

STATES OF DELIBERATION

24th November, 2015

Billet d'État No. XX Article 12

AMENDMENT

Proposed by: Deputy M H Dorey

Seconded by: Deputy R Domaille

Treasury and Resources Department Cabernet Ltd - Recapitalisation

1. In proposition 1b), to delete “£5.3m” and substitute “£2.3m” and to delete “years 2015 to 2017” and substitute “year 2015”.
2. To re-number proposition 1c) as 1d).
3. To insert a new proposition after proposition 1b) as follows:
 - “c) the recapitalisation of Cabernet Ltd in respect of its forecast losses of up to £1.m in year 2016 and £1.3m in 2017 on the Alderney Services;”.
4. To insert a new proposition 4 as follows:
 - “4. To direct that the shareholder guidance to the Treasury and Resources Department in respect of the Aurigny Group is that from the financial year starting 1 January 2016 onwards the Aurigny Group should achieve a breakeven position or profit on a full profit and loss basis, excluding losses incurred in operating lifeline services to and from Alderney and agreed exceptional one-off costs.”

EXPLANATORY NOTE AND RULE 15(2)(a) INFORMATION

This amendment will not increase the expenditure of the States. It will reduce the maximum amount charged to the Capital Reserve by Aurigny having to at least break even, except for Alderney services and any exceptional one-off costs agreed between T&R and Aurigny. The current forecast loss is £500,000 for 2016 and £200,000 for 2017 excluding the forecast losses on Alderney services.

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AMENDMENT

Proposed by: Deputy Darren J Duquemin

Seconded by: Deputy Paul A Luxon

Treasury and Resources Department Cabernet Ltd - Recapitalisation

To add a new proposition 4 as follows:

- “4. That in order fully to realise its potential as the Bailiwick of Guernsey’s airline and in accordance with two of the aims in the States’ Strategic Plan agreed by the States in 2013 – namely *‘to protect and improve the Island’s economic future and the Island’s ... unique cultural identity and rich heritage’* – serious consideration should be given to rebranding Aurigny Air Services to a name that clearly positions it as a Guernsey airline; and therefore to agree that by no later than February 2017 the States Trading Supervisory Board, after consultation with other relevant States’ committees and the airline, shall lay before the States a Policy Letter setting out recommendations on whether or not a rebrand should take place and, if one is recommended, a timetable for its implementation that could coincide with 1 March 2018, which is the airline’s 50th anniversary.”

Rule 15(2) Information

It is not considered that this amendment would involve any financial implications for the States at this stage.

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AMENDMENT

Proposed by: Deputy Darren J Duquemin

Seconded by: Deputy Kevin A Stewart

Treasury and Resources Department **Cabernet Ltd - Recapitalisation**

To add a new proposition 5 as follows:

- “5. That in order fully to realise its potential as the Bailiwick of Guernsey’s airline and in accordance with two of the aims in the States’ Strategic Plan agreed by the States in 2013 – namely ‘*to protect and improve the quality of life of islanders and the Island’s economic future*’ – the States should clearly understand and approve Aurigny Air Services’ *raison d’être*; and therefore to agree that by no later than February 2017 the Policy and Resources Committee, after consultation with other relevant States’ committees and the airline, shall lay before the States a Policy Letter setting out recommendations to enable the States to agree the long-term strategic objectives for Aurigny Air Services, including but not limited to the establishment of criteria for maintaining and selecting routes, capacity and frequency and also including the adoption by the States and the airline of a revised approach which acknowledges that its success should be measured not just on its balance sheet but also on its social and economic contribution.”

Rule 15(2) Information

It is not considered that this amendment would involve any financial implications for the States at this stage.