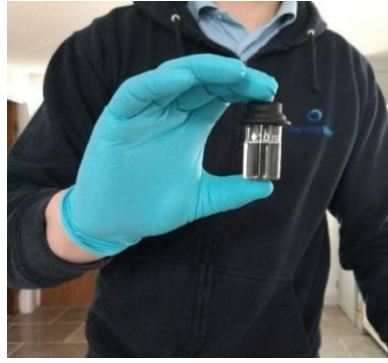


States' Trading Supervisory Board

Group Annual Report 2019



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President's Statement

In 2016, the newly formed STSB set out a vision for the States-owned trading operations. It was to be a consistently well managed, efficient group of companies that deliver a return in the long-term best interest of islanders.

This, our second consolidated annual report, reflects the progress made by the Trading Group towards achieving that vision, both collectively and individually. In it, we no longer refer to our various entities as "trading assets" - a term first used in 2016 to describe what was, at the time, an assortment of operations that differed greatly in commercial approach. We have evolved considerably since then, to the point that we now rightly refer to them all simply as businesses.

Clear performance objectives, based on customer needs and expectations, and more consistent, commercial mindsets are evident across the group, with greater focus on value, service, efficiency and customers.

Much credit must go to the management and staff across the Trading Group, who have risen to the challenge. I must also acknowledge the STSB's non-States Members - Stuart Falla MBE and John Hollis. They have provided stability to the Board, and our businesses have benefited from their knowledge, clarity and direction.

"Acting commercially does not always mean delivering maximum financial return. The primary purpose of the States-owned businesses is the essential services they deliver to islanders."

That private sector experience was strengthened in 2019 by the recruitment of business advisers. They bring additional commercial skills to the boards of each business and give generously of their time.

Acting commercially does not always mean delivering maximum financial return. The primary purpose of the States-owned businesses is the essential services they deliver to islanders. It is not to generate profits for the shareholder.

The STSB is of the view that in the long term, the businesses should operate on a not-for-dividend basis. Any returns generated through their commercial activities should instead be reinvested into the individual businesses, in the best interest of their customers.

That will provide social benefits, by reducing the cost of essential services that islanders need, and support the

economy, by helping control the cost of doing business in Guernsey.

As always, we are indebted to the hard work and dedication of our staff, who often work in extremely challenging situations and at unsociable hours. The island can be proud of their endeavours and grateful for their contribution.

On a less happy note, at the start of 2020 we were sad to lose our good friend and colleague Deputy Jan Kuttelwascher. He contributed enormously to the work of the STSB since joining the board in 2018, and is missed by many.

While this report looks back on the achievements of 2019, the story for 2020 will undoubtedly be dominated by COVID-19. As my Board prepares to hand on the baton to a new STSB, the progress made in the past four years will ensure the businesses are better placed to weather this storm than when the Group was formed in 2016.

Deputy Peter Ferbrache

President of the States' Trading Supervisory Board

Managing Director's Statement

The businesses within the States Trading Group operate critical elements of the Bailiwick's infrastructure. In doing so, they provide much of the fabric that our communities rely on for their social and economic wellbeing.

The STSB brings together all the States' trading operations into a single group. This harnesses the benefits of public ownership and control of infrastructure, but with a commercial, customer-focused approach.

Our primary purpose is to provide essential services to islanders. Our number one priority is therefore to ensure these are delivered in the most efficient, innovative and cost-effective manner.

Any contribution our businesses can make by way of financial returns is balanced against their role as strategic "enablers" for the islands. Acting commercially is a core objective, but overall returns are measured not just in financial terms, but against wider social, environmental and economic benefits.

Guernsey Dairy is a perfect example. In providing islanders with a constant supply of fresh milk products, it directly supports our farmers. They in turn help safeguard our local



"Ultimately, the aim is to ensure they are valued by the people of the Bailiwick and provide maximum benefit to our communities, in the long term best interest of islanders."

traditions and countryside, enhance our biodiversity, and preserve that most iconic image of "Golden Guernsey" cows in our green fields.

So the real measure of success, for all our trading businesses, is the overall contribution they make to the community. Ultimately, the aim is to ensure they are valued by the people of the Bailiwick and provide maximum benefit, in the long term best interest of islanders.

Financial performance

Total trading revenue over the period reported was £207m, compared to £193m in the previous 12 months. More than half the increase is attributed to the inclusion of Guernsey Waste as a trading business for the first time. The remainder was due primarily to increased revenues for Guernsey Ports, Guernsey Electricity, Guernsey Post and States Works.

This resulted in an operating surplus of £6.3m, compared to £19.1m in the previous period, and a £12.2m net deficit compared to a net surplus of £6.8m. That reflects a combination of financial pressures experienced in 2019.

They include the impact on Aurigny from the adoption of an open skies policy, which had been anticipated, and having to continue absorbing losses on the Alderney routes.

Similarly, reduced capacity to import power through the cable link for much of 2019 left Guernsey Electricity more reliant on local generation, with significantly increased costs.

And the success of the new 'pay as you throw' charges, in reducing waste, meant Guernsey Waste's income was significantly below forecast.

2019 income and expenditure for the trading businesses are detailed in pages 31 to 35.

Financial returns

As in previous years, the STSB worked closely with Policy & Resources to identify significant returns, as part of the States' Medium Term Financial Plan (MTFP). At the end of 2019, we had returned £14m.

This brings the total returned since 2016, including regular dividends and other transactions outside the MTFP, to £48m. That has been achieved through a combination of ordinary and special dividends and refinancing infrastructure projects previously funded through the Capital Reserve.

Staff

Many of our businesses operate 24 hours a day, 365 days a year. The fact we can take these services for granted is only highlighted when there is major disruption, such as adverse weather experienced in 2019. Our ability to cope with such incidents and their aftermath owes a great deal to the commitment of our staff, who deserve enormous credit.

Equally, the achievements highlighted in this annual report have been possible thanks to the contribution of the staff and management across all our operations, without whose expertise we would not have seen the progress that we have. While major transformation is taking place, they have ensured all business as usual activity has continued as normal.



2019's success is very much down to this hard work and dedication and I would like to take this opportunity to thank staff for their continued support, drive and enthusiasm.

Business Advisers

The individual boards for the unincorporated businesses have benefited from the wealth of experience that exists throughout the Trading Group. This has been achieved by including senior executives from other businesses on each board, to bring relevant expertise to complement that of the other members.

We have now taken this a step further. In 2019, we invited leaders from the private sector to bring additional commercial experience. We successfully recruited a pool of candidates, and appointments were made to each of the boards.

Progress in 2019

We frequently talk about how our managers are encouraged

to think and act commercially. That has been a consistent theme since the STSB was formed in 2016. Just as important though is ensuring sound business disciplines are in place, around good governance and business planning.

Looking back on 2019, we have once again seen significant progress in this respect. 2020 will be very different, given the experience of COVID-19. There will be examples of how well our operations have coped, in such an unprecedented situation, but the impact will be felt across the group, and will affect some businesses more severely than others. However the core business disciplines that are now ingrained – not least rigorous business continuity planning – ensure we are better equipped to meet this challenge. They will also be the foundation of our future success.

Simon Elliott
Managing Director

Governance

The States' Trading Supervisory Board (STSB) is a States of Guernsey committee. It is responsible for the States-owned trading operations, and works within the States' framework of policies, guidance and instructions to set long term strategy for sustainable and reliable service delivery.

The STSB comprises three States Members and two non-political members, supported by senior management, who are non-voting. In effect, they act as the non-executive directors of the Trading Group, with management forming the executive team.

The STSB acts as shareholder for **Aurigny**, **Guernsey Electricity**, **Guernsey Post** and **JamesCo**, which are incorporated companies. Oversight is achieved through quarterly meetings, attended by representatives of STSB and the executive team, and the chairman, chief executive and finance director of the respective business. They are an opportunity to review financial performance, KPIs, performance against shareholder objectives and business plans, and core business risks. The STSB also provides challenge and assurance for business cases for major capital investments.

The STSB also ensures the efficient management and operation of the **Channel Islands Lottery**, **Guernsey Dairy**, **Guernsey Ports**, **Guernsey Waste**, **Guernsey Water** and **States Works**. This is done through separate, individual boards for each. These are subcommittees of STSB, chaired by a member of STSB, and include senior management of the business.

Day to day decision-making is delegated to these boards, according to agreed business plans, with strategic objectives and performance targets set and regularly reviewed by STSB. This ensures appropriate governance and supervision, so each business operates efficiently and in the long term best interest of islanders.

The STSB provides constructive challenge to all the businesses in the Trading Group, against specific criteria and in accordance with agreed objectives. Those criteria include quality of strategic plans;

operational efficiency and customer service;
financial performance against budget;
management performance in delivery of strategic plans; and communication and perception within the community.

The STSB also acts as the Waste Disposal Authority.

Nominations Subcommittee

The Nominations Subcommittee ensures each board has the experience they need to support them to establish the right business models, culture and direction of travel. It has identified a pool of candidates who may be suitable when vacancies arise. Seven appointments were made in 2019, to the boards of Guernsey Dairy, Guernsey Ports, Guernsey Waste, Guernsey Water, and States Works.

