totally inadequate. Even to service the Trislanders it is inadequate. To service the Dorniers it is going to be inadequate.

We are engaged in discussions with your colleagues elsewhere in Guernsey about what improvements can be made to the runways here. I have some information. Sorry, I cannot bring the sums to hand immediately, but the last major expenditure on our runway here was in 2002. There has been no capital expenditure on our runways here since 2002.

What there has been has been wind and rain, occasionally cold temperatures. The main runway is now reaching a point at which the CAA are taking a serious interest in the remedial action because they have been promised remedial action for several years now and I am pleased to say PSD have plans that will start to address the problems with the main runway. They have plans to address the two grass runways, because

we do need three runways here. Unfortunately, as of today, there is a NOTAM, a notice to flyers, which says the grass runways are both closed again today.

This is very much an on-off situation.

520 TPS, the consultants in airfield design employed by Guernsey, said there was a very clear case for extending and tarmacking the prevailing wind cross-wind runway and Aurigny have said it would help them with their operations.

525 So that is a battle we have to fight with Guernsey, because it costs more money. But it is the result of very, very many years under-investment, very much the same story with Aurigny. So it is not just Aurigny's fault, it maybe it is Alderney's fault for not doing more about it or pushing harder on this area.

Q23. Deputy Wilkie: In your evidence, you state that there is a lack of data or you have a lack of data. With that in mind, what evidence is there to suggest that increased frequency of flights at a lower cost would stimulate the economy?

530 **Mr Harvey:** I think there are plenty of reports, and we have one prepared by Dr Andy Sloan, there are IMF reports, all of which say that, if you reduce the price, you create new connections, you stimulate the economy.

535 I think, unfortunately, for various reasons, Aurigny has been the ever-shrinking airline and it is very easy for any organisation to get a mind-set that all that really matters is cost reduction. You can then confuse efficiency and effectiveness.

Efficiency might be to operate one plane a week, fully laden, at very minimal cost. Effectiveness is meeting the needs of your customers. The two are not always the same.

540 So, I think it is pretty self-evident. We actually ran the trial on the route to Jersey at a price well below Guernsey's, a lengthy leg via Guernsey because we were charging so we could do. We took a risk, we priced within £90, as opposed to something well over £100 and we achieved, I think, I believe, 85-86% capacity at very short notice with not too much time to mount a marketing effort.

So I think the proof of the pudding is in the eating. Try it. Let's challenge Aurigny to bring their fares down for six months or 12 months and see what happens. Let's try it and see.

545 **Q24. Deputy Wilkie:** Is there a belief in Alderney that the States of Guernsey is trying to simultaneously run Aurigny as a commercial entity and to serve the community?

550 **Mr Harvey:** Well, yes, I think that is pretty evident. We do not know exactly what the mandate is to Aurigny, as with so much of the dealings between the States of Guernsey and Aurigny, there is a shroud of secrecy over much of it, which is put down to commercial considerations.

555 When there was a direct competitor on the route, certainly I could understand that argument. I think it has rather weakened since the other operator pulled out. So yes, there is a good deal of mystery. There are plenty of rumours about what the chairman and chief executive of Aurigny have been told to do in terms of their costs and one could well understand that, in the present difficult climate, T&R would be saying to them, 'Get your losses down.'

That would not be at all unreasonable, but it has to be a sensible approach and it has to tally with other things that the States of Guernsey are supporting, otherwise they are pointing in two different directions at the same time.

560 I think there is probably, maybe not for the first time, a lack of joined up thinking in some respects there. So I think there is plenty of evidence that things could be improved.

Q25. Deputy Wilkie: So, do you think that air links should serve two roles: economic generation and a lifeline link?

565 **Mr Harvey:** Well, I think it is probably difficult to separate the two. We can look at the economic advantages of a good air service, or the disadvantages of a poor one, which would probably have been easier to spell out, we have experience of that, there are also, of course, the social implications, because there is hardly a person on this Island who is not touched by our air links, literally from cradle to grave.

570 So everybody on this Island is affected by air links. At one level, as I say, there are medical evacuations, there are evacuations of ladies who deliver babies in Guernsey. Sadly, at the other end, there is a need occasionally to ship departed members of the Island to Guernsey to the crematorium. It is literally cradle to grave.

They need a service there. They need a reliable service there and I think the problem with all of this is if you get into a downward spiral it is very, very difficult to arrest it and the infrastructure costs for the Island,

the electricity supply, the water supply, the infrastructure costs of government, the infrastructure costs of Aurigny, do not go down when the population and the market and the demand go down.

So there has to be a changed view on this. There has to be a changed attitude.

Instead of looking permanently at how can we reduce costs, where it is appropriate and where a business case is made for it, we should be looking to spend money, to invest money for the future. That is a difficult, difficult decision to make, especially when you have one department tasked with cutting costs and another one with growing economies.

Q26. Deputy Wilkie: Is there a united Alderney view to maintain what you have got or extend on that?

Mr Harvey: I am always reluctant to say I know exactly what the people of Alderney want because that would be somewhat arrogant and presumptuous of me. I think that the argument for extending the main runway rather moved away when the decision was taken to purchase Dorniers. It does leave us vulnerable, there is no shadow of a doubt. It leaves us vulnerable because there are only a small number of aircraft in the world that can service a runway of that size on public transport.

It leaves us vulnerable in the future and in terms of whether current thinking on the runways futureproofs us for 50 years, no, there is no way it does. I think the combination of the runways that we are seeking now and the Dorniers probably futureproofs us for 25 years, certainly for 20 years.

Within that timescale, who can say what the Island's needs will be. So there may be still some people here who hanker after ATRs coming in on a longer runway. I do not believe that is a realistic aspiration in the short term, but there may be a need for continued thought about our runways in the medium to long term, certainly.

Q27. Deputy Wilkie: Would the States of Alderney be willing to contribute to the cost of a runway extension?

Mr Harvey: Within our means, we have already indicated that we would look at that. But just at the moment we have quite a number of people who are coming to us with solutions to transport problems which all, not surprisingly, require public subsidy. So we would have to look very hard at what we could do and what our priorities are, what we believe the priorities for the people of Alderney are.

But, in principle, yes we have some funds which have not yet been spent, mainly due to delays in public programmes and the sheer ability to project-manage public programmes, which is not to say that the infrastructure here does not continue to need monies being spent on it, so we have to be prudent and cautious with any offers we make. But we have said already, in principle, we would consider a contribution to facilitate these matters.

The Chairman: Thank you very much, Deputy Wilkie. Can I ask if Deputy Sherbourne would like to pose one more question before we give you the chance to make any comments that you may wish to, that we have not already heard from you.

Q28. Deputy Sherbourne: Thank you. Much has been made of the so-called subsidy that Alderney requires to maintain any service. Aurigny has come up with certain figures. I recognise that you are in favour of a very slow emerging SLA or public service obligation. Would it be acceptable, do you think, to the States of Alderney if Aurigny were given a set subsidy for operating the Alderney routes and then told to at least break even?

Mr Harvey: I think there is a real pressure within the world of accounting and finance, internationally and at public sector level, to be transparent, to not hide subsidies. So I think we cannot ignore that.

