

# TravelWatch- *ISLE OF MAN*

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## Open Skies or Empty Skies? - The case for an Island Airline

The past few years, even pre-Pandemic, have shown a dramatic loss of air services between the Island and the important airports of London and the South East, leaving us well behind competing jurisdictions. Just a few years ago, we enjoyed eight services every working day to Gatwick and London City. Under current plans, it appears that we will be down to just one or sometimes two- the result of leaving our air services 'policy' in the hands of airlines who have no particular links with the Island, and little interest other than the obvious need to be profitable.

The Manx economy has been devastated by the pandemic, and recovery strategies will have to compete with other jurisdictions which have been similarly effected. Key opportunities exist in IT, attracting high net worth residents, and stimulating leisure visits. All depend heavily on reliable air links and the absence of a known Government policy or comments on the future are a worry. We are aware of companies which have already taken decisions to operate elsewhere because of this uncertainty.

TravelWatch have never strongly advocated the frequently raised suggestion of the Island having its own airline, being all too aware of the many challenges this would involve. Now, however, in the light of the fairly extraordinary circumstances we find ourselves in, we feel that this is something which should be considered at the highest level, with an equally high degree of urgency, for a number of reasons.

- 1) There has been a generally favourable reaction to the Government's purchase of the IOM Steam Packet Company, and we feel that there would be equally strong support, following the collapse of Flybe, for our Government to have some influence on the type and level of air services operating to and from the Island, which would probably necessarily involve the ownership or majority shareholding in a locally based airline.
- 2) Whilst many would consider this to be the worst possible time to launch an airline, experience would suggest that, given suitable air services, there will be a strong and early recovery in VFR (Visiting friends and Relatives) traffic, and Tourism levels should reach previous levels by TT 2021. The strength of future business travel levels is less predictable, but a local airline would be far better placed to react to this than any other. It may be of interest to remember that the former Manx Airlines was launched in the depths of the 1982 recession, and became a strong catalyst in the extraordinary growth of the Island's financial sector in the years immediately following this.
- 3) Recession brings its own opportunities. Suitable aircraft are readily available on attractive lease terms. We have a wealth of experienced pilots, ground staff, and engineers resident here on the Island, and ready to go. And, possibly most importantly, there is a unique opportunity for an Island airline to apply for, and be granted, the vi-

tal operating 'slots' at major London airports, a situation which has not existed for many years, but will not be here for long once demand for air services grows again to pre-pandemic levels. Normally such slots, if available at all, change hands between airlines for considerable sums of money, but are available without charge when they are available. Gatwick, for example, is coming to terms with the future loss of all its British Airways and Virgin Atlantic services, as well as the temporary reduction in the number of flights of many other airlines, which gives rise to this opportunity. For the past few decades, successive administrations here have been continually investigating the possibilities of somehow obtaining permanent slots to a significant London Airport, protected for IOM services. The ownership or majority holding in an airline is the only way of achieving this.

- 4) We have suffered badly from our experience of off-Island airlines making cuts to services and changes of timing with little or no regard to the needs of the Island community, without reference to the effects this may have on the business, social, and tourism requirements and often without notice to the Island. There are numerous examples of this.
- 5) The recently announced loss of services to London City Airport exposes our fragility, once again, and removes the opportunities of regular high frequency access to London, and of day-return possibilities in each direction on a daily basis. This puts us at extreme disadvantage in competition with either of the Channel Islands in attracting new business. Many of our established major businesses are comparatively mobile, and can operate from any one of several jurisdictions, if better links exist. Whilst business travel may reduce in the immediate future, the need for onward links to Europe and the rest of the world, mainly through London, will always be there.
- 6) To obtain the level of air services necessary for our social, business, medical and tourism needs, it is almost inevitable that some sort of Government support will be required by the operating airline. If so, surely this would be far better spent on setting up our own airline, able to make its own decisions, and able to fly alongside the 'no frills low cost' services we currently enjoy on some of the busier routes, in a controlled and co-operative way. The acquisition of slots at a London airport can be seen as a long-term investment, which can be expected to increase in value each year as air travel recovers from its current low base.
- 7) All watchers of the travel scene will be well aware that there are now very few airlines able or willing to supply the level and type of air services the Island needs. Loganair have done an excellent interim job by moving in to continue certain vital services on a non-commercial basis, but there are major decisions now to be made. Surely we can't continue with current levels of uncertainty and the ongoing loss of air services, leading to more and more isolation in a competitive world.

Finally, and not necessarily part of the above proposal, the opportunity could exist for a degree of co-operation and shared overheads between an Island-owned airline and the shipping company. Many functions such as Accounts, Yield Control, some aspects of Sales and Marketing, Commercial, etc., would be common to both companies and could substantially reduce the overhead costs of each. It may be a sensible move, should an airline be added to the Government's portfolio, to put both companies under one umbrella organisation or Holding Company within Government .

Whatever path is decided, urgent action and communication is needed to dispel the present uncertainty . Detailed proposals in much greater detail are available from TravelWatch on request.

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23rd June 2020