The pool will be refreshed on an ongoing basis through public recruitment initiatives. The Subcommittee is currently working to improve this process to encourage broader interest. This included seeking the views of the 'Women in Public Life' initiative on recruitment materials and communications.

The Subcommittee is also responsible for determining proposals for filling vacancies on the boards of the incorporated companies. In the case of Guernsey Electricity and Guernsey Post, this includes recommending such appointments to the States for approval. It also keeps the remuneration for Non-Executive Directors on these boards under regular review.

Risk Statement, Approach, and Strategic Risks

All the businesses in the Trading Group undertake rigorous risk management and mitigation as a central part of strategic management.

Unincorporated businesses

The unincorporated businesses use the States of Guernsey's Enterprise Risk Management framework, to identify, evaluate and manage risks. This is in line with the Risk Management Directive, which forms part of the States' approach to Financial and Resource Management and its wider corporate governance arrangements.

The 'operating boards' receive clear and detailed quarterly reports on strategic and operational risks. Changes in key risks and mitigations are monitored and managed by the Trading Group's senior leadership team.

Key programmes and projects are managed within the same risk management system and are reviewed at Programme and Project Board meetings.

Incorporated companies

Risk management is a standing agenda item for each company's quarterly shareholder meetings with the Trading Group's executive team and two members of the STSB. Risks are managed according to each company's governance criteria.

Evolution of risk

Risk management information and best practice is shared between the incorporated and unincorporated businesses, and the States of Guernsey, through forums such as the Risk Champions Working Group.

Brexit

A significant amount of planning has been undertaken in anticipation of a potential 'no deal' Brexit. This includes ensuring resilience in our supply chains and sufficient essential stocks of materials and supplies such as chemicals and spares for critical equipment and plant. Following the approval of the UK Withdrawal Agreement at the end of 2019, work continued in advance of the UK's managed withdrawal from the EU.

STSB Membership



Deputy Peter Ferbrache, President

One of Guernsey's most experienced lawyers, Peter qualified as a Barrister in 1972. He practised law in England before returning to Guernsey in 1980, going on to become senior partner at one of the Channel Islands' largest legal practices. He previously served in the States between 1994 and 2000, when his roles included President of the Board of Industry and member of the Advisory & Finance Committee. In his current term, he was previously President of Economic Development.

Deputy Jeremy Smithies, Vice-President

A Chartered Engineer with an MBA degree, Jeremy previously worked for Rolls Royce, and was responsible for one of its offices in France. He has experience in financial modelling; contract negotiation; programme development; and project management. Returning to Guernsey in 1998, he worked in the technology sector as a company secretary and financial director. He subsequently taught maths and business studies for 10 years, and prior to election in 2016 was a management accounts consultant.



Deputy Jan Kuttelwascher

A former airline pilot, Jan was first elected to the States in 2008. He joined STSB in 2018, having gained extensive political experience in a number of roles, in particular with former committees responsible for the trading operations. He served on the Public Services Department in his first term, and was Deputy Treasury Minister from 2012 to 2016. He was also a former vice-president of the Committee *for* Economic Development. Jan sadly passed away in January 2020.

Stuart Falla, MBE

A Chartered Director and Fellow of the Institute of Directors, Stuart Falla served in the States from 2004 to 2008, including as Deputy Chief Minister and Commerce & Employment Minister. Formerly MD of RG Falla, upon its acquisition in 1984 he became chairman and CEO of the enlarged Garenne Group, one of the Channel Islands' leading construction and facilities management businesses. He retired as non-executive chairman in 2016, and has had an extensive range of other directorships.



John Hollis

After qualifying as a Chartered Accountant in 1977, John joined management consultants Accenture in 1978 and became a global partner in 1986. He held various lead partner roles and has experience in many industry sectors, including consumer products, oil, retail, insurance and government. Clients included B&Q, BP, Coca-Cola, Lloyds TSB, Marks & Spencer, Procter & Gamble, Tesco, and The Independent. He was a non-States member on the Treasury & Resources Department from 2013 to 2016.

Executive Team

Simon Elliott – Managing Director

With a degree in civil engineering, Simon began his career with BAA before serving in the Army. In 1996 he joined Royal Dutch Shell, which took him to the Middle East, The Netherlands and Russia, and included roles in operations, business planning, major project delivery and HR. He joined the States of Guernsey in 2009, as head of HR and Organisational Development before taking on the role of Chief Corporate Resources Officer, responsible for HR, IT, property and shared services. In 2016 he became managing director of the newly formed Trading Group.



Richard Evans – Deputy Managing Director

Having begun his career in hospitality, Richard joined the Board of Health in 1982 and went on to become Deputy Chief Officer. He moved to Public Services in 2015, in a similar role, before it was incorporated into the new Trading Group in 2016. He has extensive experience of delivering major capital projects, having been responsible for the development of the new clinical block at the Princess Elizabeth Hospital, The Oberlands mental health facilities, and the waste strategy implementation.

Alastair Ford – Head of Shareholder Executive

A member of the Chartered Institute of Logistics & Transport, Alastair joined the States of Guernsey in 1989. He spent his early career with the Traffic Committee and then the Environment Department, and led the development and implementation of Guernsey's traffic strategies. In 2006, he was appointed Director of Administration for the Royal Court, before becoming Principal Assistant at Treasury & Resources in 2012. He joined the newly formed Trading Group as Head of Shareholder Executive in 2016.



Simon Gardiner – Finance Business Partner

A Chartered Management Accountant, Simon has worked in a number of commercial sectors, including retail, security and software. He has extensive board level experience in business and financial strategy, financial control and compliance. He has held various positions for companies in Europe and the USA, including Finance Director and Controller. He relocated to Guernsey in 2014 and worked with the Public Services Department before it was incorporated into the new Trading Group in 2016.

Delivering on Our Commitments

The Future Guernsey Plan

Our businesses have continued to support States' committees in delivering the policy priorities and key outcomes detailed in the Future Guernsey Plan.

Air and sea links

Guernsey Airport charges were frozen in 2019 to support the development of new routes and increase passenger numbers. Significant progress has also been made towards the target of increasing non-aeronautical income, to offset charges to airlines and passengers.

In January, the States approved plans for the refurbishment of the runway at Alderney Airport, and that project is now being progressed.

Jointly with Scrutiny Management Committee, the STSB commissioned a benchmarking and efficiency review of Aurigny. It found the airline to be well managed, and identified opportunities for improvement. This will help inform any future States review of air links and the role of Aurigny.

Medium Term Financial Plan (MTFP)

The MTFP set a target return from the STSB of £30m between 2017 and 2021, in addition to any dividend paid in accordance with the existing policy. Up to the end of 2019, the Trading Group had returned £14.1m to General Revenue, which has been transferred to the Capital Reserve to help fund future States' projects.

The STSB has agreed the principles to be applied in assessing the options for delivering the balance of the target and this will help inform the overall level of return that may be achieved, and from which source. The challenge inevitably becomes harder as time goes on but STSB is committed to achieving the best possible return without compromising the mandate of each business.

Harbour area redevelopment

Guernsey Harbours has played an active role in the Seafront Enhancement Area programme. This relates to the development and coordination of policies focussing on the island's east coast, to unlock key development potential for the area. Guernsey Ports is an important stakeholder and will be a key facilitator in any future plans.

That programme will now be informed by work being carried out by the STSB into potential future port development.

Energy Policy

Although the Committee *for the Environment & Infrastructure* is the strategic lead for energy policy, the STSB is a key stakeholder. As shareholder representative for Guernsey Electricity and JamesCo (the holding company for the island's fuel ships), it has been fully engaged in the policy development.

Resilience and security of supply will be key objectives. As well as replacing the original subsea cable to Jersey in 2019, Guernsey Electricity has continued to progress a business case for a direct link to France. This will require major capital investment, but will enhance energy security and increase the capacity to access affordable low carbon electricity.

The Trading Group has also continued to provide officer level support to the Future Hydrocarbons Supply Programme. This seeks to address the risks associated with current method of import and ensure future security of supply.

Customer service

Our businesses continue to develop their communication with customers to improve service delivery and accessibility. Procedures are in place to help deliver a consistently high standard across all our services, in line with the States' Customer Charter. It is also our policy to consult and engage with islanders and stakeholders on changes that affect them.

Examples of best practice include the involvement of the Institute of Customer Service, to independently measure Guernsey Water's performance against robust benchmarks. In 2019, it achieved a customer satisfaction index of 89% and a Net Promoter Score of 73% - both well above the UK average for utilities and all sectors, and a significant improvement on 2018.

Our key principles:-

- Courteous and fair. We will be courteous and give fair and equal treatment to all our customers, while respecting individual needs and expectations.
- Timely and efficient. We will respond as quickly as we can and strive to get it right first time.
- Accessible and provide choice. We will make sure important information is available in a range of formats and is easy to understand.
- Accurate and relevant. We will make sure we provide up to date, correct information about our services and customers can easily speak to staff with the knowledge and training to help them.
- Provide the opportunity for customers to give feedback and be heard. We will ask for feedback on the service received and use this to help us improve services.