I would rather see a sensible, overt subsidy to Aurigny, which they would have to run the numbers. What we should be saying to them is, 'Look, to achieve the same sort of levels of service, price-wise, and frequency for our smaller operation than Guernsey-Gatwick, what level of subsidy would you require?' I think we would look for some flexibility within that because we would also look, as I say, for them to at least have the ability to try lower fares on a selective basis for a sufficient period to see whether it has an impact.

But in principle, should they have a fixed subsidy? Yes. It seems to me much more sensible, and I have had this discussion with the Minister of T&R, that they have a transparent subsidy of a certain level which, based on their figures, would be sufficient to give us the service we need, rather than, I think the existing arrangement seems to be at the end of each year they tell T&R how much they have lost. It does not seem like a good way of financing a business, albeit a States-owned business.

635 **Q29. Deputy Sherbourne:** So, how would a possible desired service of Aurigny compare with what you are actually getting at the moment? I mean, you must have ideas yourself?

Mr Harvey: Yes, I think that that is probably why it is so frustrating there has been a reluctance to get to grips with this because, I suspect that in many areas the sort of service level we would want would not be
640 hugely different from what we were getting until the problems that arose early last year.

Certainly, somebody at the meeting recently on transport said can we not go back to the days two years ago when we had a perfect service? Well I do not think anybody two years ago would have said it was perfect but it was certainly a lot better than the service we have experienced over some of the last 12 months.

645 So, I think what is important, firstly is to pin Aurigny down to what level of frequency, how many seats, how they will handle sold-out days. Those issues, first of all, and then start to address the issue of costs and fares.

I really do see a strong correlation with the Guernsey-Gatwick route in terms of, it is actually of course a shorter route than Guernsey-Gatwick but that is by the by, but nevertheless if the States of Guernsey are
650 saying to Aurigny, 'this route is vital to us and we do not want you to charge more than £60 or £50 or whatever figure it is', that same argument applies with spades here, where we have less options.

So I think my starting point would be for Guernsey, first of all the States of Guernsey, or the ministers to accept in principle that idea and then to say to Aurigny, 'Okay, this is what we are aiming for. What are the costs going to be? Run those numbers through your financial models and tell us what sort of a subsidy
655 will be required.'

A sensible figure, because it is very easy, analysing route profitability, to shift some of the costs around, some of the fixed overheads on different bases. You know what they say about statistics, we won't go there too much. But I think it has to be along those lines.

For Guernsey to accept in principle that people in Alderney have, as shareholders in Aurigny, taxpayers
660 to the Bailiwick, a right to a reasonable air service, because it is so fundamental. It is not a nice-to-have, it is absolutely fundamental to life on this Island.

So I think we have a reason to ask for that. Equally, any responsible States will say, 'Okay, what is this going to cost us?' That is down to Aurigny to produce some credible numbers on this and then debate can
665 begin.

Q30. The Chairman: Thank you Deputy Sherbourne. We are fast getting towards the end of our first section. Is there anything else that you would like to add?

Mr Harvey: I think that we have covered most of the ground that we would like to. Thank you for
670 listening to our views and we hope that, I am not sure when your reports will be coming out, it might be that we will pushing on; well, we will be pushing on with these issues, probably before your report sees the light of day. I wish you well with it and, again, I thank you for coming to Alderney.

The Chairman: Well, thank you very much. We have enjoyed coming here. We are going to have a second and a third session this evening. We will take a short break, but we will be asking questions and
675 answering issues, or asking others to address those issues in our second and third hearings.

We will now take a little break. Thank you very much indeed for your evidence.

A five-minute break, just for the Deputies to gather their papers. We will reconvene in five minutes. Thank you.

680 *The Committee adjourned at 6.35 p.m. and resumed its sitting at 6.45pm.*
Alderney Representative Mr Louis Jean was called at 6.45pm.

EVIDENCE OF
Mr Louis Jean, Alderney Representative, Member States of Alderney

685 **Q31. The Chairman:** Thank you very much indeed. This session is going to be about 10 minutes or so long. We are going to question Mr Louis Jean, who is the Alderney Representative to the States of Guernsey.

Deputy Wilkie: Thank you. Alderney Representative Louis Jean.

690 **Mr Jean:** Thank you.

Deputy Wilkie: Nice to see you.

695 **Mr Jean:** I would just like to say I am pleased to see you all, many of my colleagues that I work with in Guernsey, and I get along very well with many of you and I am pleased to see you here this evening. Thank you for coming, particularly because it gives us the opportunity to talk about our strategic air links and the security of them. Thank you, thank you very much.

700 **Q32. Deputy Sherbourne:** Well, it is your opportunity, actually, to respond to the last hour. You have heard our questions very well answered by your colleagues and we would like to get another Alderney politician's view on those answers. So perhaps you would like to recap, really, the last hour's questions and answers and give your perspective on this very, very important issue for Alderney.

705 **Mr Jean:** Well, I know that now it is a particularly difficult time for Alderney, because we are suffering from several problems and the main part of my submission has highlighted, I feel, the fact that there is customer resistance here and problems regarding air fares and the expense that we have. What this is causing here is, along with the customer resistance, we have difficulty in people going to visit relatives, we have many, many problems caused through this, but also, as well, the way that the service has gone and because we as yet have not got a service level agreement and at the end I will probably go into that.

710 The situation is shifting and changing. I am not for blaming Aurigny. What I want to do is to try to work with Aurigny. But the fact of the matter is, even as we wait to move towards a service level agreement, the boundaries are shifting faster than we can cope with and some of the things that are happening, in which here I have an additional set of information, if I can give to you an update regarding that, it is changing so much that, by the time that we get to the service level agreement, and my belief is that the changes are being done now because there is not a service level agreement and that is not yet due to be in place, probably until June and July.

Now, that is causing a problem because what is actually happening is the changes are being made now.

720 Where we have the other part of our problem is in the fact that Guernsey, in 2014, set up the Aurigny sub-group to liaise with their airline and to talk over to the policy and, as you know, part of my submission addresses that and I know my colleague touched upon it, but I want to go into further detail.

725 It is very interesting the press release which I submitted into your bundle, dated December 9th, the day before the States' meeting on the Airfield Requête on the 10th. I did actually mention it in my speech, which I have included in my submission. What that shows is that Guernsey are discovering the secret of success, together with Aurigny, in the fact that the Aurigny sub-group have been directing and influencing Aurigny to give better pricing on their air routes.

I am sorry, the mike's having problems. I will reach forward.

Having difficulty in pricing on their air routes and the sub-group has actually been pressing to get the air fares down.

730 What this has resulted in is a considerable increase, to the delight, which is expressed, in that press release and a hopeful prediction, and this would be good for everyone. What I am looking at is what is good for everyone. What is good for Guernsey is also good for Alderney, because if the press release is correct and the budget deficit does in 2014, and I do not know if that is possible because I do not know when the outcome of that will be published, that will be very interesting, drops from the previous £3.5 million down to £1.45 million because of the direction of this sub-group, together with Aurigny – I am praising both Aurigny and the sub-group itself it is a good thing that has been set up – my view is this: Alderney has not yet got that representation through its service level agreement. The boundaries are changing, which I would like to cover later when you ask me my last question.

