

**REPLY BY THE PRESIDENT OF
THE STATES' TRADING SUPERVISORY BOARD
TO QUESTIONS ASKED PURSUANT TO RULE 14 OF THE
RULES OF PROCEDURE BY DEPUTY SIMON VERMEULEN**

Question 1

In 2024 at Guernsey Airport, how many hours "overtime" were recorded by the airport due to late opening for operational reasons and what were the total cost of these extra hours for the year?

Answer

In 2024, Guernsey Airport recorded a total number of 7,856 hours of overtime due to late opening for operational reasons, which resulted in a total cost of £334,105. Guernsey Airport charges extension fees to carriers where they have requested such extensions.

Question 2

There seems to a recent increase in lost luggage being recorded by Aurigny passengers, is the airport responsible for any lost luggage in any way and if so, can you tell us how much compensation has been paid out or any adjustments to processes made?

Answer

No, the airport is not responsible for lost luggage. This remains the responsibility of airlines.

The Board is not aware of any evidence to suggest that there has been an increase in lost luggage incidents. Aurigny has advised that, during 2024, it carried more than 260,000 checked-in bags. Of those, 71 bags (equivalent to a mishandled bag rate of 0.27 bags for every 1,000 bags carried) were delayed, incorrectly routed, lost or damaged at either the departing airport, in transit or at the destination airport. Aurigny's mishandled bag rate is markedly lower than the global rate of 7.6 mishandled bags for every 1,000 transported. In the last quarter of 2024, Aurigny recorded 15 mishandled bags, which was less than the previous quarter and the same as the last quarter of 2023.

Question 3

Since the increase in parking fees at the airport, has there been an increase in revenue and if so, how much?

Answer

Guernsey Airport experienced a 24% increase from car parking income in 2024.

Question 4

How many wet leases were used by Aurigny in 2024 and what was the total cost? Could you also say how much the wet leases are for January 2025?

Answer

The STSB has previously commissioned and published the results of an independent inquiry, which included a review of Aurigny's operations and fleet transition in 2024. This was undertaken by experienced subject-matter experts from PA Consulting and documented the reasons for the use of wet-lease capacity and the challenges that were encountered. A copy of the report can be found at: www.gov.gg/aurignyreview2024

In summary, Aurigny planned to use a single UK-registered wet-lease operator for 10 months during 2024 and obtained regulatory approvals to do so. It was intended this operator would provide capacity to cover both scheduled and unplanned maintenance. It would also provide cover required during the fleet transition process involving the replacement of its Embraer with ATR aircraft. Following that operator's failure to deliver its contracted capacity, a further six wet-lease operators were contracted over the course of the year, including two whose services were terminated following operational incidents.

Costs for wet-lease arrangements will be disclosed in Aurigny's audited Annual Financial Statements. The Statements can only be finalised and then published once it has completed its year-end external audit process. The STSB expects that the Statements for 2024 will be published in mid-2025. However, at this point, I can confirm that those costs will be materially less than the £10m in expenditure on planned maintenance that would have otherwise been incurred in 2024/25 on the Embraer had it been retained in Aurigny's fleet.

Question 5

What is the financial position of Aurigny for 2024? Did it break even, make a loss or otherwise?

Answer

As noted above, Aurigny's financial results for 2024 are not yet available but will be published in due course. However, we do know that the results for 2024 will include a number of exceptional cost items, including:

- Repairs to corrosion-related damage to its Embraer aircraft;
- The full settlement of its loans with the States for the acquisition of the Embraer; and,
- The cost of the wet-lease arrangements associated with the fleet transition, noting that the STSB's direction to the company as the year progressed was that situation was sufficiently serious such that passenger interests should outweigh the financial consequences of wet-leasing aircraft.

As a result, Aurigny will report a loss for 2024. Details of those losses and the exceptional costs incurred will be set out in its Annual Financial Statements when they are published. Aurigny has advised the STSB that the Company's underlying performance remains positive and that, were it not for those exceptional costs, its results for 2024 would show a break-even position, consistent with the positive financial results it achieved in both 2022 and 2023.

Question 6

How much has the airline compensated passengers for each of the following:

- Cancelled flights, lost luggage and Hotel accommodation.

Answer

Aurigny does make budget provision each year for disruption costs such as these. Details of its actual and budgeted costs will be available in its Annual Financial Statements for 2024 when they are published later this year.

Question 7

Does the airline consider the transition to an ATR fleet has been a success or an unmitigated disaster, there seems to have been massive disruption to locals, business and tourism.

Answer

There is no denying that Aurigny's passengers and the wider community suffered from Aurigny's challenges with reliability last year. Both the airline and I have apologised for this on numerous occasions.

In response to those challenges, the STSB commissioned the aforementioned independent inquiry into Aurigny. The inquiry examined the causes for the disruption experienced, which coincided with the sale of the Embraer and the transition to an all ATR fleet. The inquiry's conclusions included the following:

- The decision to exit the Embraer from the fleet was the right one and, had it been retained, the situation last year might have been worse than experienced;
- Aurigny was let down by the wet-lease operators, leaving it to manage a difficult and unpredictable situation;
- There were three unconnected maintenance events which compounded Aurigny's difficulties. These events were both completely unrelated and impossible to foresee. Each was handled as effectively as could be expected in the circumstances;
- The review found no evidence of negligence or gross misjudgement by management. The airline was struck with a series of significant events that were quite unfortunate, but not reasonably foreseeable.

Whilst I appreciate that it will be of no comfort to those passengers affected by the disruption, it should be noted that Aurigny's punctuality rates have returned to their historically good levels since the fleet transition was completed upon the arrival of its final ATR aircraft in December (adjusted for weather disruption outside of the airline's control). Notwithstanding the challenges it experienced last year, it also carried slightly more passengers than it did in 2023.

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Date of Reply: 11 February 2025
