

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

Subject: Aurigny Air Services
States' Member: Deputy S Vermeulen
Date of Receipt: 9th February 2026
Date of Reply: 23rd February 2026

Question 1

Could the President of States Trading confirm, how many wet leases were used by Aurigny in 2025 and what was the total cost of these in 2025 and how does it compare to 2024?

Answer

Aurigny will report its use and cost of wet-leases for last year in its 2025 audited annual financial statements once they are finalised and the external audit is completed. As usual, those financial statements will be published and will include comparative figures for 2024. As shareholder, the States' Trading Supervisory Board (STSB) does not maintain or compile records of wet-lease data. However, Aurigny has reported to the Board at our regular quarterly shareholder meetings that there was a substantial reduction in wet-leases during the course of 2025.

Question 2

What is the anticipated overall profit/loss figure for Aurigny in 2025? And how does this compare to 2024?

Answer

Aurigny's financial results for 2025 (and 2024 comparators) will be published when its annual financial statements have been finalised and audited. In the interim, it would not be appropriate for the STSB, as shareholder, to comment on what the figures will be pending the completion of year-end processes. Structural decisions taken during the course of 2024 and 2025, including fleet simplification and a significant reduction in reliance on wet-leases, are intended to return Aurigny to a more sustainable financial position over time.

Question 3

Why is Aurigny offering to fly another airline's route? Is it fair to expect Guernsey's taxpayer to cover these costs?

Answer

Aurigny is owned by the States, but it is not run by the States. Decisions to operate particular routes, including stepping-in where another airline has reduced or ceased services, are

commercial and operational matters for Aurigny's Board and management, albeit within a strategic framework set by the shareholder. There can be sound strategic reasons for the Bailiwick's airline to maintain connectivity on routes previously flown by another carrier, especially where those services help to improve utilisation of the airlines assets and make a positive contribution to overheads. It is for the airline's Board to ensure such services are operated on a commercially responsible basis, and any requirement for shareholder support is considered and approved through normal corporate governance channels, not on an ad hoc political basis. The issue is therefore not an open-ended commitment to underwrite other airlines' routes, but disciplined decisions on which services Aurigny can viably provide in the wider economic interests of the Island.

Notwithstanding the above, Aurigny is not currently operating services on behalf of other carriers using its own aircraft. It has entered into a short-term agreement that has enabled Isles of Scilly Skybus to temporarily maintain the Public Service Obligation air service between Newquay and London Gatwick using aircraft wet-leased under Aurigny's Air Transport Licence. The commercial risks for that operation rest with Isles of Scilly Skybus and, as Aurigny currently acts as the ground handling agent for these services at Gatwick Airport, it has benefitted financially from the operation of the service. On this same basis Aurigny, for four years up to October 2025, also provided Gatwick ground handling services for the Newquay route to the previous operator of the route, Eastern Airways, also on commercial terms.

Question 4

Do you have full confidence that Aurigny's Board is impartial and not conflicted with other airlines?

Answer

The appointment and re-appointment of Aurigny's non-executive directors is handled through formal processes designed to ensure appropriate skills, independence and the management of conflicts of interest. The STSB expects Aurigny's Board to comply fully with its legal duties, including to act in the best interests of the company and to declare and manage any potential conflicts, for example where individuals may have past or present links with other airlines. No evidence has been presented to the STSB that Aurigny's Board is acting other than impartially in Aurigny's interests; if such evidence ever emerged, it would be addressed through established governance mechanisms rather than through public comment.

Question 5

Can you give assurances to islanders that States Trading is working in the best interest of the shareholder of Aurigny and keeping the airline to account to perform as operationally capable as it can?

Answer

The STSB acts as the shareholder for Aurigny; it does not run the airline. Its role is to set clear strategic expectations, appoint an effective Board, and hold that Board to account for the company's operational and financial performance. This includes scrutinising business plans, challenging management on reliability and customer service, and ensuring that the airline is

managed in a way that balances connectivity, commercial discipline and the taxpayer's exposure. Islanders can therefore be assured that the STSB is engaged, as an active shareholder, in securing an airline that is as operationally capable, efficient and financially sustainable as it can be, rather than second-guessing individual timetables or operational decisions. The makeup of the STSB is such that it has a very significant concentration of highly qualified and experienced accounting, business, governance and legal expertise to deal with its governance obligations.

Question 6

How do justify Aurigny's financial position to the taxpayer of Guernsey when we are discussing our fiscal future becoming a burden on them?

Answer

Aurigny's recent financial results, including the 2024 loss of about £6.5 million, are not satisfactory and are not being presented as such. A significant element of that loss reflects industry-wide pressures, exceptional wet-lease and fleet-transition costs, rather than the underlying economics of core routes, but it remains taxpayers' capital at risk and must be treated seriously. The justification for continued ownership is that, as a small island jurisdiction, Guernsey requires reliable air connectivity for its economy, public services and community life, and the market has repeatedly shown that purely private provision does not always guarantee that on acceptable terms, and certainly not free of public subsidy, as the subsidy for the new Heathrow connection demonstrates. The shareholder's responsibility is therefore two-fold: to insist on improvements in Aurigny's efficiency and financial performance so it does not become a recurring burden; and, to ensure that any support provided is transparently accounted for within the wider debate about the States' fiscal position. Ownership is not and should not become a blank cheque; it requires active stewardship of a strategic asset on behalf of taxpayers, rather than treating our airline as a sacred cow.