What we need is more influence on the sub-group, or perhaps membership of it, so that we can have better lines of communication, both with the politicians in Guernsey and work together to resolve the problems which, in a way, part of the problem is that, when, the first thing that was said in a press statement about when Aurigny was sold to the States of Guernsey, was that there would never be any political interference with the management of Aurigny and that was Malcolm Hart who relayed that in a radio interview. And that went out, many of you may remember it. Anyway that went out.

Now I am actually grateful that there is political input to this. It is very important, I think, that Aurigny and the States of Guernsey steer both the fortunes of Guernsey and the fortunes of Aurigny in the right direction and I actually believe from that December 9th press release that that is the message I am beginning to receive, that you, the politicians of Guernsey, have done a successful thing in forming the sub-group and Aurigny are very happy to co-operate and that is very good.

Now, what I am saying is that Alderney should be in a similar situation because, at the moment, we do not have any control and the problem with no control is that things are happening without consultation to our own politicians. That is causing us problems.

That is where, I believe, as well, that the Guernsey politicians and the sub-group can actually help Alderney. I think that is extremely important.

Q33. Deputy Sherbourne: Just moving on to issues with regard to a possible service level agreement. The States of Alderney has actually listed risks that they consider real for Alderney, with regard to the dependence on Aurigny, limited number of aircraft types available to service Alderney, obviously the depopulation of the Island if present trends continue and the possible damage to the reputation of the Bailiwick. Are you satisfied that the States of Guernsey, and you are a Member of the States of Guernsey, is taking the necessary steps to mitigate these risks, while being mindful that the States of Guernsey is operating in a time of financial restraint?

Mr Jean: Yes, I do realise. I think as well, part of the message centres around two things. One that Alderney itself, this Island, is at the moment very dependent on Aurigny. Extremely dependent. I mean, if you look at Aurigny, in a way, because we have only got a couple of small ferry operations, and they do very well for us and I am not in any way diminishing their input to Alderney, what I am trying to say is we are so heavily dependent upon Aurigny because we do not have, as you have, Blue Islands, Flybe, Condor and all of the Herm ferry, the Sark ferry, you have proper connections to Jersey.

When we connect to Jersey we have got into a situation where we are paying four passenger landing taxes. It does not work out, £188 to go for the day to Jersey and, later on, I will show you the alteration in the timetables and the statistics that I have put together will show that now it is getting even harder to get to Jersey. One of the mainland routes, our route to Southampton, is getting more difficult.

What we need, really, is help to be properly represented on the Aurigny sub-group and we need help to understand the position of Alderney and it has to be remembered that Alderney is very, very much more dependent on the airline than, perhaps, Guernsey itself is.

Q34. Deputy Sherbourne: T&R are shareholders in the name of the Bailiwick's population. The messages that have come through this evening suggest that T&R may not be carrying out those responsibilities with regard to the security of air links. How would you respond to that?

Mr Jean: I would say so far it is a difficult thing. What I see is that the sub-group is obviously in contact with T&R, very close contact, and that is working. It is working there. What we have got to do is get this end working and improve it and I think the message and the criteria that really applies is what is actually happening in the direction of the sub-group, is helping Aurigny to go. That is the message that is very clear, that that is making an improvement and it, I sincerely hope, it does reduce the deficit for Aurigny, because if the deficit reduces and the same criteria is applied to Alderney, it means that Alderney can then be more successful in two ways and it also means successful in its own business culture and development.

At the moment Alderney is struggling to be successful because custom is thin on the ground and that is a fact. Actually, the statistics that I will give to you later to take away with you show year-on-year decline and that is what needs changing and we need the help to change that and to understand that it is not just about the actual airline, the airfield. It is about the whole community and the whole approach to business here.

Q35. Deputy Sherbourne: I notice from reading the States of Alderney submission a mention of a lack of, perhaps, joined up governance with regard to the operation of communication and transport links. It is a

multi-dimensional issue for Guernsey in that several departments have different responsibilities, for, if you like, the provision of adequate transport links. Do you believe this is an issue?

800 **Mr Jean:** I believe, so far, yes, from our point of view, it has not been very well joined up. We have not yet managed to connect with it and we really need to connect with it. Guernsey is showing that, through the sub-group, you are connecting with it. Not only are you connecting with it, you are achieving something. We need to achieve something as well for the business community and for tourism.

805 Tourism here is down. We have a continued situation where, one, we have lost one of a major hotels last year and we lost one of our major large restaurants at the harbour. The point about this is how do we address it and I believe that the suggestion that I have put to you is the way to address it, but in addressing it one must not think just of the airline, one must think as well of the whole Island community. It is about far more than that.

810 I also would like to say in reply to that question as regards joined-up, when you look at figures for running an airline or running an airfield, and we have all seen as we know what we are told, they are not quite what they seem. There is a degree, and I would say this and I have always been able to say this in my speeches in Guernsey years ago and it remains the same now and I have checked up and looked at this, that they are figures in there which, although they are charged to Alderney, they should not really apply because the management in Guernsey has paid anyway and what parts of it are charged to Alderney are not really
815 relevant.

It makes the picture look much worse in Alderney. Alderney has always had to cope with having that as a brickbat thrown at it. What I am saying about this is that in Guernsey we are told that the airport makes a loss in Guernsey, but it is placed in the Cinque Ports accounts along with the marinas and harbours.

820 I understand, and I have said in my speech in Guernsey on December 10th, that the airfield, or airport, was being taken out of the Cinque Ports accounts. Now I do not know if that is fully true, but if it is true, then for the first time we will see if there is any loss at the airport in Guernsey as it will no longer be sheltered and cloistered in the Cinque Ports account as it has been probably for over 20 years and more.

I do not know if that is a fair point to make.

825 **The Chairman:** Thank you very much indeed. Deputy Wilkie, would you like to ask your question?

Q36. Deputy Wilkie: If it was agreed that a subsidy was needed for a service level agreement do you consider it would also be agreeable for this to be for a trial period?

830 **Mr Jean:** Could you say that again?

Deputy Wilkie: If it was agreed that a subsidy was needed for a service level agreement, if you had a subsidy for running the routes to Alderney, would you be happy for this to be on a trial period?

835 **Mr Jean:** No, I would not, because I view it in a different way. I think the experiment to Jersey was very successful and it is of, it is sort of, if you like, a way of us expanding our trade. We could talk about one-item options like that as one item, but if we were to talk about all of the air routes in general, how much money would we have to subsidise and would we have enough would be my concern.

840 Also, I believe that subsidy can lead to a falsity, to an extent, in that you can, the airline could increase costs and we could keep increasing subsidy and that might not be the right way to do things.

No, I think would prefer to do it, the other thing that I would prefer to do, if you were looking at something like that is, if this was successful, let us suppose that you were interested in what I said about parity of air fares and treating Alderney in the same way, and I am only talking about the same way, as Guernsey would treat itself, then I would say to you that if it was uneconomic to bring passengers in the
845 present numbers on the Dorniers or, for instance, the Trislanders, and we were to look at the 21st Century airfield again in three years' time, as was suggested on December 10th, if a business case can be built.

