Isle of Man Government

Reiltys Ellan Vannin

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Strategic Air Services Policy

December 2024

Department for Enterprise

FOREWORD

To the Hon. Laurence Skelly MLC, President of Tynwald, and the Hon. Council and Keys in Tynwald assembled

The Island's connectivity is a matter of strategic national importance as clearly identified as a strategic priority in the Island Plan. Access to regular and reliable air services is also key to the long-term ambitions of the Economic Strategy, ensuring that the Isle of Man remains attractive for both people and businesses by investing in key infrastructure and services.

The Strategic Air Services Policy provides a simple and clear position which emphasises the importance of air connectivity. Importantly, adopting a policy position is only one element of the overall proposed approach.

In order to ensure that the Isle of Man is well connected by air a strategic approach is needed to ensure that not only are routes considered of significant social and economic importance secured, but that there are frequent and reliable connections available across a broader network of regional routes.

Therefore, this document seeks to set out both the policy position and proposed strategic framework to ensure that air services meet the social and economic needs of the Isle of Man.

Hon. Tim Johnston MHK
Minister for Enterprise

DEPARTMENT FOR ENTERPRISE

STRATEGIC AIR SERVICES POLICY

December 2024

Isle of Man Government

Reiltys Ellan Vannin

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1 Executive Summary

1.1 The Island's connectivity by air is a matter of strategic national importance, as recognised by the vision set out in the long-term Economic Strategy and Island Plan, with connectivity being identified as one of six strategic priorities for 2024.

1.2 In the decade prior to the impact of the COVID pandemic, passenger traffic levels through the Isle of Man Airport had been increasing steadily, reaching a peak of c.855,000 passengers in 2019.

1.3 The onset of the pandemic in 2020, and the ensuing restrictions on travel, had a devastating effect on passenger numbers travelling by air, not only for the Isle of Man but across the global aviation sector. Connectivity on critical air routes during the pandemic, to facilitate key worker movement and to maintain access to essential off-Island healthcare provision, was only maintained through direct intervention by Government.

1.4 Air travel globally is broadly returning to pre-pandemic levels, however, this level of recovery has not yet been seen for services to and from the Isle of Man, with 2024 passenger numbers forecast to be c.650,000 at year end.

1.5 Delivering the current level of connectivity on strategically important, or core, routes has only been possible through continued intervention by Government.

1.6 Whilst Government intervention to date has secured a level of connectivity, a longer term approach is required to ensure that the Island remains well connected into the medium to long term to ensure that the Island has air connectivity which meets the social and economic needs of residents, businesses and visitors.

1.7 The overall policy position to be adopted is that **whilst retaining an Open Skies approach, Government will intervene in the Air Services market to the extent that is necessary to provide for the social and economic requirements of the Isle of Man.**

1.8 Importantly, whilst intervention to date has been tactical and delivered because of urgent and pressing need, moving forward there will be a strategic framework and approach which will ensure a coordinated and consistent approach to securing, growing and sustaining air connectivity on routes across the UK and Ireland through the use of a range of commercial levers.

1.9 Focus will not only be on core routes considered of significant social and economic importance, but will also extend to ensuring there are frequent, year round services on regional routes to enable greater travel options for residents, businesses and visitors.

1.10 The strategic approach will need to be delivered within the current Open Skies high level market position given the absence of the necessary legislative framework to regulate air routes, although such legislation will be developed in parallel to ensure that should an alternative approach be required in the future, the tools are available to do so.

1.11 By adopting a clear policy position and implementing an agreed strategic framework, Government will be able to take a broader, longer term view as to the scale and nature of intervention, ensuring that maximum value is achieved from any investment of public funds.

2 Background

2.1 Maintaining access to reliable, frequent and cost-effective air links to and from the Island is essential for the Island's long term social and economic prosperity.

2.2 From a social perspective, Island residents desire and expect reliable, frequent and affordable air links in support of the overall quality of life in the Isle of Man. This extends to the provision of air links which provide access to essential healthcare off-Island.

2.3 For the economy, ensuring links into key business hubs is necessary to ensure that the Island continues to be seen as a good place to do business. Likewise, surety and security of air links is essential to support the retention and attraction of skilled workers and to ensure ease of access in support of the Island's visitor economy.

