

**Response to Questions Pursuant to Rule 14
of the Rules of Procedure of the States of Deliberation and their Committees**

Subject: London Heathrow – Scheduled Air Service
States' Member: Deputy A Cameron
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Question 1

What financial support, including discounted landing fees, passenger charges, or other incentives, has been agreed in relation to the Heathrow service operated by British Airways, and what is the expected total cost in the first 12 months; and if exact figures cannot be disclosed, what is the estimated range of that support?

Answer

The Committee *for* Economic Development (CfED) is the Policy lead for air route development and was the lead Committee for developing the London Heathrow service. Officers of Guernsey Ports worked with CfED on the technical, operational and commercial arrangements, including financial ones for Guernsey Airport.

The States' Trading Supervisory Board (STSB) agreed these arrangements as they related to Guernsey Airport given the policy intent of the CfED. The commercial arrangements between the States of Guernsey and the airline are commercially confidential and so the STSB is unable to divulge the details.

Question 2

It is generally accepted that the Heathrow service will result in some passengers moving from Aurigny Air Services services.

a) What is the expected reduction in income to the Ports from changes to Aurigny services or passenger numbers as a result of the Heathrow route over the first 12 months, and what range of outcomes has been modelled?

b) What level of income reduction, if any, was assumed or built into financial forecasts at the time the decision was taken?

c) To what extent does the Board consider any reduction in income to be due to passengers moving to the Heathrow service, rather than external factors such as fuel costs or wider market conditions?

Answer

Financial modelling and various scenarios were assessed by Guernsey Ports in 2025. The modelling considered both the additional gross revenues predicted to be generated by the London Heathrow service and the net revenue position after taking into account the effect on Aurigny's contribution to Airport revenues. That modelling in a worst-case scenario suggested a net overall revenue gain to the ports over the term of the agreement.

Guernsey Ports has not built in any reductions to their 2026 financial forecasts for revenue reductions as a result of the introduction of the London Heathrow service to date. The STSB has made it clear to Guernsey Ports that they must consistently monitor the service's impact and review their forecasts accurately when they report to the STSB on a monthly basis.

The STSB is unable to comment on current passenger behaviours as it does not have information that would enable it to do so. However, the STSB will be monitoring the overall passenger numbers through Guernsey Airport on each route, which will provide real-time information on the impact of Heathrow and other factors depending on whether volumes increase, decrease or remain unchanged on previous years

Question 3

a) What steps are planned to offset any reduction in Ports income from this route, and what risks has the Board identified if those steps are not sufficient?

b) What impact are those steps expected to have?

c) Will any shortfall increase the Ports' operating deficit, and if so, how will the Board manage this?

d) What assessment has the Board made of the risk that additional subsidised routes or airlines could dilute demand across existing services and reduce overall Ports income?

Answer

The Airport has embarked on an efficiency programme, which is overseen by the Guernsey Ports Board.

The programme is intended to lead to a more sustainably efficient, customer focused business that can enable and support passenger growth. That will include route development initiatives in support of the policy objectives of the CfED to provide improved connectivity to and from the Island.

Previously, decisions on the application of route incentive discounts were delegated to the Guernsey Ports Board. Recently, this STSB has removed that delegation and any discounts now require full STSB approval. This is to ensure that the STSB is able to take a broad States of

Guernsey wide view of the interplay across air route policy, a matter for CfED, the operations of Guernsey Airport and the impact, as shareholder, on Aurigny. It is important to note that the role of the STSB is to support and enable the implementation of States of Guernsey policies, in this case those defined by the CfED for air route development.