We could not build a business case without being more innovative and without looking at what Guernsey is doing and it would be only right to look at it at what Guernsey is doing to bring in more custom through its own airport, which the December 9th press release from Gavin St Pier and the Aurigny sub-group clearly seems to indicate it is working for Guernsey. That same criteria needs to be applied here. Then if it were necessary, and there is a lot going at the airport, that is the kind of thing where I believe that a case could be put to the Alderney States, which Mr Harvey did indicate they might seem favourable.

850 Where I have my difficulty was, at the time when I was saying just this, I would have liked the Alderney States to have looked at it with me then, as an exercise, because without seeing the figures of what it would probably cost and what Alderney itself could do with its own money on the payback basis, I
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believe that that is a very real project for Alderney to work towards to help Guernsey and Aurigny and Alderney and the business in Alderney to secure its air links for many years to come.

Q37. Deputy Wilkie: How do you think a service level agreement would differ from what you have now?

Mr Jean: The service level agreement will only differ if we stop the current timetable changes which are being proposed by Aurigny now. They will inflict further damage on the Island economy. They will make it more restrictive for us to travel. I feel a service level agreement could be good for Alderney, but not if we are in a situation where the political decisions are being made by the management of Aurigny.

This is something I questioned back along, some of you may have heard of it, and to give Mr Darby his due, he very kindly answered in a very nice way and said he felt there was something in what I was saying and said that some of these decisions should be left to the politicians.

What he was talking about was the May Art Festival, which was very successful, and he said that we should have it at a different time of year and that we should iron out the peaks on Alderney Week.

I protested over this and said that really these were statements being made by the management of Aurigny and I felt that these were decisions that perhaps were slightly more political than the management of Aurigny had the right, and to be fair, Mr Darby did accede to that and said that some of these decisions should be in the domain of the politicians.

Q38. Deputy Wilkie: Are you saying that the States of Alderney are not being given the input into the creation of this service level agreement that they should be?

Mr Jean: I am not saying that. What I am saying that is that the parameters of the service level agreement are shifting even now, as we speak. What has got to be done is a stop has got to be called on it because every week something is changing. We have had children's fares changed so a two-year-old has to pay a full fare. We have had hourly changes on routes and shortening of time in Jersey and in Southampton and if we do not stop this now I think it would do a lot more damage. It needs to stop right away and then get on with the service level agreement.

I think that what is happening is that Aurigny are realising there is going to be a service level agreement and when a service level agreement is there and fixed in place, it is going to be much more difficult for them to be fluid and be able to make those movements and change without referring, either to the sub-group of Aurigny, who may not be aware that this is going on and happening in Alderney, or to the sub-group, with slightly more power and, perhaps as well, and I would desire this, more Alderney representation on that sub-group.

You also mentioned, Peter, I am sorry to go back and repeat it, just for a second, you also mentioned the fact that the airline was owned by Guernsey, but I seem to remember that the payment, and I think this is an important point, came out of general revenue and that payment, having come from general revenue, it might seem like the widow's mite and not very much, but when the hand went in to take the money to pay for Aurigny, there were Guernsey and Alderney pounds, a conjoined economy, working together.

So Alderney is also involved in this and I hope you do not mind my saying that.
(Applause.)

Q39. The Chairman: Thank you very much indeed Alderney Representative Jean. The points you have made will be taken on board and we will be putting them to the second and third parts of the inquiry. Thank you very much.

The Chairman: Thank you very much.

Mr Lawrence and Mr Le Blanc were called at 7.11 p.m.

EVIDENCE OF

Mr Nigel Lawrence, Vice President, and Mr Tony Le Blanc, Alderney Chamber of Commerce

910 **The Chairman:** We have in front of us, Mr Nigel Lawrence and Mr Tony Le Blanc. I would like to welcome you to this hearing and I will pass you over to Deputy Paint, who is going to put the next questions to you.

915 **Q40. Deputy Paint:** Good evening, Mr Le Blanc and Mr Lawrence. You have listened to the evidence provided by the States of Alderney and Mr Louis Jean. Is there any material fact that you would like to add?

920 **Mr Lawrence:** First of all, I would like to thank you all again for coming. It is very much appreciated this evening. I think Neil and Louis and Victor really said all that there is to be said. From the Chamber of Commerce's point of view, we would like four things. We want a decent timetable, which I do not believe we have at present. We want a reliable aircraft on the service. We want sensible fares and we have talked about fares tonight but nobody has mentioned the fact that it is £262 return to Southampton and £114 return to Guernsey; those are very high fares. I appreciate you always pay more for a niche route but I think these fares do need addressing, particularly now as the child fare has disappeared, which is something that will affect the family holiday.

925 The fourth thing we would need is a runway and an airport that is fit for service.

Guernsey has had considerable upgrades in their airport in recent years, to which the Alderney taxpayer has contributed. So, maybe a little bit in return would be appreciated.

930 **Q41. Deputy Paint:** Is there any matter you wish to challenge following what you have heard already?

Mr Lawrence: Not from my point of view. I will pass you over to Tony.

935 **Mr Le Blanc:** No, I think that we are in full agreement as the Chamber of Commerce to everything we have heard so far. It is one of those sort of situations where we really need to take this matter forward as soon as possible because there have been an awful lot of planes going tech over the last few months and there have been some serious occurrences.

940 My wife, for example, was on a Trislander a couple of years ago and the engine blew up over the shipping lane, had to come back. The pilot could not feather the propeller so the thing was acting as a windmill and gradually making its way to the sea. Fortunately, he was able to feather it in good time, but it turned out when the report was done by the accident report people that, in actual fact, one of the cylinder studs had blown off. Aurigny carried out a research programme on their other Trislanders and found a similar fault on those planes as well.

945 I have to say that I do think that it is all very well when they go tech on the ground, but when they go tech in the air we have got a major problem and that really does worry me, I am afraid.

I think the Trislanders have done an excellent job over the years, but their time has come. It is time to replace them.

950 **Q42. The Chairman:** Just before Deputy Paint speaks again. I understand the word reliable, Mr Lawrence, but you actually said 'decent', as well. What do you understand by way of a decent timetable?

955 **Mr Lawrence:** Well, the proposed timetable for the coming season is very unsatisfactory. Louis has already mentioned the fact that the last flight from Guernsey to Alderney has been brought forward, which now makes it impossible to go to Jersey for the day. I know of one particular business on the Island who has to visit Jersey on a very regular basis. This will mean overnight stops for them, adding to the expense and using up their time.

There is just as serious problem with the first plane in the morning from Guernsey to Alderney, which has been brought forward again. It is very unlikely whether the newspapers will be able to get on this first flight.

960 **Q43. The Chairman:** Just for clarity and the recording, you mentioned Jersey. Did you mean Jersey or Guernsey?