2.4 During the period of COVID impact, direct intervention into the market by the Isle of Man Government was necessary to ensure that a level of core services were maintained.

2.5 Whilst global air passenger numbers have broadly returned to pre-pandemic levels, the aviation market has changed markedly since the pandemic, with fewer airlines in operation (particularly smaller, regional airlines), ongoing staffing challenges, significantly increased costs and the loss of some smaller regional airports.

2.6 Recovery of air travel post COVID has been challenging in some areas with disruption in scheduled services, and operational challenges at Airports, including the Isle of Man, impacting consumer confidence. Whilst many of the operational challenges have eased more recently, the commercial viability of certain routes remains a key consideration for airlines.

2.7 Against this backdrop, it has been necessary for the Isle of Man Government to continue to intervene in the market during the period of economic recovery to ensure air connectivity on core social and economic routes has been maintained.

2.8 The purpose, therefore, of seeking to establish a clear and agreed policy position, together with an agreed strategic approach, is to enable a longer term, strategic framework to be put in place which will provide surety, certainty and resilience of the Island's air connectivity into the medium to long term.

3 Current position

3.1 The Island currently adopts an 'Open Skies' policy approach, the established norm within the aviation market, which was introduced on routes to and from the Isle of Man in 1993 in parallel to the European Union (EU) liberalisation rules on civil aviation. This policy allows any airline to operate scheduled and charter services without the need for a route licence.

3.2 This policy, together with potential options, was explored in an independent review of the Island's air services ("the Steer Review") undertaken in 2021[1] (**APPENDIX 1)**. The Steer review stated:

"The purpose of Open Skies was principally to improve competition and thereby to lower fares and to improve services, with a resultant boom in capacity, new routes, choice, and traffic growth across Europe over the last 25 years.

However, full market freedoms may also be detrimental to the overall connectivity of the Isle of Man. For example:

- *The primary aim of privately owned airlines is to generate profit for shareholders, rather than to support island connectivity. This can lead to non-regular scheduling year-round and highly variable fares;*
- *Larger aircraft favoured by low-cost carriers may not permit the same levels of frequencies preferred by business travellers without creating over-capacity; and*
- *There is no mandated requirement to provide a regular service, which permits airlines to redistribute aircraft capacity to other more profitable routes when desired."*

3.3 In summary, therefore, there is a risk in a small market, such as the Isle of Man, that relying on a fully open market position will not provide the surety and security on the Island's air routes required to provide for the social and economic needs of residents, businesses and visitors.

3.4 The Open Skies policy has been the subject of previous scrutiny and debate, including in the First Report of the Economic Policy Review Committee (EPRC), a standing committee of Tynwald, in 2013[2]. In summary this report concluded, and its recommendations were accepted by Tynwald, that Open Skies should be retained but such a position should remain subject to review.

3.5 The EPRC report included a recommendation that a 'contingency plan' involving a licensing regime was prepared in case of future need, although to date detailed work on such a regime has not yet been progressed.

3.6 Since the Steer report was commissioned in late 2021, there has continued to be further engagement with key stakeholders including the business community, visitor economy representatives and airlines. This engagement has validated the needs and deepened the understanding of potential areas of intervention as part of a longer-term strategic approach.

