

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

Question 1

As you are aware Deputy Roffey, Aurigny recently sold one of its Dornier aircraft for an undisclosed sum. Do you agree with me that seeing as though the airline is owned by the States and STSB carry out the role of shareholder on behalf of the States, as stated in the list of Mandates of Committees of the States, Aurigny should actually disclose how much they received for the sale of the aircraft?

Answer

I do agree that Aurigny should disclose the proceeds of such sales to the STSB, acting in its capacity as shareholder in the airline on behalf of the States. The STSB already has a Memorandum of Understanding (MoU) in place with Aurigny that sets out the protocols to be observed in our relationship and the obligations of both parties. Under the terms of that MoU, Aurigny is required to refer material divestments to the STSB, as shareholder on behalf of the States, for its approval. This includes aircraft disposals.

Question 2

If you do agree with me, then can you please tell me if you will be pursuing the matter of establishing how much Aurigny received for the aircraft and then relaying that information to the people of Guernsey?

Answer

There is no need to pursue the matter. In accordance with the terms of the aforementioned MoU, Aurigny did approach the STSB to seek approval for the sale of this single Dornier aircraft. Whilst the terms of the contract between the airline and the purchaser are confidential, Aurigny was able to disclose to the STSB in confidence and inter alia the purchase price that had been agreed between the parties. After taking into account factors including the book value of the aircraft and having noted an alternative offer that had been received from a separate party, the STSB agreed to support the sale of the aircraft.

Question 3

If you don't agree with me then can you please tell me why you don't?

Answer

The STSB acts as shareholder in Aurigny on behalf of the States. Therefore, it is right and proper that the airline should have had to seek its prior agreement before selling the aircraft, thereby providing the STSB with an opportunity to scrutinise the transaction on behalf of the States. However, the transaction is subject to confidentiality clauses that preclude the public disclosure of

the purchase price. This is normal in such aircraft transactions in order to protect the commercial positions of both the seller and buyer and it is possible that the transaction could have been jeopardised had the buyer known that the price would be made public. Such confidentiality is not without precedent within the Aurigny context. For example, when the States considered proposals in 2018 relating to the replacement of Aurigny's ATR aircraft, the policy letter made clear that the prices at which the old aircraft were being sold back to the manufacturer were subject to confidentiality provisions, again to protect the commercial position of the parties. For this reason, I do not agree that the purchase price can or should be made public.

Date of Receipt of the Question: 13 September 2021

Date of Reply: 24 September 2021