Occupational health and safety

Safe operation relies on having well trained staff and an active health and safety culture, with a focus on continual improvement. We ensure all employees, contractors and other parties we come into contact with are aware of their responsibility to safeguard and protect themselves and those around them at all times.

The unincorporated businesses set out health and safety performance and improvements according to British Standard BS18001. A priority objective for the next few years is to work towards ISO 45001, which is now considered best practice. It requires greater focus on proactively identifying and managing risks that might cause harm. In 2019, four health and safety managers were trained to audit to this new standard.

The Health & Safety Forum meets regularly to review policies, share best practice and lessons learned, assess performance, organise joint training initiatives and review progress against the priority objectives of the Health & Safety Plan. It is attended by relevant managers and representatives from across the unincorporated businesses.

Staff are encouraged to report 'near misses'. These provide an opportunity to identify hazards and improvements, and reduce the number of accidents in the long term.

Data protection

The Data Protection (Bailiwick of Guernsey) Law, 2017 came into force in 2018, and provides safeguards to personal data processed by organisations and the rights of individuals.

Staff are aware of the requirements when processing personal data in the course of our business activities. Plans and controls are also in place to mitigate the risk of any data breach and effectively handle any subject access requests.

2019 Highlights

2019 saw the introduction of new aircraft and new routes for Aurigny, while the increasingly challenging aviation market impacted once more on the airline's finances.

Since the turn of the year, the COVID-19 pandemic has dealt a major blow to all carriers, but the market had become increasingly fragile before this. Both Thomas Cook and Flybmi departed for the final time in 2019, and Flybe's financial difficulties continued.

These developments underline Aurigny's importance. It safeguards the connection to London Gatwick and Alderney's lifeline routes, as well as providing economic enabling links to key UK regions. The network expanded in 2019 with services to Southampton added to the timetable.

Two of the airline's three new ATR72-600s entered service, following investment of more than \$60m. These aircraft will improve reliability and reduce maintenance costs; provide a better passenger experience, including extra space for cabin baggage; and feature a new livery to promote Guernsey more strongly. They are also equipped with ClearVision technology, to enable more flying in low visibility conditions, meaning less disruption to travel.

An independent efficiency review concluded that the airline is generally well managed and, benchmarked against other carriers, competitive. Improvements in customer service included



better disruption handling, and a continually evolving online passenger service. And throughout 2019, islanders could continue to rely on the airline to get them where they needed to be, at the times they need to travel. All this resulted in Aurigny being voted 'Best Short Haul Airline' by *Which?* Magazine, for the second year.

However, measures aimed at improving the Bailiwick's air connectivity, most notably the 'quasi open skies' policy and financial subsidy for a Heathrow service, created further volatility in the local aviation market. Aurigny's finances had been on target, but the significant increase in capacity on UK routes led to severe price competition, with fares reaching unsustainable levels. This resulted in deeper losses for the company, and most likely other airlines too.

Turnover of £45m was £0.5m down on 2018. A loss of £9.7m (2018: £4.5m) included a £1.1m charge for aircraft impairment. Continuing to provide lifeline connectivity to Alderney remained financially challenging, accounting for £2.8m of the loss, in line with 2018. While a Public Service Obligation framework for these routes remains unresolved, the airline continues to absorb these losses.



The Channel Islands Lottery generated £1.4 million in 2019, which will help support local charities, sports and community projects.

A strategic review was carried out in 2019, to improve governance arrangements around the lottery operations, reduce costs, and maximise revenue for worthy causes. Following a competitive tender process, Guernsey Post was appointed the new main distribution agent, with a five-year contract commencing in 2020.

Local proceeds from the annual Christmas draw are distributed to good causes and charities in the Bailiwick. Proceeds from the instant win games contribute to funding Beau Sejour and projects or events that support Guernsey's culture and heritage, or sporting endeavours, such as hosting the Island Games.

The draw for the Christmas Lottery, which was televised live from Fort Regent in Jersey, was managed by Guernsey's Lottery team. Traditionally a highlight of the Channel Islands calendar, ticket sales have fallen in recent years, due to the rising popularity of alternative games. Despite a guaranteed £1m jackpot for the first time, sales in 2019 were down compared to the previous year. Revenues in Guernsey totalled £1.0m, which was £165k lower than in 2018, and this generated proceeds of £184k (2018: £218k). Efforts are continuing to address this decline to boost fundraising.



Sales of instant win scratchcards continued to increase, however the rate of growth has now slowed considerably. Annual revenues of £12.5m in 2019 were 6% higher than in the previous 12 months, compared to a 23% rise in 2018.

The combined net surplus from the Christmas Draw and scratchcard games was £1.4m, which is in line with 2018. The balance in the Channel Islands Lottery (Guernsey) Fund at year end was £2.4m (2018: £1.9m).

The purpose of the Lottery is to raise funds for good causes, and games should be a fun and positive experience. Most islanders who gamble do so responsibly, but it can be harmful for some. The Lottery is providing funding and supporting efforts to better understand the extent of the problem in Guernsey, so that services can be developed to address any areas of concern. Management are also working with Guernsey Post, to establish player protection policies and responsible play guidelines for resellers.



Guernsey Dairy helps maintain the local dairy farming industry, which is essential to the preservation of the island's countryside, environment, and unique identity and heritage.

Sales of liquid milk represent 76% of Guernsey Dairy revenues. 2019 saw a further 2.8% decline in litres sold. This was in part due to changes in buying behaviour, as many islanders no longer have regular deliveries, choosing instead to make less frequent, ad hoc purchases. Some market share has also been lost to a growing range of alternatives, which reflect changing lifestyles and health or taste preferences.

Nevertheless, Guernsey Dairy milk remains the number one choice for islanders, with 89% of households still regular consumers.

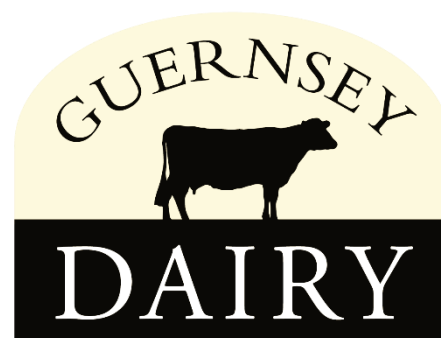


There is also strong support for the local dairy industry, and its contribution to the island's unique character and biodiversity. This is a solid foundation from which to address the fall in sales, while work is also underway to bring raw milk production more in line with demand.

The fall in sales was partly offset by a 6.5p/litre price rise. However most of this increase was due to a 4.25p/litre uplift in the price paid to farmers, to reflect inflationary increases and a reduction in States of Guernsey funding for the industry.

A 12.7% rise in sales of butter, which is the Dairy's second largest income stream, also helped to improve revenues.

Overall, Guernsey Dairy recorded a deficit of £388k for the year (2018: £486k). It continues to manage its cost base, and in 2019 worked on a programme of efficiencies.



The age and condition of the facility remains a key challenge. This required considerable reactive maintenance throughout 2019, to ensure business continuity. Significant upgrading is required to address the layout and fabric of the buildings and equipment, which will provide opportunities for greater efficiency. This is likely to require extensive refurbishment or a complete rebuild, on the current site or in a new location.

This is now being managed through the "Future Guernsey Dairy Project". Considerable progress was made in 2019, with the completion of a strategic outline case, in preparation to seek approval from the States to proceed to the design stage. In the meantime, a prioritised capital plan is in place to replace essential ageing equipment.



Installation of a new inter-island subsea cable in 2019 was the highlight of a year in which on-island generation was required to meet nearly 40% of local electricity demand.



The impact of the failure of the original subsea connection to Jersey, in 2018, and its subsequent reduced operating capacity, is reflected in Guernsey Electricity's financial and environmental performance for the year.

High reliance on local generation increased the cost of supply, contributing to an operating loss (after charging depreciation) of £2.8m for the 12 months to 31 March 2020. This was an improvement compared to the previous year (2018/19: £7.8m loss), due in part to a temporary tariff increase, and the new cable restoring import capacity to around 90% of demand.

Like energy suppliers worldwide, Guernsey Electricity is having to respond to unprecedented change in the way societies source and consume energy. This is driven by a combination of efforts to tackle climate change and advances in technology. The company is neither immune to this, nor insulated from the wider evolution of energy markets, and is having to adapt its business model accordingly.

As the company assists the island's transition to a low carbon future, having secure, reliable links to access affordable, low carbon imports is of

critical importance. Further investment in electricity importation infrastructure - the company's preferred route being a direct connection to France - is key to energy supply security, affordability and sustainability.

Current financial performance and profitability continues to be significantly below that required to fund the necessary investment in the island's electricity

infrastructure. This remains an important issue as the company plans future investment. A comprehensive restructuring of current tariffs, which have been in place since 1993, remains a priority.



Overall, 64% of supply came through importation, compared to 55% for the previous 12 months, but below the 86% achieved in the calendar year 2018.

While underlying tariff levels were unchanged for the seventh year, it was necessary to apply a temporary increase of 6.8% to recover historic uncontrollable costs for the prior two years.

Increased passenger numbers at both the airport and harbour boosted income for Guernsey Ports in 2019.