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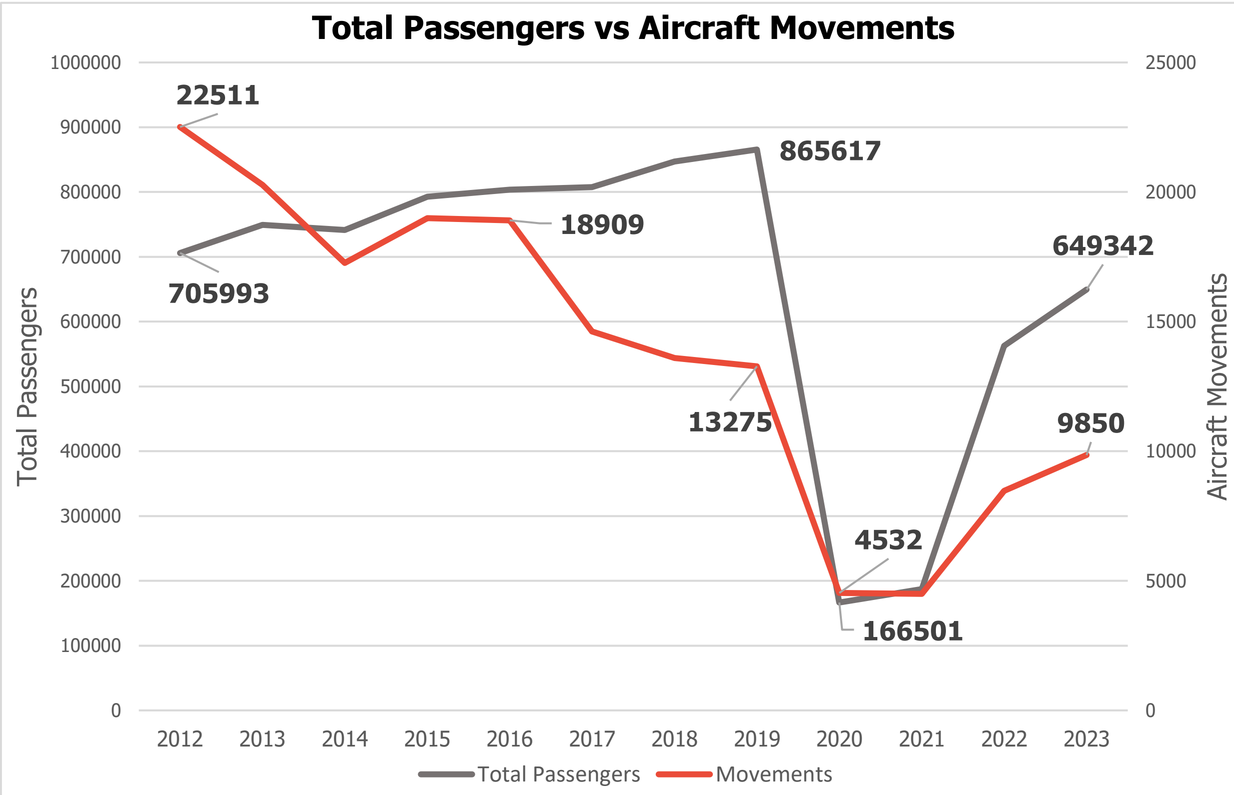
[1] https://www.iomdfenterprise.im/media/wkepsybl/air-services-review.pdf
[2] http://www.tynwald.org.im/spfile?file=/business/opqp/sittings/20112014/2013-PP-0132.pdf

3.7 Whilst significant work has been undertaken to secure core air connectivity in the intervening period, a longer-term approach is now required to provide surety and certainty for an extended period and to provide improved confidence in the Island's air links to promote growth.

3.8 Whilst air services are relatively stable on core routes at present, this has only been achieved through Government intervention, something which is likely to be required to continue in the short to medium term.

3.9 Without intervention, there would be limited connectivity on the core routes of London, Liverpool and Manchester given that demand has not yet returned to such a level which would make it commercially viable for an airline to enter the market, or for an incumbent airline to significantly increase frequency or capacity.

3.10 Passenger numbers travelling through the Isle of Man Airport have not yet returned to 2019 (pre-COVID) levels and whilst in part this may be as a result of wider disruption in the aviation market (e.g. network disruption, Air Traffic Control restrictions etc.), the loss of routes and seasonal nature of some services are contributing factors to reduced passenger volumes. The table below shows overall passenger numbers and aircraft movements between 2012 and 2023:



3.11 2024 passenger figures are currently forecast to be broadly comparable with 2023, indicating a levelling off of the post COVID recovery. This is believed to be attributable, in part, to the seasonality of some regional routes which will impact the final quarter of 2024.

3.12 Further data, including the breakdown of airlines and routes, is available by viewing the passenger figures routinely reported on the Isle of Man Airport website[3].

[3] https://www.airport.im/passenger-figures/

3.13 Operations at Isle of Man Airport are funded from general revenue through the normal budget process as a division of the Department of Infrastructure. The table below sets out the budgeted expenditure and income for each of the last three financial years taken from the respective Treasury Pink Books:

	Gross Spend	Airport Income	Net Cost
2022-23	£9,199,000	£4,912,000	£4,287,000
2023-24	£10,741,000	£4,365,000	£6,376,000
2024-25	£11,819,000	£4,613,000	£7,206,000

3.14 Prior to the years shown above, the impact of COVID and the combination of the Airport budgets in a broader 'Ports Division' heading make it difficult to separate costs accurately and meaningfully. However, the broad position is that the day to day operation of the Airport requires an ongoing level of subsidy from general revenue, much like other essential service provision.

