

TravelWatch- ISLE OF MAN

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Representing and promoting the interests of Isle of Man Passengers

www.travelwatch-isleofman.org

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The Economic Committee of Tynwald
Committee Secretariat,
Legislative Buildings,
Douglas, IM1 3PW

Dear Sirs

Call for Evidence re: Open Skies Submission from TravelWatch-ISLE OF MAN

TravelWatch Isle of Man (TWIOM) is a well-established voluntary organisation founded to represent the interests of passengers using all aspects of public transport to, from and on the Isle of Man. We hold two well-attended public meetings each year, have over 200 supporters on our mailing list and run a website which attracts an average of around 90 unique visitors a day. We have links with other TravelWatch organisations in the UK. TWIOM aims to have good working relationships with, but is totally independent of transport operators and governments.

We have pleasure in responding to the Committee's Call for Evidence as follows:

- ³⁵₁₇ TravelwatchIOM welcomes the decision to review the island's current 'Open Skies' policy, in the light of current economic conditions and the significant changes which have affected British civil aviation since the policy was last reviewed in 2002. **See Note 1**
- ³⁵₁₇ Whilst we, in common with most consumer based organizations, are generally in favour of competition wherever possible, we recognize the considerable restraints imposed by the island's relatively small consumer base .
- ³⁵₁₇ In 1992, the British Government adopted the principle of Open Skies (for services within Europe only), but with provision made for smaller communities heavily dependant upon regular air services, to be excluded where necessary. Thus the Channel Islands maintained control of air services to Jersey and Guernsey (later relaxed by Jersey), and a number of routes to small communities, in the United Kingdom - these being mainly to the Scottish Highlands and Islands -were protected under the EU Public Service Obligation, which, though sparingly invoked, allowed certain essential routes to be operated under licence.
- ³⁵₁₇ Passengers on air routes to and from the Isle of Man seek reliable and affordable services at frequencies which meet the social, leisure, and business needs of the majority of consumers. This must include convenient connection to a range of onward domestic, European, and long-haul services, and the ability to access day return travel on routes to and from the major conurbations.

- ³⁵₁₇ The entry of easyJet to the important Isle of Man – Liverpool route was generally welcomed on the expectation that this would be the catalyst for a significant increase in passengers carried. Sadly this has not proved to be the case, and passenger traffic between the island and the North West (including all affected airports and IOMSPCo foot passenger traffic) actually declined by some 3500 passengers in the first full year of easyJet’s operation, to the detriment of the existing air and sea carriers, and the loss or downgrading of several routes. **See Note 2**
- ³⁵₁₇ Whilst it will be some months before the impact on Flybe and British Airways of easyJet’s entry into the London market will be apparent, should this market not be grown substantially, there may well be a real danger of the island losing its four times daily Flybe Gatwick service, and thus its main link to both London and the considerable range of connecting services currently available for both inward and outward traffic. Even after just two months of the easyJet operation, Manx2 has withdrawn from its London Oxford route, and Flybe has cancelled its Luton service and reduced its daily frequency to Gatwick by one rotation daily. (the airlines have stated that these are initially seasonal reductions, and may be reviewed at the recommencement of summer services). **See Note 3**
- ³⁵₁₇ Should Flybe be forced to withdraw its Gatwick Services, this would leave Manchester as our only major connecting hub – itself obviously vulnerable to a low-cost carrier incursion under the Open Skies policy. Such a move, which must realistically be a possibility, could remove the island’s last high frequency link with a major hub, leaving only the three times daily London City service, with its useful but very limited connections, as a significant business route. This, in the opinion of TravelWatch, is in itself a strong argument for the Government to be able to take back the ability to be able to intervene in the operation of this route, and adds some urgency to the situation.
- ³⁵₁₇ It is not envisaged that any regulation of services need, or necessarily should, apply to all air routes to and from the island. It may well be that regulation could be restricted, either by practice or by statute, to the major ‘lifeline’ routes of Manchester, Liverpool, and the main London Airports.
- ³⁵₁₇ As a consumer organization, we recognize that popular opinion may well support the retention of the Open Skies policy in the belief that any regulation would inevitably reduce competition, leading to higher fares. To many residents, the main priority would understandably be access to the lowest possible fares without necessarily considering the longer term implications to the island of the loss of high frequency services to the major business and social destinations. We fully recognize this, and support these aspirations, but as a responsible organization we must also take due account of the long term good of the passenger as well as short term gain. Many of our elected representatives would have to consider the difficulties of putting what may be seen as the national longer term interests ahead of short term local interests, should a recommendation to allow the Isle of Man some control of its air services be made.
- ³⁵₁₇ On balance, TravelWatch IOM feel that the long-term interests of all passengers travelling to and from the island, as well as the essential business interests, would be better served by the island having the ability to exert some limited measure of policy control on the major air routes serving the island, rather than leaving such decisions in the hands of airlines controlled outside the islands, whose main priority is, quite rightly, the interests of their shareholders.
- ³⁵₁₇ To safeguard the economic future and wellbeing of the Isle of Man, we believe that it is important that legislation is put in place as a matter of urgency to enable regulation of certain air services to be introduced without delay if required in the future.
- ³⁵₁₇ We believe it would be sensible and practical to possibly restrict this by statute to defined ‘lifeline’ services (London, Liverpool, and Manchester), or have general regulation covering all air services, but, in practice, approving without debate any applications outwith the lifeline routes.

