

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

12th December 2018

MOTION UNDER ARTICLE 7(1) OF THE REFORM (GUERNSEY) LAW, 1948

Proposed by: Deputy M H Dorey
Seconded by: Deputy Laurie B Queripel

To suspend Rule 24(2)(d) of the Rules of Procedure to the extent necessary to permit the Amendment set out below to be moved.

Proposition No. P.2018/30

States' Trading Supervisory Board

Aurigny Air Services – Aircraft Acquisitions

AMENDMENT

Proposed by: Deputy M H Dorey
Seconded by: Deputy Laurie B Queripel

For Proposition (ii) substitute:-

"(ii)A To direct the Policy & Resources Committee to enable the replacement of Aurigny Air Services Limited's existing three ATR72-500 aircraft with ATR72-600 aircraft by providing:

- (a) The necessary guarantees for borrowing from third parties, without the application of any guarantee fee, or a loan from the proceeds of the States of Guernsey bond issue; and,
- (b) Guarantees that may be necessary to enable Aurigny Air Services to enter into such interest rate and/or currency exchange rate swap agreements that may be required,

in accordance with the considerations set out in section 5.4 of the policy letter, except insofar as they relate to the charging of a guarantee fee.

Or, ONLY IF Proposition (ii)A is defeated –

(ii)B To direct the Policy & Resources Committee to enable the replacement of Aurigny Air Services Limited's existing three ATR72-500 aircraft with ATR72-600 aircraft by providing:

- (a) The necessary guarantees for borrowing from third parties, including the application of a guarantee fee not exceeding 0.8%, or a loan from the proceeds of the States of Guernsey bond issue; and,
- (b) Guarantees that may be necessary to enable Aurigny Air Services to enter into such interest rate and/or currency exchange rate swap agreements that may be required,

in accordance with the considerations set out in section 5.4 of the policy letter."

Rule 4(3) Information

Based on the information available from the Policy Letter (see the entry relating to the States of Guernsey Guarantee Fee in Table 2 set out at paragraph 5.5.4 of the Policy Letter) if the amendment is successful and Proposition (ii)A subsequently approved and if Aurigny borrow from a third party, the financial implications would involve a loss to the States of the proposed guarantee fee of £2,206,000 over 10 years as Aurigny will not be charged the fee.

Explanatory note

The Amendment would replace original proposition (ii) and provide for two financing options ((ii)A and (ii)B) to enable the replacement of the existing three ATR72-500 aircraft with ATR72-600 aircraft.

Option (ii)A) is the same as the original proposition (ii) except the States cannot charge Aurigny a guarantee fee of up to 0.8% if they borrow from a third party.

Option (ii)B) is as proposed in original proposition (ii) and enables the States to charge Aurigny a guarantee fee of up to 0.8% if they borrow from a third party.

There is no guarantee fee in either option if Aurigny borrow from the States of Guernsey Bond.