3.15 Air Passenger Duty (APD), is a duty collected by Treasury payable by the majority of passengers departing the Isle of Man. For the corresponding periods as above, the below table shows the total APD collected:

	Air Passenger Duty (APD)
2022-23	£3,600,975
2023-24	£3,824,674
2024-25	£4,600,000*

**forecast in 2024/25 Budget*

3.16 Airport income is largely derived from aeronautical revenue, such as the fees levied on airlines which are payable for each departing passenger, and non-aeronautical revenue, such a retail concessions, car parking, advertising and other commercial income from connected land and buildings.

3.17 There are ongoing core costs to maintain Airport infrastructure and airfield and terminal operations regardless of absolute passenger numbers. Therefore, returning to 2019 passenger numbers, or even allowing for progressive increases above this level in coming years, is not expected to create additional cost pressures over and above what will be required to simply maintain operations.

3.18 Therefore, growth in the current air services market would not only provide for greater choice, frequency and resilience for local residents, businesses and visitors, but also provides the opportunity for increased income generation to the Airport, and through Air Passenger Duty, such that the overall net cost of maintaining the Island's air connectivity is reduced in the longer term.

4 The economic impact of intervention

4.1 In addition to the importance of air connectivity to life in the Isle of Man more generally, ensuring that the Isle of Man remains a great place to live and work, there are direct and indirect economic benefits from ensuring access to reliable, consistent and sufficient air services.

4.2 As set out previously, the overall number of passengers travelling through the Isle of Man Airport is lower than the pre-pandemic peak in 2019. This equates to approximately 200,000 fewer passengers travelling at present. This represents a significant loss of income, directly and indirectly, however, also provides an opportunity to deliver economic benefit from increased air connectivity.

4.3 When factoring in direct income including passenger charges, ancillary airport income (car parking, retail concessions) and APD, it can be estimated that for each departing passenger between £18 and £20 on average is returned in direct income to Government.

4.4 Extrapolating this across a range of increased passenger numbers results in the following estimated direct income increases:

Total Annual Passenger Increase	Estimated additional annual income range*
10,000	£90,000 – £100,000
50,000	£450,000 - £500,000
100,000	£900,000 - £1,000,000
200,000 (return to pre-covid passenger levels)	£1,800,000 – £2,000,000

*total passenger numbers are halved to derive potential additional income from departing passengers

4.5 Put simply, a return to pre-covid levels of passenger traffic through the Isle of Man Airport will deliver a direct increase in income of between £1.8m and £2m.

4.6 Importantly, as air routes become more financially viable for airlines, it may also be possible to gradually increase the level of passenger charges such that the Airport can also benefit from increased utilisation as well as the airline.

4.7 As such, the projected income figures are considered conservative and further gradual annual growth beyond this will continue to deliver increased income, supporting the move towards air connectivity becoming self-sustaining in the longer term.

4.8 Increased air connectivity also brings significant wider economic benefits through visitor spend which flows through many of the enabling sectors of the economy, including tourist accommodation, hospitality, retail and leisure sectors.

4.9 The Isle of Man Passenger Survey in 2018[4] provides data which shows in the decade to 2018, a broadly consistent 40% of all departures by air from the Island were visitors.

4.10 Whilst passenger surveys were disrupted during the pandemic, the 2023 Passenger Survey[5] continues to support this approximate split in departing air passengers and also indicates an average spend per visitor of over £600.

4.11 Therefore, in addition to the potential increase in direct income, the table below estimates the indirect benefit of additional visitor spend which would flow through the economy, set across the same range of overall passenger growth:

Total Annual Passenger Increase	Estimated additional visitor spend*
10,000	£1,200,000
50,000	£6,000,000
100,000	£12,000,000
200,000 (return to pre-covid passenger levels)	£24,000,000

*total passenger numbers are divided by half to derive departing passengers, with 40% attributed to visitors based on historic data

4.12 Lastly, ensuring stable and secure air services expands the opportunities for employment growth in the aviation sector in the Island. If a route network is in place which supports the requirement for Isle of Man based aircraft, this brings with it an increased need for local employment in crew and maintenance staff employed directly, and third-party suppliers and service providers.