The increase of 5%, compared to 2018, saw revenues rise more than £1.5m, exceeding the budget for the year. This was despite passenger charges being frozen for the year, and a fall in sea travellers in December, compared to the previous year, due to adverse weather.

As well as increased revenue, additional costs of more than £2m were incurred. This included an extra £329k in security costs, to meet regulatory requirements, and £680k more on support costs, in relation to Airport audits and additional resources contracted to the Airport. As a result, operating surplus for Guernsey Ports, before depreciation, was £3.2m (2018: £3.6m).

Guernsey Ports also made a £3m contribution to the States Capital Reserve, as repayment of part of the grant for the refurbishment of the freight facilities at St Peter Port Harbour.

As provider of the main gateways to the island, there is a need to balance financial performance with the community's wider needs. Not least of these is the impact of passenger charges on propensity to travel. Guernsey Ports therefore

continues to explore other avenues of revenue generation. Substantial progress was made in 2019 on improving facilities for passengers, which will support this aim.

Emergency procedures were put to the test at the airport and harbours, in real-time training scenarios involving a fire on a passenger ferry and a major incident with an aircraft. Among those taking part were teams from Guernsey Fire and Rescue, Guernsey Police, the Airport Fire Service, St John Ambulance, Princess Elizabeth Hospital, Civil Protection Volunteers, ferry operators and airlines - alongside operations staff from the harbours and airport.



Picture courtesy of Guernsey Press

Tragedy struck at start of 2019 with a plane crash near Alderney, in which two lives were lost. It initiated a major search and rescue effort, in the most difficult conditions, with Guernsey Coastguards co-ordinating a multi-agency response. The way in which the incident was handled, in the full gaze of the world's media, was a great credit to the team involved and to the island.

A peer review of Guernsey Coastguards by the UK Maritime and Coastguard Agency found local provisions were 'fit for purpose' and met national and international search and rescue obligations.

St Peter Port saw 88 cruise ship visits, with more than 112,000 visitors coming ashore. Meanwhile Guernsey Harbours joined its partners from Jersey, Alderney and France to promote the Bailiwick at the Southampton Boat Show.

In October, Guernsey Harbours took delivery of its new £1m Sarnia workboat. The new vessel gives the crew more useable space and, more importantly, a safer working environment.

Improvements were made to the way boats are managed within Guernsey's harbours and approaches, with the introduction of a new Vessel Traffic Service (VTS). Similar to air traffic control, VTS is designed to improve safety of navigation and the efficiency of vessel movements.

A condition survey of harbour assets, commissioned in 2019, will help to plan and prioritise future capital expenditure.

Upgrades to the security area at Guernsey Airport were necessary, to provide space to comply with new screening requirements, as well as enhancing retail facilities for passengers. As part of this programme, a new body scanner was installed, reducing the need for manual searches that can slow down passenger flows at peak times.



Also in 2019, Guernsey Airport became only the second airport outside the EU to successfully achieve EU Aviation Safety Agency certification for its Air Traffic Management Systems, and the first to accomplish this standard in less than a year.



Following a major upgrade to the duty free shop, the food and beverage facilities underwent a full redevelopment. The new look Bailiwick Bar & Kitchen outlets opened in July, offering an enhanced range of food and drink for travellers and other airport users. Customer feedback has been very positive.



Work continued with the States of Alderney on proposals for the refurbishment of the runway and taxiways at Alderney Airport - a much-needed investment in a key element of our Bailiwick's infrastructure.

In January, the States of Guernsey gave approval to proceed with the preferred option, and runway design specialists were appointed to progress the project to the next stage.



Innovation is the key to Guernsey Post's future success, in light of the irreversible decline in traditional mail volumes.



Around 39 million items of mail were handled in the 12 months to 31 March 2020, which is in line with the previous year. Despite strong growth in parcel volumes, total mail delivered within the Bailiwick was down 3% - a result of the ongoing effect of digital substitution. By contrast, mail exported from the Bailiwick was up by 4% due to the continued growth of bulk mail volumes.



company's strategic direction. Specifically, to combat the decline in traditional mail by realising opportunities for diversification that can harness the core competencies of the business. Guernsey Post is actively developing solutions to meet customers changing needs and lifestyle preferences. This is also illustrated by the onboarding of new customers in the food delivery sector.

The commitment to timely delivery was also evident in quality of service performance, with results on the whole exceeding target. The exceptions have been those measures impacted by the performance of other postal operators.

Revenue from growth in bulk mail exports and parcels delivered within the Bailiwick offset lower income from letters. As a result, turnover was up £1.1m to £31.8m, which is an increase of 4% compared to 2018/19. Expenditure was also up £1.1m (4%) to £30.4m. This led to an operating profit of £1.5m, which was an improvement on the budgeted performance.

40% of local households have now signed up to the *Safeplace* service and letter box *smart tag*, launched in 2018, enabling further improvements in parcel return solutions to be developed. In addition, an easy to use customer portal for both retail and business users was launched, providing an online platform for all postal related e-commerce activities.

Following a comprehensive review of the company's capital structure by the Guernsey Post Board, a special dividend of £1m, in addition to an ordinary dividend for the year of £444k, will be paid to the States of Guernsey.

The award in 2019 of the Channel Islands Lottery distribution contract is a good example of the



As the island's Waste Disposal Authority, the STSB has a statutory responsibility to ensure the provision of key facilities and services for managing the island's waste. At an operational level, these functions are delivered through Guernsey Waste, which became established as a distinct trading business in 2019.



It has played a central role in implementing the island's waste strategy, and transforming the way our waste is managed. This culminated in 2019, with the successful introduction of "pay as you throw" charging for households, and completion of the new facilities at Longue Hougue - now the centrepiece of Guernsey's waste management. These followed the roll-out of new household waste and recycling collections, and the start of exports for energy recovery, in late 2018.

As a result of the changes, Guernsey is now among the world leaders in recycling. 73% of household waste was recycled in 2019, eclipsing the 50% recorded before the new arrangements, and exceeding the target of 70% by 2030. The scale of this achievement is credit to the efforts of islanders in embracing the changes, and to the staff of Guernsey Waste, for whom this has been a considerable undertaking over many years.

Another highlight in 2019 was our long-serving recycling officer being named "Recycling Champion of the Year" at a UK industry awards.

Key aims of the strategy are to reduce waste and increase recycling. The extent to which these goals were achieved in the first year exceeded the assumptions used in the financial modelling. As a result, income received from the pay as you throw charge was significantly below budget, with households paying around £1.8m less than anticipated. The volume of commercial waste received at the transfer station was also below forecast, as was income from hazardous waste, which had a further negative impact.

Operating revenues were £3.5m below budget, at £7.7m. Expenditure was also £2.2m below budget, principally due to lower than forecast waste tonnages, leading to reduced processing costs. This resulted in an operating deficit before depreciation of £1.4m.

However the strategy's aim is to break even over 20 years. An Efficiency & Pricing Strategy Team has been set up to help achieve this without sharp variations in charges.



Guernsey Water customers received the benefit of previous efficiency savings in 2019, with the majority seeing their bills frozen for the year.

At the same time, charges were 'rebalanced' to better reflect the cost of providing water and wastewater services.

Drier summers and wetter winters are expected due to climate change. To adapt, Guernsey Water has invested in more effective water capture, to enable more rapid recharge of storage levels. A dry start to the year meant that by the end of August water resources had fallen to 78% capacity, but they quickly returned to 100%.



A 25-year drought management plan was published, setting out how Guernsey Water can protect the island from any requirement for measures such as hosepipe bans. This underlined how resilient the island's water supply is, following this investment to improve capture and storage, and how important this will be in light of predicted changes to rainfall patterns.

Drinking water quality achieved 99.85% compliance. This means that Guernsey Water continues to provide high quality water to the island, counteracting the need for less sustainable, bottled alternatives.



GuernseyWater

Overall revenue of £16m was a small decrease compared to 2018. This was primarily due to the freezing of bills and reduced grant releases, resulting from repayment of £1.3m of historic grants. The latter was part of Guernsey Water's contribution to STSB's target returns for the States' Medium Term Financial Plan.

Operating expenses were up by 5%, mainly due to additional maintenance works not being capitalised. Overall, this resulted in an operating surplus of £4.6m, down 22% on 2018. A £530k write down of impaired assets retained in the

business at Longue Hougue Water Treatment Works contributed to a final deficit of £768k.

A further £4m was invested in capital infrastructure. This included work on the St Sampson drainage improvement project, recommissioning of Juas Water Treatment Works, and ongoing replacement of water mains. Guernsey Water now manages a net asset base of £151m.

At the end of 2019, Guernsey Water continued to carry approximately £8.5m of debt with the States of Guernsey.



A combination of good business retention, growth in existing services from new client acquisition, and significant new contracts led to a nearly 10% increase in revenue for States Works.



States Works

Revenues for the year were £17.1m, compared to £15.6m in 2018, which led to a surplus of £1.2m (2018: £719k). This strong performance was despite the financial pressures faced by customers from the Trading Group and the wider States of Guernsey, who provide the majority of States Works' business. All public sector contracts were successfully renewed, and all prescribed service delivery obligations were met.