965 **Mr Lawrence:** I meant, the first time I meant Jersey. People do have to go to Jersey. They go via Guernsey, obviously. But this first plane in the morning from Guernsey to us normally carries the newspapers and the post. It has been brought forward and it will not be timed to load the newspapers, so the

next flight coming in, I think, it is at 11.45, something like that, so newspapers will not be arriving in Alderney until just before lunch.

Now that may seem to some people to be a minor thing, but it is not. Talking to shopkeepers in Victoria Street, café owners, when the newspapers are not in, there are fewer people in Victoria Street. That means fewer people in the other shops as well. This will be a very bad blow for the Island.

Mr Lawrence: I feel these timetable changes have been put in without any consultation. Guernsey Post, who are a very big user of Aurigny, were not consulted. The post coming here, again, is a very important thing for businesses. If we want to attract businesses here, we have got to offer a reliable postal service.

The Chairman: Thank you. Deputy Paint.

Q44. Deputy Paint: You have heard about a service level agreement. Could you confirm that you fully agree with that?

Mr Lawrence: The Chamber of Commerce fully supports a service level agreement, yes.

Q45. Deputy Paint: Now, what will happen, what would be your, pardon me, what should happen if that failed to increase passengers to Alderney in sufficient numbers?

Mr Lawrence: That is something we would have to review at the time. It has got to be tried with sensible fares and I am confident that a decent result would ensue.

Q46. Deputy Paint: Do you consider Aurigny has been sufficiently open in communications with Alderney residents, i. e. have they been consulting with them as stakeholders?

Mr Lawrence: There is a one-word answer to that. No.

Q47. Deputy Paint: What is your view of the impact which the Alderney Pressure Group intervention has had?

Mr Le Blanc: Well, I have to say that I think, up to a point, it has been a bit divisive. Mark Darby did come over and address the Chamber of Commerce at an open meeting at the golf club last year and he made the point then that in his view the negotiations with the people in Portugal, regarding the Dorniers, was being prejudiced by the fact that the impression was given that Alderney did not want the Dorniers.

Now the Chamber of Commerce has got 100 members, represents probably something in the region of 400 people that are actually working on the Island. As you know the population is about 1,800 or thereabouts, so it has got a fair number to actually have there and I think it is fair to say that we have not had anybody who is a member of the Chamber that has specifically come back and said let's keep the Trislanders.

You know, the fact of the matter is we see the Dornier as a more modern aircraft. We obviously want to see new Dorniers as soon as we can, but you know, the fact of the matter is in this day and age, if you are trying to attract business to Alderney and somebody gets down to Southampton Airport and is asked to get into an aeroplane that leaks, makes a hell of a noise, you cannot actually hear yourself speaking. and takes 45 minutes to get here, that is not a very good first impression.

If you take it a stage further and find that the wretched thing has gone tech, that is even worse, and we really do feel that Alderney in the 21st Century has got to look professional and the first impact for anybody is actually getting onto a plane that, you know, works.

I have to say, having travelled on the Dornier a couple times myself, it is far more comfortable, it is 30 minutes in the air to Southampton as opposed to 45 minutes-plus and, you know, it is the sort of thing that we at this present time need.

Q48. Deputy Paint: What is your view of an Alderney-owned airline operating its own routes?

Mr Lawrence: I do not think we have got the sufficient people here to operate an airline like that. I think we, Aurigny have given a fairly good service over the years. It has definitely gone downhill in recent years, but we probably should continue to be talking to them.

Mr Le Blanc: Could I just add to this? I mean, somewhere like Alderney, obviously, has to put up with monopolies. It is as simple as that. We do it with the shipping company, the shipping company works well

most of the time, and we have had to with Aurigny over the years. You know, I do think that there is not very good communication between the senior management of Aurigny and the rest of, perhaps, Guernsey and Alderney.

1030 But, in all fairness, the sort of support that we get from their ground staff here is first class. You cannot fault these guys, they work their socks off and they do a jolly good job. (*Applause.*) So, there we are.

Q49. Deputy Paint: So, from what you have said, can you confirm that in your view an Alderney-owned airline would not really work?

1035 **Mr Le Blanc:** I have my doubts as to whether or not you could get the expertise in. And it is always, obviously, a matter of scale, isn't it, really? If you had somebody running an airline from here and they had not got the sort of back-up and infrastructure that Aurigny already have, you know, it would be very difficult to start from scratch, I would have thought.

1040 **Deputy Paint:** Does the current flight schedule meet business needs?

Mr Le Blanc: No.

Deputy Paint: So, why not?

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Mr Le Blanc: Well, we have already said that the timetable has been amended and the first flight up, this is from 1st April, and the first flight out from Guernsey to Alderney, leaves Guernsey at 7.30. If you are coming over on business from Guernsey, do you really want to hang around for an hour and a half, before business is open? I do not think so.

1050 As Nigel has already said, this has been done without any consultation, they just take it upon themselves to sort of re-do the timetable and that is where it goes.

Another minor criticism is that they have got a nasty habit of making sure that you have got two flights coming in within five minutes of one another, which, you know, puts a lot of burden onto the ground crew and if they just sort of tweaked it by about 10 minutes, 15 minutes, then everybody would be able to exit the airport terminal in a reasonable way, rather than having two lots of people turning up at the same moment.

1055 **Q51. Deputy Paint:** Well you have partially answered my next question. What changes would alleviate this issue that you have not already stated?

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Mr Le Blanc: Nigel, any further thoughts?

Mr Lawrence: Basically consulting with local businesses and other organisations, like Guernsey Post, to get a timetable that will work.

1065 For example, bringing forward the final flight of the day from Guernsey. It used to be at six o'clock, it has now been brought forward. That plane is going to overnight in Alderney, so why can't it come a bit later? Nobody has asked these questions.

Q52. Deputy Paint: What is your view on the impact of second home owners in Alderney?

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Mr Lawrence: Well they buy houses, which contributes to the economy to a certain extent. They are only here for a short period of the year. It would be far preferable to have people living in those houses all the year round, supporting the shops here all the year round. They make an impact, a small impact on the economy, but I would not say a major impact.

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Mr Le Blanc: Certainly I think that, you know, we are suffering from this de-population problem. If we could get 500 permanent residents here, it would make a hell of a difference and things would, you know, buck up from that point onwards.

1080 I agree with Nigel about the holiday homes, although I would say, you know, some of the things, the services that are provided, tend to be a bit disproportionate for a holiday home. In other words, you know, if you take electricity, for example, they have got the facility there, but they do not use it, so that means the people here that actually are here all the time contribute more than possibly they should if those houses were occupied full time.

1085 **Deputy Paint:** Thank you very much.

The Chairman: Deputy Paint, thank you.

Mr Le Blanc: Thank you very much.

1090 **Mr Lawrence:** Thank you.

The Chairman: We are now going to hear from Mr Cadoret and Mr Harrisson. We also have Mr Shaw who is attending as an expert witness I believe.

1095 *Mr Cadoret, Mr Harrisson and Mr Shaw were called at 7.26 p.m.*

**EVIDENCE OF
Mr John Cadoret and Mr Mike Harrisson, Alderney Pressure Group,
Mr David Shaw, technical director at Britten-Norman**

The Chairman: Deputy Queripel.