- ³⁵₁₇ The situation should be formally considered by the responsible Department, in consultation with the major interested parties, on an annual basis in the light of any changing circumstances, with a formal review every five years.
- ³⁵₁₇ The airport is a fundamental part of the island's infrastructure, and it is logical that its management and operation should fall within the remit of the Department of Infrastructure, The post of Airport Director requires considerable experience and qualification in this field.
- ³⁵₁₇ The formation of Government policy in relation to essential air services serving the community is a basic plank of our economic development and wellbeing, quite distinct from the skills and responsibilities of an Airport operation - indeed, the long-term needs of the island in relation to air services could often be at odds with the legitimate aspirations of the Airport management. This complete separation of responsibilities is the norm in most other jurisdictions throughout the world, and it would seem logical for policy issues to fall within the remit of the Department for Economic Development.

We confirm that we agree to this evidence being published.

Yours faithfully

Brendan O'Friel

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Notes

1 Major changes to British civil aviation in this period are the significant reduction in the numbers of regional airlines still in operation, and the emergence of a number of 'low-cost' carriers, (of which some 50 % have failed, including Go, Buzz, bmi Baby, etc). The remaining carriers are relatively strong financially, but operate from a small number of bases, and have the flexibility to move in and out of routes as commercial needs dictate.

2 Since the introduction of easyJet services from Liverpool, Manx2 have experienced a significant downturn in passenger carryings on their Blackpool services, and have withdrawn completely from routes to East Midlands and latterly Leeds/Bradford, and are now actively seeking future expansion opportunities outside the Isle of Man.

With reduced income on the major Liverpool and Manchester routes, Flybe took the decision to withdraw one complete aircraft (25% of fleet) from the Isle of Man, leading to the withdrawal of their daily flights to Southampton and to Brussels, reduced frequencies on services to Liverpool, Manchester, and Luton, and the operation of the Birmingham service by a Birmingham based aircraft rather than from the Isle of Man, which has led to a higher number of delays and some cancellations.

IOM Steam Packet Company lost around 30,000 passengers on their Heysham and Liverpool services in the first full year of easyJet operation.

3 Following the entry of easyJet onto the Aberdeen-Gatwick route, Flybe have recently announced the withdrawal of their four-times daily operation, leaving this market now served by one flight only. Should this be replicated on the Isle of Man-Gatwick service, it is relevant that both Jersey and Guernsey, our closest business competitors, each continue to be served by eight flights daily from Gatwick.