Expansion in waste services made a significant contribution to the increased turnover. This included growth in collection services, and the commencement of the operation and maintenance contracts for Guernsey Waste's new facilities at Longue Hougue. The latter is of particular note, as the implementation of the island's waste strategy involved considerable staff effort over many years.

The handover of Guernsey Waste's new transfer station in February was a highlight of the year. This was the culmination of several years of planning and preparation, which States Works has been at the heart of. The advent of waste exports and separate processing of food waste represent a step change in the island's waste management, and involved a complex transition which was successfully achieved.

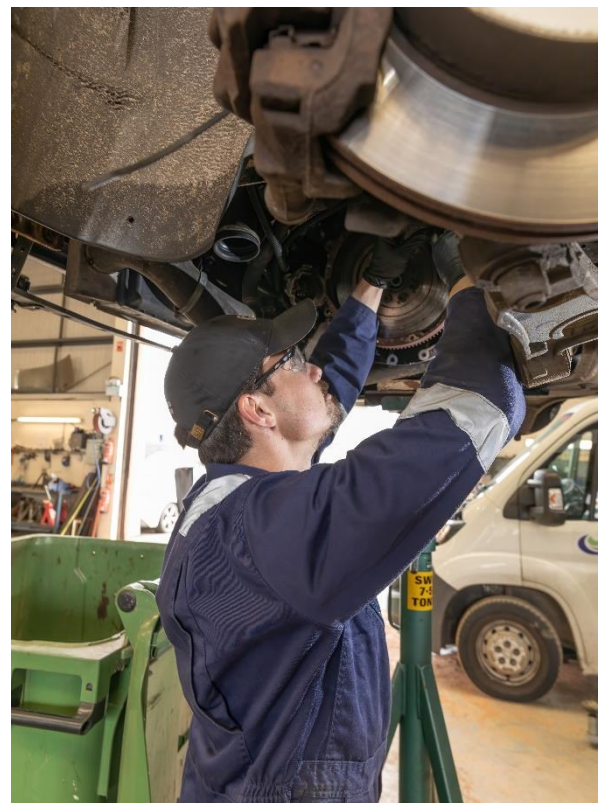


The stores, fleet and garage section also began provision of public service vehicle inspections in 2019, on behalf of Traffic and Highway Services.

A benchmarking and efficiency study was carried out to review States Works' current operating model. This identified opportunities to be more efficient and effective, including improved use of technology to enable smarter working, and the findings will be reflected in a new Business Plan.

2019 saw a reduction in staff sickness, which reflects the proactive measures introduced in recent years to promote safety and wellbeing. Health & safety incidents were also significantly down, while reporting of near misses was up sharply. This too was a positive, reflecting increased awareness of personal safety in the workplace, and enabling preventative measures to be taken to avoid potential accidents.

During the year, there were 215 emergency call outs, compared to 145 in 2018 and 200 in 2017.



Property Services is different to other operations within the Trading Group, as it receives direct funding from General Revenue.



States of Guernsey Property Services

This reflects its primary function, which is to provide professional property and construction services to States Committees and manage the States of Guernsey's extensive property portfolio.

In 2019, the STSB progressed the plans agreed by the States to optimise the property function, reduce overall operating costs and improve the flexibility and capacity of States' office accommodation.

In June, the sale of Fort Richmond was finally agreed, for £1m. The property had been on the market since 2015.

Progress was also made on the replacement of the Le Foulon Cremator, which was approved by the States in 2018.

Staff continued to advise the various States Committees with major project and property maintenance obligations.

At the end of 2019, the Property Services function was transferred to Policy & Resources, as its activity sits more logically under the mandate of that committee.

Environmental Sustainability

Promoting biodiversity

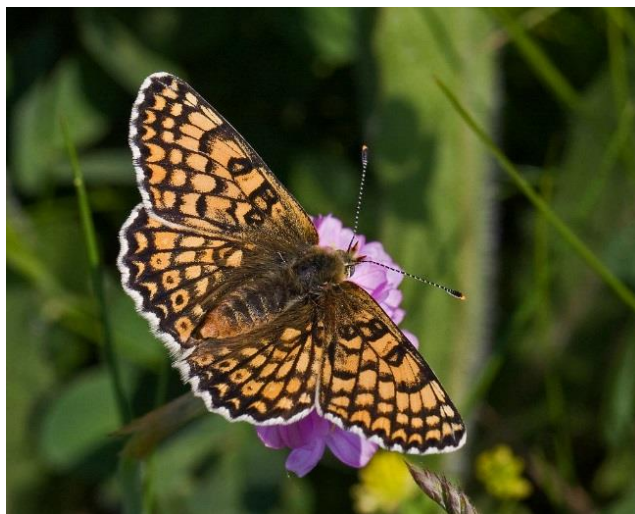
A Biodiversity and Recreation Delivery Group, with representatives from local conservation groups was formed at the start of 2019, to develop action plans for Guernsey Water sites.

Changes have included reduced cutting in grassland areas and hedges, as these habitats have declined in the last 20 years. This will help species such as the Glanville Fritillary Butterfly, which is rare nationally but has been identified at one of Guernsey Water's sites.

Guernsey Water's new land management regime will minimise the application of herbicides, by restricting its use only to management of invasive species, such as Japanese Knotweed. Similarly, States Works remains committed to phasing out the use of the herbicide glyphosate by the end of 2020, and is working with clients to put in place alternative weed suppressant arrangements.

Guernsey Harbours works with La Société Guernesiaise to encourage boat operators to be mindful of the increasing number of dolphins and other marine mammals in Bailiwick waters. It also installs yellow speed limit buoys around the southeast of Herm, to highlight that the area provides vital breeding sites and habitat for a number of seabirds.

A locally rare dry grassland habitat has been restored at Icart, to support a wide range of plants, insects and birds. The project was funded by Guernsey Airport, as part of a scheme to mitigate the environmental impacts from major works on the airfield completed in 2014. As part of the same mitigation scheme, an area of wetland habitat at L'Eree was restored in 2015.



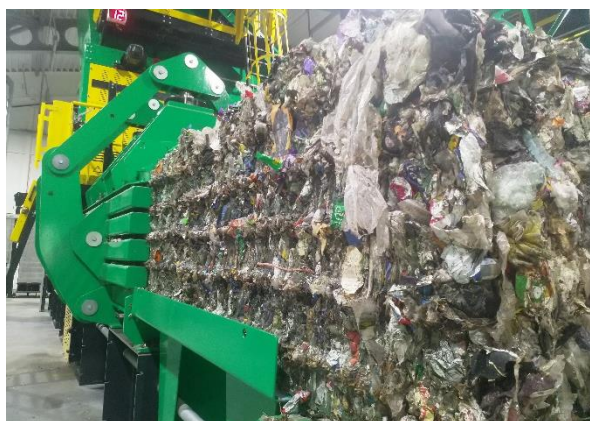
Restored grassland - picture courtesy of Guernsey Press

Reducing emissions

Guernsey Post's Envoy House headquarters now hosts the largest solar array in the Channel Islands. It was completed in 2019 and resulted in the company winning – jointly with Guernsey Electricity - the innovation category at the Guernsey Property and Construction Awards.

Guernsey Post also won the "Low Carbon Award" at the prestigious UK Motor Transport Association Awards, in recognition of its 100% electric home delivery fleet. These two projects combined have enabled the company to achieve a significant reduction in its carbon footprint.

As part of its commitment "to make a positive contribution to our island environment today and for the benefit of future generations", Guernsey Electricity is continuing to report on greenhouse gas emissions, to illustrate the impact from generation to doorstep. The targeted import of low carbon energy from Europe is significantly reducing the island's reliance of fossil fuels.



A major source of Guernsey's greenhouse gas emissions has been the historic disposal of waste in landfill. The implementation of the new Waste Strategy has addressed this, with waste now exported for energy recovery. This provides a more modern, sustainable solution.

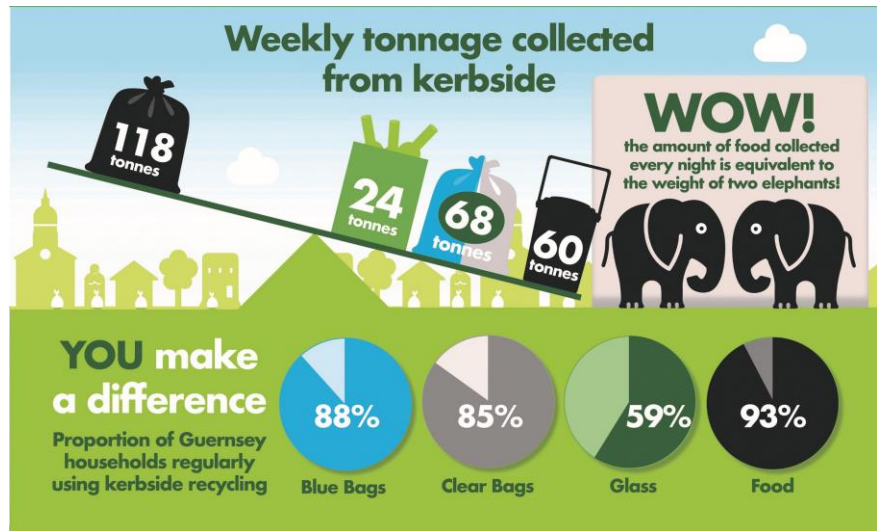
These and other initiatives will help the island meet the Kyoto Protocol commitment of reducing emissions by 80% by 2050.