1100 **Q53. Deputy Queripel:** Thank you, Mr Chairman. Gentlemen, you call yourselves the Alderney Pressure Group, so with that in mind can you tell me please, whose views do you actually represent?

1105 **Mr Harrisson:** Who do we represent, is that the question? We did not give ourselves the name Alderney Pressure Group but we have adopted it because so many people have referred to us as the Alderney Pressure Group. It is probably a fair description.

We came into this as a result of about 40 second home owners getting together and saying they were seriously concerned about the dependability of the flights from Southampton to Alderney. They addressed that to me, because I was one of the group. I originally came here as a second home owner.

1110 I had the good fortune of having met John Cadoret, as a fellow director of Alderney Electricity for five years, and I knew how very knowledgeable he is on the subject of Aurigny, having been operations director for 25 years. I went to John and we developed from there.

1115 **Q54. Deputy Queripel:** In your submission to the Scrutiny Committee, you state on more than one occasion that Aurigny's levels of communication have been extremely poor, to say the least. Therefore, can you tell me please, have the levels of communication from Aurigny now been improved?

1120 **Mr Harrisson:** They began very well. I wrote to Mark Darby on 10th January. He agreed to meet me. I expressed great sympathy with him and I still have that sympathy, because I think that what he has, in effect, been commissioned to do, is to provide a one-size fits all solution to the very different needs of Guernsey and Alderney.

Aurigny, of course, began as an Alderney company, serving Southampton-Alderney and Alderney-Guernsey, and it ran profitably for 30 years. Guernsey, for its own very good reason, bought it in 2003, in order to secure the Guernsey-Gatwick routes.

1125 Absolutely appropriate that they should have done so. But, since then, Aurigny has developed in two directions. Mainly to serve the greater needs of Guernsey for multiple destinations in the UK, which Alderney does not need. So my sympathy with Mark Darby is expressed. It is still there.

1130 We have communicated since. We have begged to differ on a number of subjects. We do not get involved in timetable discussions. We get involved occasionally when one of the Dorniers goes tech, as it did on me 10 days ago when I was in Southampton. He has apologised. Poor chap must spend quite a lot of his time apologising at the moment.

1135 We, as a group, do not see the Dornier as the solution to the needs. We think that the States of Guernsey and its present financial self-examination is entirely appropriate and that 10 Trislanders at £2 million apiece, I beg your pardon, five Trislanders at £2 million apiece would cost £10 million and they will serve the community much better than three Dorniers at £6 million each, which will not have the resilience, the extra capacity, that the larger number of aircraft will have to serve the needs of the community and to engage with a larger timetable. If you want more detail on that, John Cadoret is the chap to provide from the operations point of view and David Shaw, on my right, who is the technical director of Britten-Norman, is here to demonstrate that Britten-Norman can and will provide those aircraft, contrary to the
1140 misinformation that has been put about that they are unable to do so.

What we need is five new Trislanders, programmed to replace the old, admittedly ageing fleet, and to be equipped with modern equipment, such as David Shaw will describe if you ask him to do so.

1145 **The Chairman:** We can do that now. In fact, could both of your colleagues address us so that we know who is who?

Mr Harrison: Certainly. Which?

1150 **The Chairman:** Mr Cadoret first. Mr Cadoret?

Mr Cadoret: I should say, first of all, the first coinage of the Alderney Pressure Group came from the Scrutiny Panel. You gave us the name, but we have adopted it.

1155 **The Chairman:** No charge. *(Laughter)*

Mr Cadoret: Guernsey isn't charging Alderney. To more serious matters.

Our concern really is, it was born in January 2014, I should add. I did not say 14, I think you might thought it was this year; 2014 when our concerns first manifested themselves.

1160 I became involved, at Mike's invitation, in February of 2014 and my concern was the statement that was made from Aurigny that the Alderney routes cost the company £900,000 a year. I could, frankly, not believe that.

I worked for Aurigny from 1968 until the year 2000. In the last 15 years of that, I was an executive director in charge of operations and I did a lot of financial work and operational work and such like and at no time could we have got anywhere near that sort of loss.

1165 Subsequent to my departure, the airline has increased its load factors, increased the fares dramatically, particularly in the last few years, and I just do not see it possible to lose that sort of money on the Alderney route. I am convinced that the whole proposal to put Dorniers on the route, and we were told it would only improve the situation by £100,000 a year, was flawed, inaccurate, incomplete, misleading and should not have been presented to the States of Guernsey on 28th May in the Billet.

1170 That is our real concern.

A full, open honest appraisal of all suitable types of aircraft and that must include the Trislander, new Trislander.

1175 **Q55. The Chairman:** Thank you. We will definitely put that to the second and third hearing. Would you like to pass over to Mr Shaw now? Thank you.

Mr Shaw: Good evening. My name is David Shaw. As technical director of Britten-Norman I have been with the company over 8 years and have probably 33 years of experience in the aerospace industry, as we see by the grey beard that one is facing.

1180 We continually make improvements to the Islander fleet, predominantly, with new pilots' instruments to reduce pilot workload. We are often introducing safety modifications, including terrain warning systems and weather radars.

The Trislander is based on the original Islanders, as they all are, the family of aircraft we build. Therefore it is relatively straight forward to adopt any of these modifications onto the Trislander fleet.

1185 One other thing just to say is that we do produce brand new Islanders, still. We have a company called Romaero, in Romania, that have been with us since 1968 and they produce a brand new aircraft for us, the latest one is just about to be delivered to a German company in the Baltic States.

Romaero is a company in Romania that Boeing and Airbus use and therefore has got good credentials.

1190 We also produce brand new aircraft out of Lee-on-Solent. We produce the brand new Defender aircraft that was delivered to a customer last year, year before.

One of the things that I have been made aware of is that CAA has said that we are unable to produce necessarily another Trislander. That is not the case. What they have said is that we have one Defender line at Lee-on-Solent at the moment. If we wanted to produce another line of aircraft, i.e. Trislander, then we would not be unable to do so at this stage, due to resources and infrastructure.

1195 However, if I wanted just to produce one line and that line was the Trislander, we could well do so. It is the second line that they are concerned about, not whether we can produce the Trislander.

We have all the jigs available, we have all the drawings available. We did a study internally, just to confirm that we could if we wanted to and was requested to build up the Trislander process, build process, to which we would add in to the various improvements and modifications as required.

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Q56. The Chairman: Could you advise what the CAA position is on single pilot aircraft at the moment.

Mr Shaw: It is not necessarily CAA, it is in the EASA, the EU side of things and, from what we understand, there is no issue against single operating from pilots.

I used to work for Virgin Atlantic, so I have been on the operations side as well. Obviously it is a fairly straight forward decision, if you have got two pilots versus one, you would want to be possibly increasing and also just from a general aviation point of view, irrespective of Britten-Norman, is that for your route in particular, the piston engine is more appropriate than the turbine, due to the cooling down period required for the turbine.

So, just as a general background information, forget Britten-Norman, we operate turbines and pistons, it is the piston aircraft that predominantly customers that operate in this environment tend to use.

