

STATES OF ALDERNEY

BILLET D'ETAT FOR WEDNESDAY 20TH APRIL 2011

Members of the States:

I have the honour to inform you that the Meeting of the States will be held at 5:30 pm on Wednesday 20th April 2011. His Excellency Air Marshal Peter Walker, Lieutenant-Governor of the Bailiwick of Guernsey will be in attendance. The Bailiff, Sir Geoffrey Rowland, will be in attendance to observe the meeting. This will be preceded by the People's Meeting, which will be held on Wednesday 13th April 2011 at 7:00 p.m. in the Island Hall.

Sir Norman Browse
President

Item I **Presentation of Warrant**

The representative of His Excellency the Lieutenant-Governor of the Bailiwick of Guernsey will present his warrant of appointment.

Item II **Harbour Dues and Fees**

The following letter has been received from Mr Beaman, Chairman of the Policy and Finance Committee:-

“At the October meeting of the States Statutory Instrument No.13 which set out the Harbour Dues and Fees to be charged in 2010 was approved. The effect of this was to retain all fees and charges at 2009 levels with the exception of those payable on vessels carrying oils or gas in bulk. In this category a new charging method was introduced based on the tonnage of cargo discharged.

At a recent meeting of the Committee it was resolved to realign the fees payable for cargo vessels entering the harbour. A Statutory Instrument has been drafted showing the revised charges which if approved will come into force on the 1st May and will repeal the earlier Instrument. I would be grateful if you would place this before the States with an appropriate proposition.

*John Beaman
Chairman”*

The States is asked to approve the attached Statutory Instrument referring to the Harbour Dues and Fees

Item III **The Egypt (Freezing of Funds) (Alderney) Ordinance, 2011**

The following letter has been received from Mr Beaman, Chairman of the Policy and Finance Committee:-

“On 11th February (following 18 days of country wide protests) it was announced by the then Egyptian Vice-President that Hosni Mubarak had resigned as President and handed over control to the Military Council. Since assuming power the Egyptian military have issued a number of statements reiterating their commitment to safeguarding the legitimate demands of the people and overseeing a transition to a democratic society. Subsequently the EU implemented Council Regulation (EU) No. 271/2011 (on 21st March) concerning restrictive measures directed against certain persons, entities and bodies of the former Egyptian regime to support the emerging democratisation.

Guernsey has implemented the provision of these sanction measures by requesting that the Law Officers draft appropriate legislation in order to ensure

that the Island's sanction regime is in line with international developments. Alderney is also requested to ensure that their financial institutions and other bodies comply and do not maintain any accounts or otherwise hold any funds or economic resources for the entities and individuals named in the consolidated list of Her Majesty's Treasury.

I attach a copy of "The Egypt (Freezing of Funds) (Alderney) Ordinance, 2011" which has been drafted by Law Officers Chambers.

I would be grateful if the Ordinance is placed before the States when it next meets, together with an appropriate resolution.

*John Beaman
Chairman"*

The States is asked to approve the "The Egypt (Freezing of Funds) (Alderney) Ordinance, 2011.

Item IV The Tunisia (Freezing of Funds) (Alderney) Ordinance, 2011

The following letter has been received from Mr Beaman, Chairman of the Policy and Finance Committee:-

"On 4th February 2011 the EU implemented Council Regulation (EU) No 101/2011 and instigated an asset freeze against former President Ben Ali, his wife, family members and other persons who are under investigation into the alleged corruption of the former regime pending judicial enquiry in Tunisia. The priorities of the new Tunisian transition government are to re-establish order, to set the base for the democratisation of society and of the political system, and to address the economic and social problems which were at the root of the popular uprising. It was decided that emerging democratisation should be supported and one of the ways in which it can be done is to support the anti-corruption activities of the transitional Government.

Guernsey has implemented the provision of these sanction measures by requesting that the Law Officers draft appropriate legislation in order to ensure that the Island's sanction regime is up to date. Alderney is also requested to ensure that their financial institutions and other bodies comply and do not maintain any accounts or otherwise hold any funds or economic resources for the entities and individuals named in the consolidated list of Her Majesty's Treasury (HMT).

I attach a copy of "The Tunisia (Freezing of Funds) (Alderney) Ordinance, 2011" which has been drafted by Law Officers Chambers.

I would be grateful if the Ordinance is placed before the States when it next meets, together with an appropriate resolution.

*John Beaman
Chairman"*

The States is asked to approve the "The Tunisia (Freezing of Funds) (Alderney) Ordinance, 2011.