Guernsey Electricity and Guernsey Post jointly launched the "Eco Challenge 2019", inviting young islanders to come up with creative ideas for how their schools could become more sustainable, through either a major project or a number of smaller projects. Prizes of £1,000 were available for winning entries, to be used towards implementing their ideas.

Waste reduction

In 2019, 73% of household waste was recycled. This was a new record for Guernsey and puts the island among the very best in the world.



As part of efforts to reduce waste, in November Guernsey Waste staged *The Big Feed* at Les Beaucamps High School. The event fed more than 500 pupils and staff, for less than £800, to highlight the amount of money the average family wastes each year by throwing away food.



In the Community

Supporting local good causes

A total of £184k was raised from local sales of the 2019 Christmas Lottery, and provided support to more than 28 organisations across the Bailiwick.

Guernsey Airport once again played host to the Crimestoppers Runway Run, which saw more than 420 participants take to the asphalt at night to raise more than £7,500 for the charity.

Guernsey Electricity supported home-grown talent as sponsor of the 'Eat, Drink & Be Local' festival of food, drink and crafts. It was staged over four St Peter Port Seafront Sundays in the summer, with a big weekend finale in September.

Guernsey Post continues to assist the St Peter Port Christmas Lights Charity and the Guernsey Literary Festival.



Helping find employment

The Community Environmental Projects Scheme (CEPS) provides temporary work and training opportunities for islanders who have been unemployed or unable to work due to long-term illness. It is managed by States Works, and linked to the Work2Benefit (W2B) programme. Staff employed through these schemes carry out projects that benefit the community and/or the environment. The objective is to prepare participants for permanent employment.

In 2019, 44 islanders were engaged through CEPS. Of these, 19 subsequently secured employment, with 14 retaining a position through to the end of the year.

In addition, 13 W2B placements were provided, from which two participants gained permanent employment in 2019.

The nominal value of the work carried out through the scheme in 2019 equated to £289k of community support.



Sporting community

Proceeds from the Channel Islands Lottery contribute towards the running of Beau Sejour, and £600k has also been committed towards staging the 2021 Island Games in Guernsey.



Public space

Alongside its main responsibilities, Guernsey Harbours looks after large areas of the ‘public realm’, which host various community events, including Seafront Sundays, Proms on the Pier and Liberation Day celebrations.

During the summer months States Works assisted the parishes with their Britain in Bloom entries. This included normal service level agreement cleaning schedules which were adapted to ensure the displays looked their best and presented the island’s natural beauty.



Capital Projects

Each business has an ongoing programme of capital investment, to ensure proper maintenance, improvement and replacement of core infrastructure underpinning their services. Staff are also involved in delivery of a number of major programmes within the current States Capital Portfolio.

GJ1 Cable Replacement

Guernsey Electricity carried out the replacement of the Guernsey-Jersey subsea cable. This major investment, originally planned for 2030, was bought forward after the failure in 2018 of the original cable and its subsequent severely reduced capacity.

The company worked closely with the Trading Group's executive team to ensure procurement and contractual requirements were completed to enable installation in 2019. The new cable has restored the island's import capacity to meet up to 90% of demand using low carbon, low cost energy, minimising the need for local generation.



ATR72-600 fleet acquisition

Two of Aurigny's three new ATR72-600 aircraft were delivered in 2019, following an investment of more than \$60m by the airline. Crews began training on the use of the 'Enhanced Vision System', which is designed to assist landing in reduced visibility.



Waste Management

The new £24.5m transfer station at Longue Hougue provides the infrastructure that underpins the island's waste strategy. Commissioning was completed and the facility formally handed over in February 2019. The new £2.2m Household Waste & Recycling Centre was subsequently opened in May. Both facilities are a major improvement on the previous provisions.

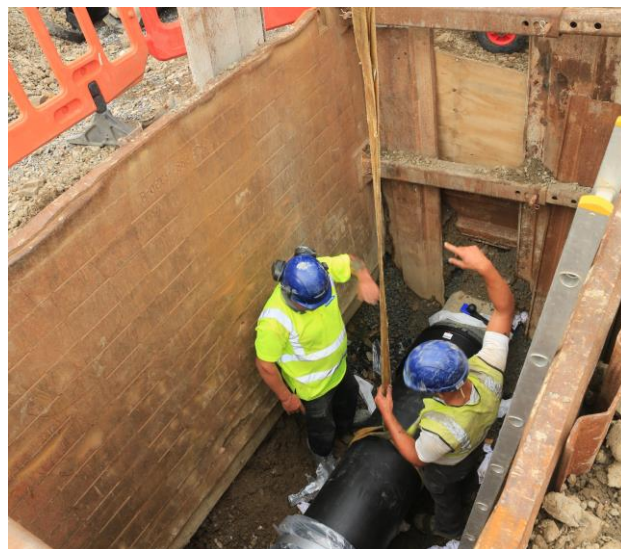


Drainage improvements

The refurbishment of the St Sampson's Harbour wastewater pumping station commenced in 2019. It is the fourth and final project in a £5m programme to improve drainage in the north of the island, to reduce the risk of sewer flooding and pollution, create capacity for growth, and address significant health and safety concerns.

In addition, 4.5km of water mains were replaced - exceeding the target of 3.6km - and 0.5km of sewer rehabilitated. The latter included Le Grand Bouet, which required significant planning and resources due to the scale and complexity of the project.

The refurbishment of the Juas Water Treatment Works was also completed in 2019. This major project was delivered by Guernsey Water's own team, and enabled the Longue Hougue Water Treatment Works to be decommissioned.



Future Guernsey Dairy Project

The Guernsey Dairy has operated from its current site since 1951 and was last refurbished more than 30 years ago.

The Future Guernsey Dairy Project was established to progress either a major refurbishment on the current site or a new dairy in a new location. Any new development could incorporate other facilities, such as a heritage centre to showcase the iconic cattle breed and local farming. That could be a tourist attraction and a focus for education. Another option being considered is to encourage micro-dairies, run by third parties, to produce speciality local produce from milk supplied by Guernsey Dairy.



Mont Crevelt Breakwater

During the development of the St Sampson's Marina in the early 2000s, an opening was created in the breakwater around the Longue Hougue reclamation site, to provide a temporary mooring area. This has to be closed before the infill of Longue Hougue can be completed. In 2019, a geotechnical site investigation was carried out prior to design and tender.

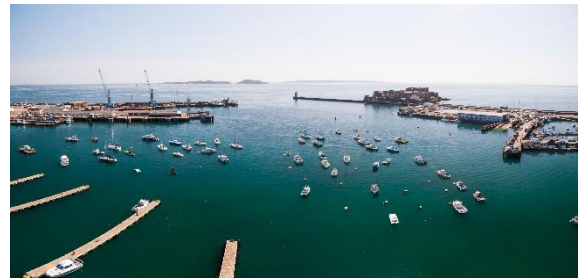


Future Harbour Requirements

The STSB is investigating the potential development of new harbour facilities. Options include the reorganisation and possible extension at St Peter Port Harbour, or the potential construction of entirely new facilities closer to St Sampson's.

A review of the harbour requirements is being carried out, which will identify what is required to meet the needs of both commercial and leisure port users. STSB has also commissioned a detailed Environmental Impact Assessment, looking at the potential effects of an extension in St Peter Port, east of the QEII Marina.

This work will also complement the hydrocarbons supply programme, which is looking to address the risks associated with the current method of liquid fuel imports at St Sampson's Harbour. Proposals for future import will be progressed once the Island Energy Policy is agreed.



Inert Waste Solution

The land reclamation site at Longue Hougue is forecast to reach capacity around 2022/23. Once full, a new inert waste management facility and site will be required.

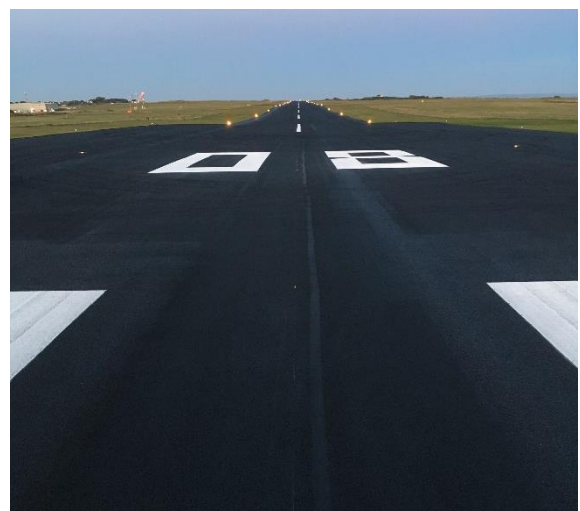
The current preferred option is to extend Longue Hougue to the south. An Environmental Impact Assessment was carried out in 2019, and presentations to key stakeholders and the public were held to outline the findings. The next phase of the programme will require a local planning brief for the area prior to a planning inquiry.