Thank you.

The Chairman: Deputy Queripel.

Q57. Deputy Queripel: Mr Cadoret, you have already told us that the information provided at the States of Deliberation of May 28th last year was inaccurate and misleading. You went on to tell us that you believe that you should meet with Alderney States Members as a matter of urgency to enlist their support and together you should then explore the action to be taken to change the States of Guernsey's decision to use Dorniers. Can you give us an update please on where you are with that?

Mr Cadoret: Well, we have recently sent a letter to the president of Treasury & Resources, Deputy Gavin St Pier, which of course we copied to yourselves and to Alderney States Members, suggesting that the whole question of Dorniers being real or ordered anew should be placed on hold pending a thorough examination. We have not had any response to that as yet from any of the bodies to which we sent that.

But we do regard it as being urgent. Of course, we are in the hands of others.

Q58. Deputy Queripel: The Alderney Pressure Group stated in a submission to the Scrutiny Committee that the solution to the problems could be for Alderney to establish its own airline company. Can you tell me, please, who have you approached with this idea and what feedback have you had?

Mr Cadoret: We have mentioned this and indeed we have circulated all the interested parties with a suggestion, with indeed a business plan, and we have had a lot of positive response for it. I noted this evening there was a less than positive response from certainly one member of the Chamber of Commerce representation, I would just remind everybody here that is interested that for the first 17 years of Aurigny's operation, all the management was resident and worked in Alderney and we established a service that served the Islands extremely well and profitably.

The Chairman: Would you like to add to that Mr Harrison?

Mr Harrison: I beg your pardon. John has just added the word that I would have added myself, that it was also profitable during that period and, I am sure, that at the time of the acquisition of Aurigny by the States of Guernsey there was full co-operation between the two governments and that the acquisition went ahead and has served Guernsey's purposes, I believe, very nobly.

But we are now confronting a new situation where the needs of Guernsey and the needs of Alderney have diverged and that has to be addressed.

The word that I have been told to use by John is resilience. I do not know whether that is the correct word, but the ability of five Trislanders to serve the needs of the community is much greater than the ability of three Dorniers. It allows for one aeroplane to go tech, one being serviced, one to be on the ground in Alderney and available for medivac and the routes chosen to be served.

You cannot afford to do that, or we cannot afford to as a Bailiwick afford to do that with Dorniers at £6 million a time. It is uneconomical and you have heard from David it is not economical to run them, by comparison with the Trislander.

Q59. The Chairman: So, with this talk of profitability, I take it you would not want a subsidy for operating an SLA?

Mr Harrison: No, I do not believe that a new company here would need that subsidy. The proof of the pudding was in the eating. It was already run profitably in the 17-year period, I stand corrected by John, in

which it was run here from Alderney. There was never a loss, except in, I think, 1974 when there was a fuel price hike that nobody could have anticipated.

It can be done again.

1265 **The Chairman:** Deputy Queripel.

1270 **Q60. Deputy Queripel:** Just picking up on that, Mr Cadoret, Your analysis claims that instead of making of making £900,000 a year loss, as Aurigny currently claim they do, the Alderney airline could make a £200,000 profit. In fact you provide figures for that particular solution. Can you clarify please whether or not in your opinion that level of profit would be realised within the first year of operation and then would it continue on from there?

1275 **Mr Cadoret:** Well, it may not be achieved in the first year. We were looking at a mature operation. Clearly there would be introductory costs, there. But then a company would be capitalised to deal with that. But there is no reason why, within two or three years, it could not be restored to full profitability?

Mr Harrisson: May I add to that?

1280 **Deputy Queripel:** Certainly.

1285 **Mr Harrisson:** One of the interesting things that Dickin Drew, who is our senior accountant, has discovered, is that in the States of Guernsey 2015 Budget, the figures there corroborate the estimate that John and Dickin made together, of the £200,000 profit, and it shows manifestly that a loss of £900,000 is out of line. The pages to which we would refer you there are pages 50, 55, 56, 57, 58 and 69. The other information that comes out there, quite interestingly, is that it looks as though the decision was taken by Aurigny in 2013 to acquire Dorniers.

1290 The other bit of information that staggers me is that the total indebtedness of Aurigny to the States of Guernsey is of the order of £50 million. How will it help that to add a surplus, not of £10 million for acquisition of new Trislanders, but £20 million for new Dorniers?

It does not seem to add up.

Q61. Deputy Queripel: Mr Harrisson, you state in your submission that:

1295 ‘Aurigny’s primary focus is on the other routes and not on the Alderney routes.’

Can you expand on that please?

1300 **Mr Harrisson:** I would not want to describe it as prime, if I used that word in the submission I would like to modify it. Equally devoted, perhaps.

1305 But I see that Guernsey’s needs are well supplied by the Bristol and Manchester and East Midlands and Gatwick routes, which are of no direct interest to Alderney. It could be argued that there was a referral of passengers through those routes, which no doubt to some extent is true, but it must be a great preoccupation for Aurigny to run the timetables on all those other diverse routes and to serve the needs for Anglo Normandy and service the needs of now, an Embraer, as well as three ATRs and the Trislanders, It is stretching them and must have a price tag attached.

I hope that answers your question.

1310 **Q62. The Chairman:** Thank you very much indeed. Mr Shaw could you give a guarantee of any sort of the ability of Britten-Norman to actually supply these aircraft, supply spare parts and how they would be maintained?

1315 **Mr Shaw:** We have not guaranteed anything at this stage, because it is all on the commercial basis, obviously, and there is costs and everything else. What we have done so far is decided that we have the capability to do the work if required. Like I said, the main thing from my point of view is to ensure we have the jigs available and the drawing set.

If we did not have those basic items, then we would be sitting here saying we would find it very, very difficult to build back up the Trislander capability.

1320 We are saying that we can. There will be hurdles to overcome and modifications to the aircraft which we would make and want to make. So there is no guarantee at this stage but we have established that we have the capability.

Q63. The Chairman: And if that came on board, where would those aircraft be serviced and maintained?

1325 **Mr Shaw:** Serviced and maintained? That is down to whoever is operating the aircraft, I guess. We have an operations that we could do as well, if needs be, but that is not necessarily what we are looking at. Although we can do. But the main thing is where we manufacture the aircraft. We have made no decision as to where we would manufacture the aircraft, either.

1330 The two options at the moment would be Romaero in Romania, which I have said we have been in a long-standing relationship since 1968, or potentially at Lee-on-Solent.

Mr Harrison: Deputy Le Pelley, may I just add one sentence to that? It is stunning that Aurigny have not been to see Britten-Norman at any stage. They have denigrated them to their inability, as they could see it, to build the aircraft or to supply spares, neither of which is true. If your Committee were to recommend further exploration of the new construction and new build I am in no doubt whatsoever that David Shaw and William Hynett, who is their chief executive, would welcome you with open arms and supply whatever further information you needed.

1340 **Mr Shaw:** Just to reinforce that. Absolutely, as a conduit for the company, I am prepared to answer any questions as required.

The Chairman: Thank you very much indeed. Deputy Wilkie I believe you have a question.