4.13 It is estimated that approximately 150-200 jobs are both directly and indirectly supported by current operations at the Isle of Man Airport. Modest route expansion and providing a secure, stable platform form which to grow air services provides the potential to increase both direct and indirect employment by between 50-100 new jobs.

4.14 Achieving passenger growth, however, will require a sustained level of investment over the short to medium term to further stabilise air services and provide a stable platform from which to expand air connectivity by increasing consumer choice and confidence.

[4] https://www.visitisleofman.com/dbimgs/2018%20Annual%20Passenger%20Survey.pdf
[5] https://www.visitisleofman.com/dbimgs/2023%20Annual%20Passenger%20Survey%20(Apr-Dec).pdf

5 Open Skies versus Regulation

5.1 As referenced earlier, the Isle of Man currently adopts an 'Open Skies' approach, the established norm within the aviation market, which was introduced on routes to and from the Isle of Man in 1993 in parallel to the European Union (EU) liberalisation rules on civil aviation.

5.2 Open Skies is therefore an international approach that aims to liberalise the aviation industry by allowing airlines to operate more freely across a broad route network in countries which also follow the same approach.

5.3 The general principles of Open Skies can be summarised as covering:

- Market Access: Airlines can fly between any airports in the participating countries without restrictions on the number of flights, capacity, or pricing.
- Competition: Encourages competition among airlines, which can lead to lower fares and more choices for passengers.
- Operational Freedom: Airlines can choose their routes, schedules, and pricing without needing approval from governments.

5.4 The alternative to Open Skies is route licensing, which is the traditional regulatory framework where governments control which airlines can operate on specific routes.

5.5 Key aspects of a route licensing framework may include:

- Government Approval: Airlines must obtain permission from the relevant authorities to operate on specific air routes.
- Capacity and Frequency Limits: There may be restrictions on the number of flights, the type of aircraft used, and the frequency or capacity of services on certain (or all) routes.
- Pricing Controls: Governments may regulate the fares that airlines can charge on certain routes to ensure fair competition and protect consumers.

5.6 Route licensing can be introduced on all air routes in a jurisdiction, resulting effectively in 'Closed Skies', or on certain routes deemed of strategic importance with other routes remaining unregulated, an approach generally referred to as 'Quasi Open Skies'.

5.7 In summary therefore, a fully Open Skies approach aims to create a more competitive and liberalised aviation market, while route licensing involves increased government oversight and control over which airlines can operate on specific routes.

5.8 As referenced earlier, the Steer Review highlighted the risks of a fully Open Skies approach in small markets stating *"….full market freedoms may also be detrimental to the overall connectivity of the Isle of Man."*

5.9 Whilst moving away from an Open Skies approach to a regulated position may appear to have advantages in terms of providing a greater level of control over the Island's air services, it is not without risk.

5.10 Incumbent, and new, airline operators may not wish to provide services within a regulated market given their broader network requirements and commercial focus.

5.11 Simply restricting market access will not necessarily in itself ensure the commercial viability of strategically important air routes. Therefore, commercial levers are still likely to be required in addition to any form of route licensing.

5.12 Finally, any form of regulation of the Island's air routes will require a new legislative framework which will take considerable time to develop.

5.13 As such, in order to deliver the desired strategic outcome, a stronger focus will be needed on the effective use of commercial levers within the current Open Skies high level position.

6 Future Air Services Policy

6.1 Whilst initial interventions have gone some way to secure a level of connectivity in the short term, a longer term, strategic approach is required to ensure the Island is well positioned in the future.

6.2 Without a clear policy position and strategic approach, the Island's air connectivity is likely to fluctuate, with key services at risk as decisions will be driven purely by commercial forces.

6.3 Allowing the air services market to operate based purely around the commercial decisions of airlines, who themselves are duty bound to operate in the best interests of their shareholders, is a very high risk approach.