Alderney Airport Runway

In 2019, the States of Guernsey approved plans for a major refurbishment at Alderney Airport. It is expected to cost around £12m, and involves overlaying the main runway, taxiway and apron, widening the runway, and installing new drainage and approach lights. An upgrade of the airfield lighting will also provide greater operability in low visibility condition and increase energy efficiency.

Runway design specialists were appointed in 2019, and a number of experienced construction firms have expressed interest, prior to tendering. Construction is expected to begin in early 2021.



Financial Summary

The individual businesses generally fall into one of three categories, therefore the presentation and publication of financial information differs.

Incorporated businesses

These are States-owned companies with a separate legal identity to the States of Guernsey, which is the sole shareholder. They are **Aurigny**, **Guernsey Electricity**, **Guernsey Post** and **JamesCo**. Each company has its own independent Board of Directors, with full fiduciary duties, and produces its own set of financial statements. They are entirely funded by their direct customers.

JamesCo trading figures are omitted from the financial performance data (pages 32 to 35) due to commercial confidentiality.

Unincorporated businesses

These are also trading activities, but are not legally separate to the States of Guernsey. They are overseen by “Operating Boards”, which are STSB subcommittees with advisers and do not have fiduciary duties. They are **Guernsey Dairy**, **Guernsey Ports** (Guernsey Harbours and Guernsey Airport), **Guernsey Waste**, **Guernsey Water** and **States Works**.

The unincorporated businesses are all essentially run independently. Rather than being funded from general revenue (i.e. from taxes), they mainly rely on fees and charges for their income. They adopt the “user pays” approach for most services except where there is a wider public interest which may receive loans, grants or subsidies. They all have a degree of flexibility in setting charges and retaining funds to reinvest in the business. Each business produces its own set of financial statements, which are published along with the States of Guernsey Accounts.

Guernsey Waste is a new addition as it started officially trading on the 1 January 2019.

Other Services

These are not trading functions and are either funded through General Revenue, as is the case with Property Services and Alderney Airport, or self-funding as with Channel Island Lottery.

The General Revenue business units form part of the States of Guernsey and are primarily funded by the general taxpayer. Notably, Alderney Airport is part funded by its direct customers and part through General Revenue (page 33). Previously the Solid Waste Trading Account was included in this category, but is now reported through Guernsey Waste.

The Channel Island Lottery is jointly run with the Jersey Government.

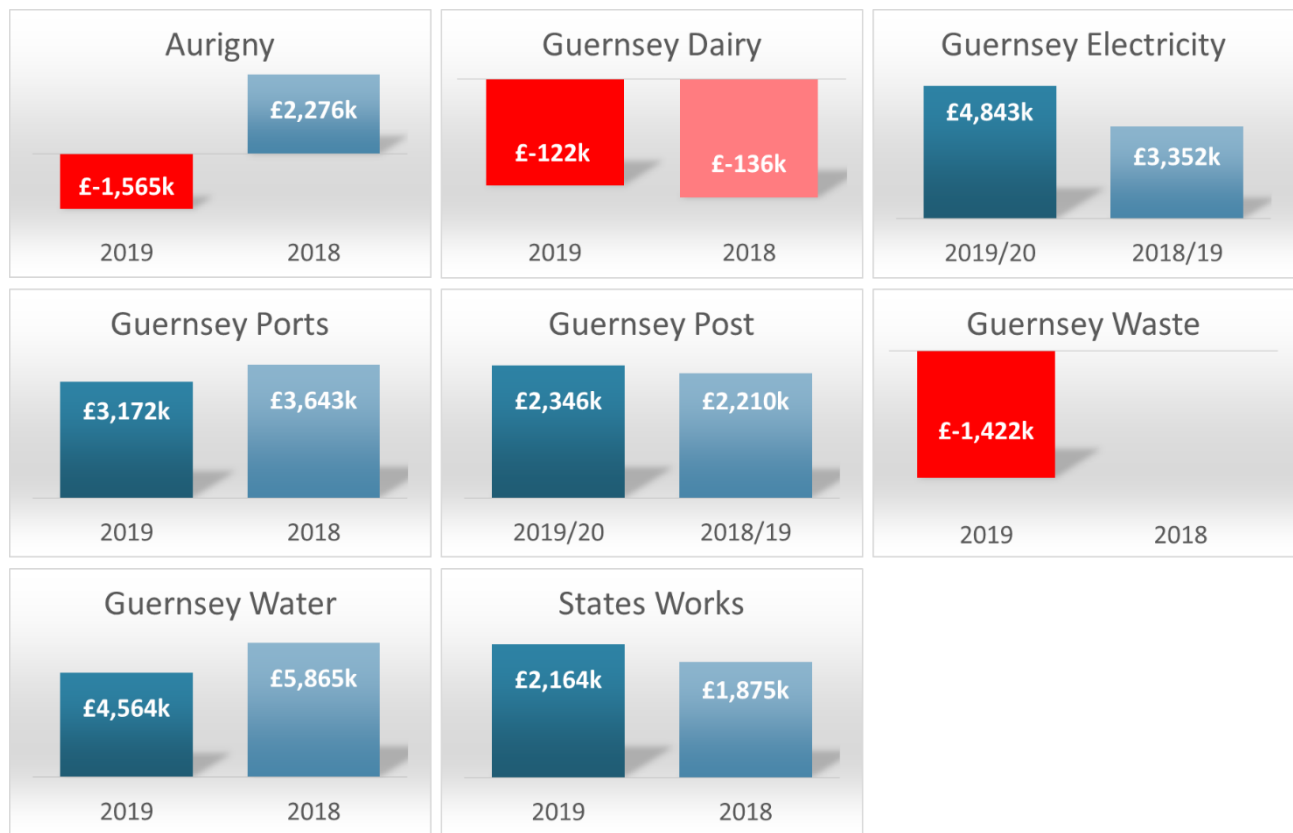
There is no formal Trading Group arrangement where accounts are consolidated.

The operating surplus/deficit in the following charts (page 32) is shown before charging depreciation, amortization, impairment, tax, interest income and expense, and pension adjustment. The net surplus/deficit (page 32) is shown after these items.

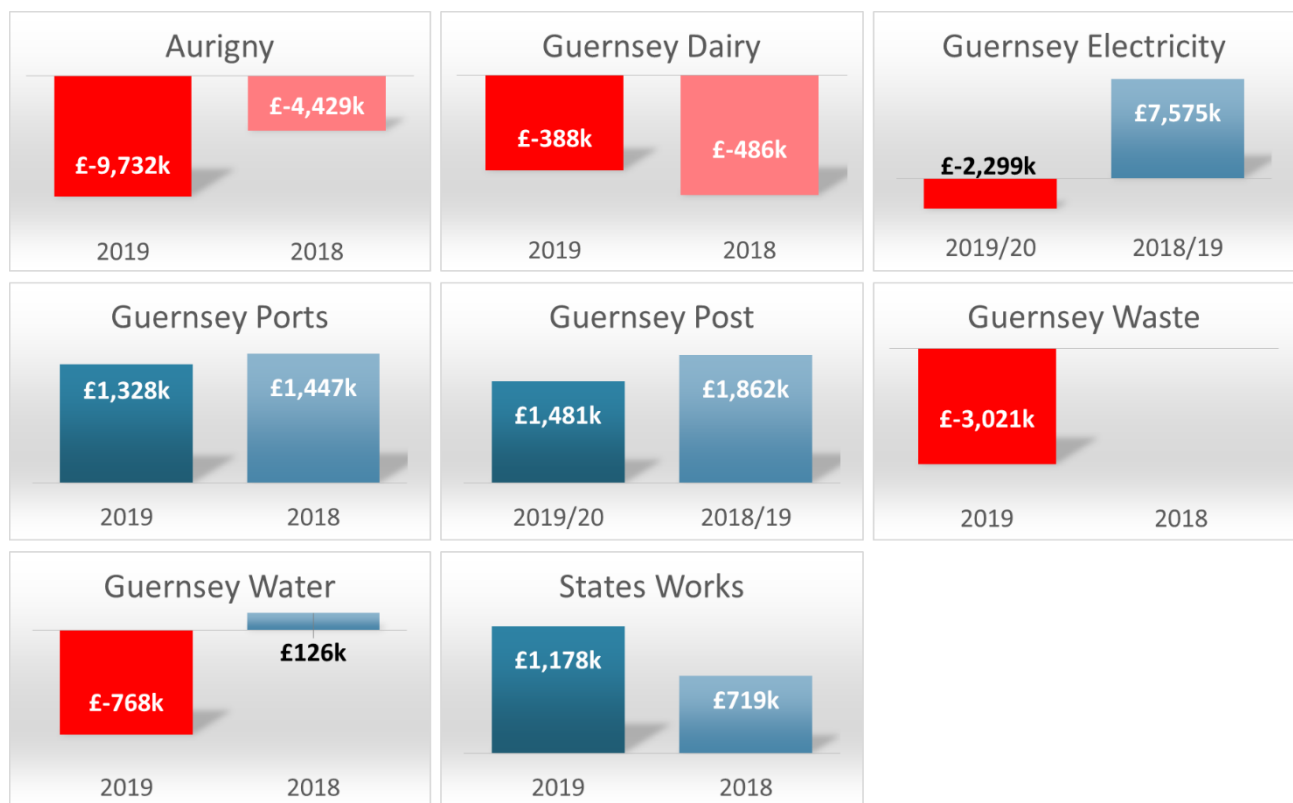
Guernsey Electricity and Guernsey Post have a different financial year end to all the other Trading Group businesses. Figures quoted for these companies only are for the 12 months to 31 March 2019 and 31 March 2020, actual or estimated. All other figures are for the calendar years 2018 and 2019.