1345 **Q64. Deputy Wilkie:** Is this shutting the door after the horse has bolted; bearing in mind a Dornier has already been purchased?

Mr Harrison: It is our understanding that the Dornier has not yet been purchased. The decision of the States of Guernsey on 28th May was to authorise a loan or to provide the funds and guarantee the purchase up to a figure of £20 million. It is our understanding, and you will be able to verify this, that Aurigny have actually submitted papers to Treasury & Resources this week, for final approval of signature of purchase contracts for two Dorniers.

1350 So, what we are recommending is that you suspend or ask that process to be suspended, pending the outcome of your investigations, which will be going much more into depth on all the relevant issues than the Report that was put before the States of Guernsey on 28th May, which was superficial in the extreme and did not address Trislanders at all.

The Chairman: Deputy Queripel.

1360 **Q65. Deputy Queripel:** I just want to return to the issue of communication. I need some clarification. I think I am right in saying you said that the levels of communication with Aurigny have been very poor. If that is the case, what do you think needs to happen to ensure that Aurigny do improve their levels of communication?

Mr Harrison: I have expressed sympathy with Mark Darby's position. I think he is in a very difficult place, between a rock and a hard place. He has been over here a number of times. He has communicated to the press. He has communicated to the Chamber of Commerce and, in the initial stages, he communicated with me and John and Dickin.

There has not been subsequent communication because he obviously regards us as very much the opposition. We are seeking to undermine his wish to order Dorniers. Not from any malevolence on our part, I hasten to add. Our services, and we have worked very hard on this, have been provided free for the benefit of the people of Alderney and the people of the Bailiwick because it affects you kind people from Guernsey in the annual Budget as well.

Deputy Queripel: Thank you. I have no further questions.

Q66. The Chairman: Thank you very much. Can I just ask you one last question then? You will have heard earlier witnesses expressing their attitudes to the Trislander. Bearing that in mind, Jon Moulton has written a letter to Gavin St Pier saying:

'The option of acquiring aircraft of a type that would be some 75 years old by the end of their life with Aurigny has not featured long in our considerations.'

Doesn't he have a valid point here?

Mr Harrison: No he does not. What is the twin-bladed helicopter called, a Chinook, has an anticipated lifespan for itself as a product, I am told, of maybe even 100 years. I know that Britten-Norman, in addressing this same question, actually sought an independent report as to how they could improve the Trislander, long before we came on the scene.

After considerable expenditure of cash and time, that independent advisor told Britten-Norman that they could not improve on the design of the aircraft for the routes that it was built specifically and designed to service.

If you want better detail than that, the gentleman on my right.

Mr Shaw: Just to say, briefly, that I wish they would expire sooner. It causes a lot of problems because these aircraft just go on forever, they really do. I wish I could put a 10-year life on all of them, but no. From a commercial point of view that would be great, but from a technical point of view, they are solid.

The Chairman: Thank you very much. We are going to have one last question from Deputy Paint and then I will invite you to say anything that you think you have not had a chance to say yet. Deputy Paint.

Q67. Deputy Paint: Let's say the plan you are suggesting ended up as the sole airline flying to and from Alderney. If it eventually failed, where do you feel that would that leave the Alderney people?
(Long pause.....)

Mr Cadoret: Well, we do not see that there is any real reason why it should fail, why a new venture with new aircraft on a mature route should fail. And that failure could be argued could be argued for any service into any community, couldn't it, Guernsey included.
(Some applause)

Q68. The Chairman: Thank you very much indeed, for your answers. Not only the three of you, but all the previous witnesses before who all answered our questions as honestly as you could, as fully as you could and have given us a wealth of information to go away with.

As I mentioned earlier, there will be two further hearings, both will be in Guernsey, but we will be going through the evidence that we have received this evening. It may be possible we will come back to you and ask for further clarification. We will certainly be putting some of your points to the various authorities in Guernsey.

Is there anything else that you would like to say, to round off the session?

Mr Cadoret: There are a couple of points, Deputy Le Pelley. Thank you for the opportunity.

Firstly, we are not in favour, frankly, of a service level agreement. We do not feel it would be necessary with a properly run company operating the service level Alderney requires if there was an open relationship between the operator and the Island.

Right now, there is not an open relationship. There is no real, meaningful communication between the airline and the Island that it serves and it bears the name of the Island.

If there was, there would not be a need of a service level agreement.

1425 As I say, I worked for Aurigny for over 30 years. We had frequent discussions with the States of Alderney and indeed the States of Guernsey and Jersey on a regular bi-annual basis and if there were any problems they were aired and they were addressed and they were sorted and we did not need a service level agreement.

1430 The only occasion on which Guernsey, and in fact it was Guernsey States, asked for a service level agreement was in respect of medical evacuations and the problem was that, as Guernsey saw it, there was no guarantee they would be done when they were required. We said no problem, we will always do it but, if you want a 100% guarantee, in writing, it is going to cost you the cost of an aircraft permanently 365 days a year on the ground on standby and three pilots to man it, because that is what you need day and night for every night of the year.

1435 And it was agreed that that cost was unnecessary as, frankly, there was nothing broken, there was no need to fix it. It worked very well indeed.

I have experience of many, many night-time charters out of here and indeed the other islands, and there was never a problem dealing with them.

So the service level agreement was not even necessary for that.

1440 Frankly, if it was an open relationship, there would not be any need for one now.

What I would suggest, frankly, I was surprised to find out during the course of this discussion we have been involved with, is how little information of a financial nature the States of Guernsey get out of Aurigny. That, frankly, surprises me, and you cannot have a service level agreement, you cannot start talking about subsidies unless you have a full, open, knowledge of the airline's finances.

1445 You appear to have scant, almost no information at all on that front, according to the Hansard record of 28th May, you have virtually no knowledge of what their financial state is and that staggers me, frankly.

Until that is rectified, you are never going to get a good, open relationship between the islands and the airline that services them.

1450 **The Chairman:** Thank you very much indeed. We will take your point.

Mr Harrison: Taking John's last point, I think there are four Deputies, of your fellow Deputies, who considered there to be a lack of transparency in the figures that were put forward and a lack of transparency in the information about aircraft types on 28th May. One of those whose name comes to mind is Deputy Soulsby; perhaps she will be able to enlighten you on what she was thinking at the time.

The second point is thank you very much for coming over here today, for your friendliness, your humour. I am so sorry that the Dornier you were travelling or destined to travel on went tech. (*Laughter*)

You share a common experience with many of us.

1460 Last, but not least, I do not envy you your future task, because you are going to be confronted with our primary demand to go back to Treasury & Resources and ask that they hold their pen poised in the air, pending the outcome of your deliberations and that they should not authorise the signature of those Dornier purchase contracts prematurely.

Thank you so much for your time.

1465 **The Chairman:** Thank you too. I just want to make it absolutely clear to everybody in Alderney that we regard you as family. We do feel that you are part of our Bailiwick and we are happy to be up here and giving you a chance to voice your opinion. Thank you very much all of you for doing so.

The Committee adjourned at 7.48 p.m.