6.4 Therefore, the overall policy position is that **whilst retaining an Open Skies approach, Government will intervene in the Air Services market to the extent that is necessary to provide for the social and economic requirements of the Isle of Man.**

6.5 In the immediate term the principle of Open Skies will be maintained at a high level, with a greater focus on commercial levers and a strategic approach to achieve the desired outcomes.

6.6 As evidenced in the Steer Review, the use of commercial incentives and levers is compatible with an Open Skies framework in that whilst there is no regulatory 'bar' on access to certain routes, effective use of financial levers can incentivise desired airline activity and, conversely, limit undesired outcomes such as overcapacity which impacts route viability.

6.7 The vision for the Island's air connectivity is:

The Island has air connectivity which meets the social and economic needs of residents, businesses and visitors, supporting the objectives of the Island Plan and the ambitions of the Economic Strategy.

6.8 The policy position for the Island's air connectivity is:

Whilst retaining an Open Skies approach, Government will intervene in the Air Services market to the extent that is necessary to provide for the social and economic requirements of the Isle of Man.

6.9 Whilst, in the immediate term, such a policy position will be adopted within an Open Skies framework, relevant legislation in respect of route licensing / regulation will be developed in parallel so that it is available should it be deemed necessary to subsequently bring into force.

6.10 Initially, regulations under relevant competition legislation will be brought forward, in a similar manner to the approach taken previously in respect of sea services, on the basis of agreed national policy.

7 Strategic Approach

7.1 The Steer Review explored a range of regulatory and commercial levers available to the Isle of Man in respect of air services. Additionally, through a number of surveys conducted as part of the review, the core routes of significant social and economic importance were identified.

7.2 These core routes were identified as:

- London, Dublin, Liverpool and Manchester (serving jointly as the 'North West')

7.3 In addition to these core routes, it is essential to recognise the importance of broader regional connectivity between the Isle of Man, UK and Ireland.

7.4 Services to regional airports in the South West and Midlands regions of the UK, Scotland and Northern Ireland are all valuable links, particularly for leisure and visitor travel markets and provide the greatest opportunity for passenger growth.

7.5 Ensuring a broad mix of regular, year round air services to these regions, together with achieving surety and security of services on the core social and economic routes, are therefore considered important strategic outcomes.

7.6 Whilst the specific requirements of services on core and regional routes may differ, the high-level strategic outcomes can be described as:

- Ensuring that the Isle of Man has **long term, secure, reliable, safe and attractive air connectivity** for residents, businesses and visitors.
- **Securing strategic air services on core routes on a sustained basis**, providing the required frequency, capacity and resilience in the long term.
- **Increasing regional connectivity across the UK and Ireland** to support choice for residents, businesses and visitors, whilst **avoiding any material impact on core routes**.
- To support the **growth of passenger numbers using Isle of Man Airport**, increasing direct and indirect income (passenger charges and APD, together with commercial income).

7.7 Additionally, the following are specific **core route** requirements:

- **Route and carrier diversity**: North West and London minimum of two airports served ideally across two carriers for choice and resilience.
- **Suitable frequency and schedule:** North West and London require morning and evening return services most days of the week which is essential for business, leisure and patient transfer provision.
- **International connectivity**: Core routes should also provide international connectivity for both business and leisure travel.
- **Capacity:** Sufficient capacity to meet demand and potential to meet growth ambitions, with effective measures in place to prevent oversupply and loss of viability.

- **Global Brand:** It is desirable to have a global brand in the region either directly or through code-share to support sustainable route growth.

7.8 The strategic objectives and core requirements will be met by utilising a range of strategic interventions and commercial levers, including:

- **Fees and charges**: High published airport charges with ability to deeply discount to support desired outcomes, protecting the ability to disincentivise undesired entry on routes which are adequately served.

- **Incentives**: New route development support, promotion and marketing support to drive interest and incentivise desired outcomes.

- **Commissioning**: To support the patient transfer provision through Liverpool, as well as a morning and evening service to and from London.

- **Strategic Partnership**: Long term arrangements with airlines with the potential to explore a joint venture or white labelling with an existing airline operator.

