



## Committee *for* Economic Development

### Response to a Question Pursuant to Rule 14 of the Rules of Procedures of the States of Deliberation and their Committees

**Subject:** Air Policy Framework

**States Member:** Deputy Burford

**Date Received:** 26<sup>th</sup> March 2025

**Date acknowledged:** 26<sup>th</sup> March 2025

**Date of reply:** 10<sup>th</sup> April 2025

#### Question

1. It is reported that the Committee *for* Economic Development is, or has been, in discussion with an airline or airlines with a view to establishing a subsidised Heathrow-Guernsey route. Is this correct?

#### Response

In accordance with the Committee *for* Economic Development's mandate, it is essential that the Committee ensures that the Island has reliable, well-connected, and affordable air services and it is essential to promote Guernsey as an attractive opportunity for airlines to consider. Yes, officers reporting to the Committee are regularly in discussions with various airlines, covering various proposed routes and the potential for subsidies, including Heathrow.

#### Question

2. If the answer to Question 1 is yes, then:
  - a. How would this comply with clause 3 of the Air Policy Framework which states that competition is subject to "checks and balances ... to ensure that the operation of those routes does not damage the operation of essential routes, and by extension of Guernsey's overall objectives"?

#### Response

There is no identified need to validate compliance with clause 3 of the Air Policy Framework at this time. The conversations that are being had with airlines would look to cover potential air services in the longer term, beyond the lifespan of the current Air Policy Framework.

The key aims of the Air Policy Framework are to put in place measures to enable stakeholders to adjust financially to the changing global impacts during 2020-2021 (such as the UK's withdrawal from the EU, and the Covid 19 Pandemic amongst other matters), and applies from 2021-2026 for a period of five years to allow Aurigny, to recover financially from these global impacts.

Aurigny's so called 'Black Swan Event' of late 2023 through to and most of 2024 means two things. The firm's 'Path to Profitability' has failed and there is every indication that the public of Guernsey will be sent a large bill for what appears to be losses in the millions for the year 2024. The Committee hopes that the author of the Rule 14 questions, who is also the President of the Scrutiny Management Committee, would pursue that questioning with the States' Trading Supervisory Board.

The Committee *for* Economic Development's mandates states as follows: "To secure prosperity through the generation of wealth and the creation of the greatest number and widest range of employment opportunities possible by promoting and developing business, commerce and industry in all sectors of the economy"

The most recent report commissioned by the Committee *for* Economic Development<sup>1</sup> evidenced that Aurigny's prices are some 15-30% higher than comparison jurisdictions and the Committee receives regular concerns that the pricing structure of the firm is a consideration for firms placing business in Guernsey and is precluding some Islanders from travelling.

The Committee *for* Economic Development respects the service Aurigny provides to the Island but is not wedded to the firm to the detriment of business and tourism travel and Islanders' leisure pursuits.

The Committee *for* Economic Development's view is that the five-year period should have allowed the outcomes of policies to have been fully achieved.

The Committee is aware that both the Ports Board and the Shareholder Executive at the States' Trading Supervisory Board see the extant Air Policy Framework as out of date, and a review of the framework to make it fit-for-purpose in the next political term is underway.

Should any airline want to commence services before the expiry/review of the Air Policy Framework, and should they be seeking route development support, then the Committee *for* Economic Development will of course give an appropriate level of weighting to any decision it makes in respect of clause 3, which identifies open and fair competition should continue to be allowed for within the very limited time period of when the Air Policy Framework expires and any potential new air service may commence.

---

<sup>1</sup> [Performance of Guernsey's Airlink - Frontier Economics](#)

The Committee *for* Economic Development's view is that a document finalised and agreed in 2021 should not prevent the Island's business and economy needs being met in 2025.

## Question 2

- b. How would this comply with clause 15 of the Air Policy Framework which states that any government or Airport financial support in the development of new routes must [amongst other criteria] "not directly cannibalise passengers from other routes currently in operation, in particular essential routes, and does not have a demonstrable and significant detrimental impact on the operation of that other route"?
- c. How would this comply with clause 16 of the Air Policy Framework which states that "the States need to remain watchful that routes that are near a licensed essential route or feed from the same catchment area, but that are not designated as essential routes themselves, serve as inter-route competition and thereby impact the viability of the lifeline route itself and risks prejudicing the States' objectives for the lifeline routes"?

## Response

There is no identified need to validate compliance with clauses 15 and 16 of the Air Policy Framework at this time. The conversations that are being had with airlines would look to cover potential air services in the longer term, beyond the lifespan of the current Air Policy Framework.

The Committee *for* Economic Development's view is that the provisions of the Air Policy Framework should not be relied upon in the longer term and on this basis, the current framework is already under review.

## Question 2

- d. If it is envisaged that Airport charges discounts would be available to an operator on the Heathrow-Guernsey route, how would this comply with clause 16 of the Air Policy Framework which states that discounts should only be permitted "on new routes which do not cannibalise existing essential routes"?

## Response

The Committee *for* Economic Development has no control or influence on the discounts that any new airline may be entitled to or benefit from in relation to Airport charges as this is a commercial matter for Guernsey Ports.

The Committee also notes that the States' Trading Supervisory Board is trying to align two contradictory business plans, namely the airport's objectives to increase passenger numbers with the Aurigny's business case that appears to be dependent on constraining competition or new route development in certain geographic areas such as London and the south-east of England. Clearly this is a matter for the States'

Trading Supervisory Board to manage, but it puts a fundamental conflict of objectives at the heart of all the Island's needs for enhanced air connectivity which has not been resolved.

## **Question 2**

- e. How would this comply with the Core Strategic Objectives of the Air Policy Framework set out in clause 20 which states that financial stimulus should only be focused "on new routes which do not cannibalise existing routes being operated, particularly essential routes"?
- f. How would this comply with clause 24 of the Air Policy Framework which states that the role of the Committee for Economic Development includes ensuring that "route development support and marketing is aligned with the air policy framework"?

## **Response**

There is no identified need to validate compliance with clauses 20 and 24 of the Air Policy Framework at this time. The conversations that are being had with airlines would look to cover potential air services in the longer term, beyond the lifespan of the current Air Policy Framework.

The Committee *for* Economic Development's view is that the provisions of the Air Policy Framework should not be relied upon in the longer term and the current framework is already under review.

## **Question**

- 3. What discussions have been had with the Policy & Resources Committee on the availability of taxpayer money to subsidise a Heathrow-Guernsey route?

## **Response**

The Committee has not had any recent discussions with the Policy & Resources Committee regarding subsidised air routes from Heathrow-Guernsey. It will discuss any fully formed proposal with the Policy & Resources Committee as required, noting that the States of Deliberation has already agreed to allocate a route development support budget for air routes to be deployed by the Committee, where there is a supporting business case.