Incorporated and unincorporated businesses

Operating Surplus/**Deficit** (before charging depreciation)



Net Surplus/**Deficit** (after charging depreciation and other)



General Revenue funded activities

Net expenditure for general revenue funded activities in 2019 was £5.7m. This was an increase of £4.5m compared to 2018, primarily due to two reporting structure changes.

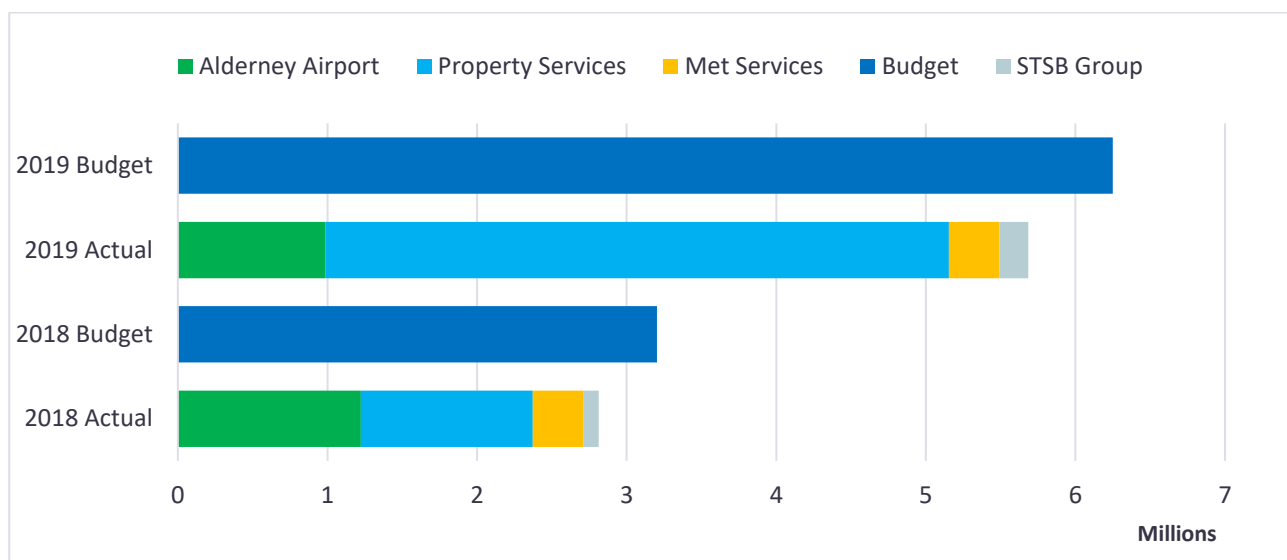
First, the exclusion of property income. Second, as Guernsey Waste is now fully trading, there is no longer a 'transfer in' of income from waste charges. After adjusting for these two items, 2019 saw a reduction in expenditure of £227k, compared to 2018, and was £564k below budget.

Net expenditure for Alderney Airport was £989k, which is £234k below 2018. Total passenger movements were in line with 2019, which is positive after many years of declining numbers.

Central Services net expenditure was £73k higher than in 2018, mainly due to timing of project support roles charged centrally. Shareholder Executive expenditure was £19k higher than 2018 which mainly reflected some consultancy spend not recharged to the incorporated companies.

Property Services net expenditure was £86k lower than 2018 largely due to reduced repairs and maintenance costs.

To provide a more like for like comparison, waste income and expenditure for 2018 is excluded in the graph below.



Channel Islands Lottery



Capital Assets

The businesses within the Trading Group have considerable assets used to deliver their services.

	Aurigny	Guernsey Dairy	Guernsey Electricity ¹	Guernsey Ports	Guernsey Post ¹	Guernsey Waste	Guernsey Water	States Works	STSB Group Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Fixed Assets	84,578	3,015	151,904	225,538	11,875	29,533	151,347	7,029	664,819
Cash	288	715	3,524	6,550	10,976	162	2,622	2,834	27,671
Other Current Assets & Liabilities	(29,725)	821	8,060	(143)	1,118	(121)	459	1,061	(18,470)
Loans	(73,306)	(734)	(43,932)	(2,436)	0	0	(8,553)	0	(128,961)
Other	(1,647)	0	(13,878)	0	0	0	(8,317)	0	(23,842)
Net Assets/ (Liabilities)	(19,812)	3,817	105,678	229,509	23,969	29,574	137,558	10,924	521,217

¹ Guernsey Electricity and Guernsey Post have a different financial year end to all the other Trading Group businesses. Figures quoted for these companies only are at 31 March 2020, actual or estimated. All other figures are at 31 December 2019.

Capital Expenditure

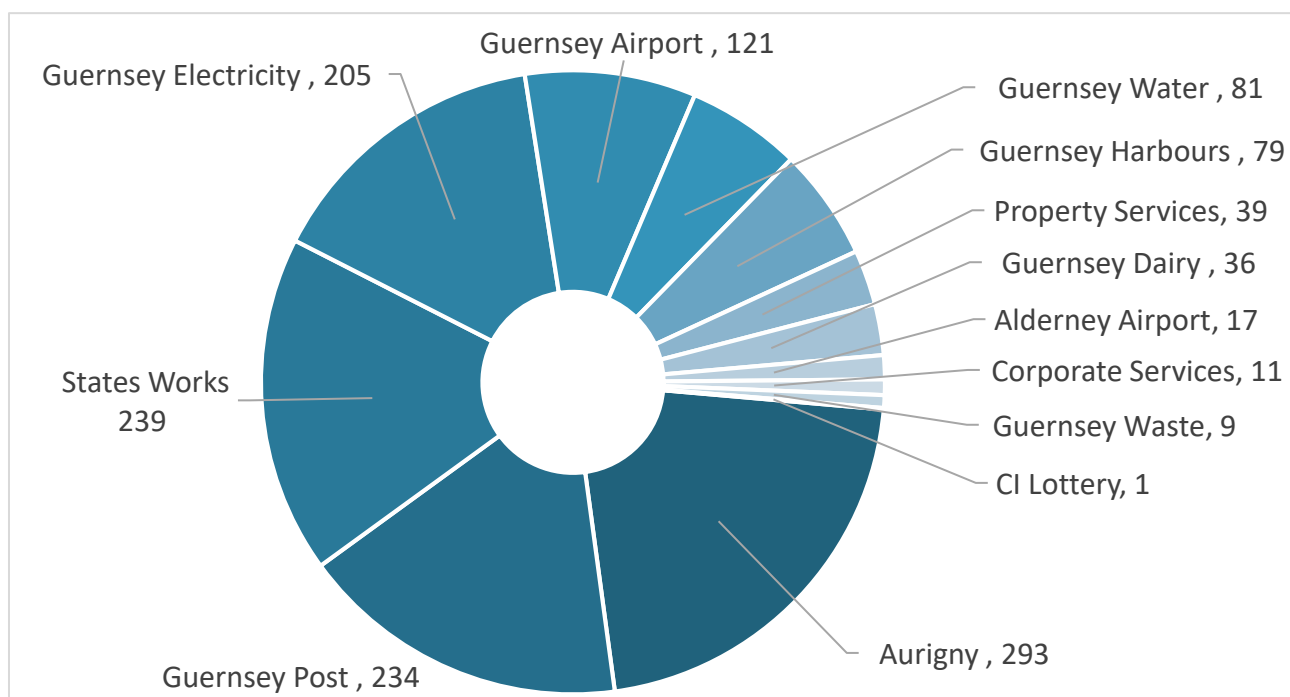
Investment in infrastructure is always ongoing and notably Guernsey Dairy and Guernsey Ports are catching up on many years of under investment.

During 2019 a total Capital Investment of £77.0m was spread over the trading businesses.

£000's		
Aurigny	41,700	Balance of purchase of new aircraft
Guernsey Dairy	1,141	Land & other
Guernsey Electricity	25,717	Guernsey-Jersey electricity cable replacement & other infrastructure
Guernsey Ports	1,986	Harbour workboat, pontoons, harbour vehicles, building refurbishment, security equipment & fencing.
Guernsey Post	1,118	Vehicle fleet investment & other
Guernsey Waste	-	<i>(Excludes assets transferred in)</i>
Guernsey Water	4,130	Juas water treatment works, St Sampson's Harbour pumping station improvement, water mains replacement & sewer rehabilitation.
States Works	1,205	Replacement plant & vehicles

Staff numbers

In 2019 more than 1,300 islanders were employed by the Trading Group.



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