7.9 A summary overview of the policy and strategic approach to air services is set out on the following pages.

Strategic Air Services Vision

The Island has air connectivity which meets the social and economic needs of the Island, supporting the objectives of the Island Plan and the ambitions of the Economic Strategy

Policy

Whilst retaining an Open Skies approach, Government **will intervene in the Air Services market** to the **extent that is necessary** to provide for the **social** and **economic requirements** of the Isle of Man

Strategic Objectives

1	2	3	4
To ensure that the Isle of Man has **long term, secure, reliable, safe** and **attractive** air connectivity for residents, businesses and visitors	To secure strategic air services on **critical routes** on a sustained basis, providing the required **frequency**, **capacity** and **resilience** through long term strategic partnerships with airline operators	To **increase regional connectivity** across the UK and Ireland to support choice for residents, businesses and visitors, whilst avoiding any material impact on critical routes	To **support the growth of passenger numbers** using Isle of Man Airport, **increasing direct and indirect income**

Interventions and Levers

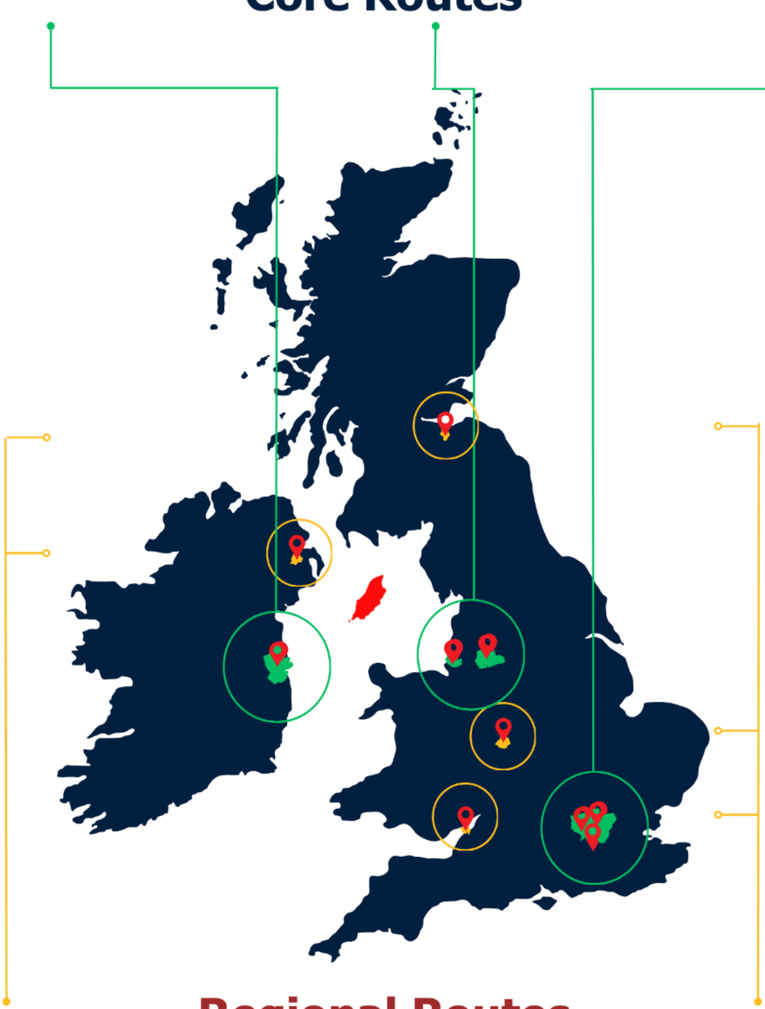
FEES AND CHARGES	INCENTIVES	COMMISSIONING	STRATEGIC PARTNERSHIP
High published charges with ability to deeply discount to support desired outcomes and provide ability to disincentivise undesired entry or behaviour	New route development support, promotion and marketing support to drive interest and incentivise desired outcomes.	Direct commissioning for Patient Transfer Services and potentially required for morning and evening services to London, supporting key business travel	Long term agreements with airline operators, extending to potential for joint venture/ white labelling with existing airline operator

Core Route Requirements

ROUTE AND CARRIER DIVERSITY	SUITABLE FREQUENCY AND SCHEDULE	INTERNATIONAL CONNECTIVITY	CAPACITY	GLOBAL BRAND
North West and London served by a **minimum of two carriers** across **two airports** supporting choice and resilience	North West and London require **morning and evening return services on most days of the week** - deemed essential for business, leisure and patient travel	Core routes/ regions should also provide **onward international connectivity** for both business and leisure travel	Sufficient capacity to meet **demand** and potential to meet **growth ambitions**, with effective **measures** in place to **prevent** oversupply and loss of viability	It is **desirable** to have a **global brand** within the region either directly or through code-share to support sustainable route growth

	DUBLIN	NORTH-WEST	LONDON
AIRPORTS	Dublin essential, likely only viable with one carrier at present	**Essential** to have services to Liverpool and Manchester for route diversity	**Essential** to have minimum of two airports served out of Gatwick, Heathrow and City for route and carrier diversity
SCHEDULE	Multiple weekly **essential**, daily schedule **desirable**	Liverpool **essential** to have morning and evening services. Manchester essential for broader leisure market, with multiple weekly frequencies. Multiple daily frequency **desirable**	Morning and evening services to at least one airport **essential** to enable business travel
CAPACITY	Use commercial levers to **secure** desired services and **prevent overcapacity**	Use commercial levers and incentives to **secure** desired services and **prevent overcapacity** across **whole region**	Use commercial levers and incentives to **secure** desired services and prevent overcapacity across **whole region**

Core Routes



Regional Routes

	REGIONAL
AIRPORTS/ REGIONS	Scotland, Northern Ireland, Midlands, South West
SCHEDULE	Year round, regular services which **support sustainable route development** and **passenger growth**
CAPACITY	Use commercial levers and incentives to secure entry onto new routes, support **sustained services** and ensure **balance against core routes to prevent dilution**

8 Climate Change considerations

8.1 Clearly, in considering the approach to air connectivity there is the need to be mindful of the global impact of climate change and any specific considerations under the Isle of Man's Climate Change Act and action plan.

8.2 However, it must also be accepted that air travel will always be required as an Island nation, with alternative ground transportation not an option for regional connectivity as it would be in other countries who share land borders.

8.3 Similarly, the scope of influence the Island has in respect of the broader aviation industry is limited and whilst balancing climate change considerations with the need for air travel can be considered complex, the aviation industry more broadly is already adopting specific policies, bringing forward technological advancements and delivering operational improvements to meet their own obligations and satisfy the requirements of the jurisdictions they serve.

8.4 The advancement of sustainable aviation fuels, development of more efficient engine technology and the requirement to both minimise operational costs (of which fuel is a significant element) and ensure compliance with global regulation and standards[6][7] will ultimately shape the air services market in respect of the climate change challenge.

8.5 The effects of industry led changes are already evident across air services to the Isle of Man, with the airlines currently serving the Island using some of the most efficient aircraft currently available in their class and larger fleet replacement programmes utilising new engine options as standard.

8.6 The Island, therefore, will benefit from a global shift across the aviation industry more generally.

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[6] 2021 United States Aviation Climate Action Plan
[7] Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)

9 Conclusion

9.1 The Island's air connectivity is a matter of strategic national importance.

9.2 A strategic approach is essential to ensuring that the Island's air services meet the social and economic needs of the Island – for residents, businesses and visitors.

9.3 Whilst short term action has secured a level of air connectivity, particularly across core routes, adopting a longer term strategic approach is necessary both to provide security and surety of air routes into the future and, importantly, to seek the maximum value and strategic outcomes for any investment made from the public purse.

9.4 Achieving positive outcomes into the longer term will require the strategic use of commercial levers and is likely to require a sustained level of investment over a 3-5 year period, with the aim of becoming self-sustaining driven by passenger growth in the longer term.

9.5 Securing and expanding air connectivity will drive an increase in overall passengers travelling through the Isle of Man Airport. This will provide additional direct and indirect income through passenger charges, Air Passenger Duty and visitor spend, together with providing access to air travel for Isle of Man residents and businesses to ensure the Island remains an attractive place to live, work and do business.

9.6 The principle of Open Skies will be retained, however, a strategic approach to securing, sustaining and growing air services on core and regional routes will be taken in order to secure desired outcomes.

9.7 The strategic air services policy is:

Whilst retaining an Open Skies approach, Government will intervene in the Air Services market to the extent that is necessary to provide for the social and economic requirements of the Isle of Man.

Isle of Man Government

Reiltys Ellan Vannin

10 Appendix

Appendix 1 – Isle of Man Air Services Review