Item V The Libya (Restrictive Measures) (Alderney) Ordinance, 2011

The following letter has been received from Mr Beaman, Chairman of the Policy and Finance Committee:-

"On 26th February 2011, in view of the seriousness of the situation in Libya, a Resolution was made by the UN Security Council (UNSCR 1970 (2011)) and

subsequently a decision was made by the European Council to introduce restrictive measures against persons responsible for the violent crackdown on the civilian population in Libya on 15th February and thereafter. The EU implemented Council Regulation 204/2011 on 2nd March 2011 which instigated an arms embargo, a ban on internal repression equipment, as well as restrictions on the admission and the freezing of funds and economic resources of certain persons and entities involved in serious human rights abuses against persons in Libya, including by being involved in attacks, in violation of International law, on civilian populations and facilities. The EU regulation implements and builds upon the UNSCR 1970.

Guernsey has implemented the provision of these restrictive measures by requesting that the Law Officers draft appropriate legislation in order to ensure that the Island's sanction regime is in line with international developments. Alderney is also requested to ensure that their financial institutions and other bodies comply and do not maintain any accounts or otherwise hold any funds or economic resources for the entities and individuals named in the consolidated list of Her Majesty's Treasury (HMT).

I attach a copy of "The Libyan (Restrictive Measures) (Alderney) Ordinance, 2011" which has been drafted by Law Officers Chambers.

I would be grateful if the Ordinance is placed before the States when it next meets, together with an appropriate resolution.

John Beaman
Chairman"

The States is asked to approve the "The Libya (Restrictive Measures) (Alderney) Ordinance, 2011.

Item VI The Law Enforcement Commission (Bailiwick of Guernsey) Law, 2011

The following letter has been received from Sir Norman Browse, President of the States of Alderney:-

"Please find enclosed a letter from the Bailiff, dated 23rd March 2011, seeking approval of the above law.

I would therefore be obliged if you would debate this matter at your meeting on 20th April 2011 and give your approval as set out in the letter.

Sir Norman Browse
President"

The States is asked to approve "The Law Enforcement Commission (Bailiwick of Guernsey) Law, 2011".

(Note: A copy of the Projet de Loi may be seen at the States Office, Island Hall and the Library.)

Item VII The Alderney eGambling (Amendment) Regulations, 2011

The following letter has been received from Mr Beaman, Chairman of the Policy and Finance Committee:-

"The Alderney eGambling (Amendment) Regulations, 2011 were made by the Alderney Gambling Control Commission on 30th March, 2011 and came into force on 1st April, 2011.

The amendment Regulations were made for two reasons. Firstly changes were made to enable the Commission to specify that licensees and holders of foreign

gambling associate certificates incorporate or include such software on their download, website or application as the Commission may specify. Secondly, the amendment Regulations amend certain defined job titles and transfer a function previously carried out by the Chief Executive Officer to a Director.

The amendment Regulations were drafted by the Law Officers of the Crown in Guernsey upon the instructions of the Commission.

The States of Alderney are requested to note the Alderney eGambling (Amendment) Regulations, 2011 and allow their continued use.

*John Beaman
Chairman”*

The States is asked to resolve that “The Alderney eGambling (Amendment) Regulations, 2011” not be annulled.

Item VIII The Alderney Road Traffic and Public Highways (Amendment) Regulations, 2011

The following letter has been received from Mr Walden, Chairman of the General Services Committee:-

“I attach a copy of the above, which were made on 9th March 2011 and come into force on 14th April 2011. It was noted that when the Alderney Road Traffic & Public Highways (Amendment) Regulations, 2009 were drafted to cover the display of brake lights on vehicles, motorcycles were not provided for. Law Officers Chambers have drafted The Alderney Road Traffic and Public Highways (Amendment) Regulations, 2011 to amend this omission and make it clear that in the case of a motor bicycle, it is only necessary for one working brake light to be carried.

Section 35(2) of the Alderney Road Traffic and Public Highways Ordinance, 1966 provides that regulations made under the Ordinance be laid before the States as soon as may be after the making thereof and, if at that meeting or the next subsequent meeting, the States resolve that the regulations be annulled, the regulations shall cease to have effect. I will recommend that the States resolves not to annul them.

I would be obliged if the Alderney Road Traffic and Public Highways (Amendment) Regulations, 2011 are placed before the States at its next Meeting together with an appropriate proposition.

*W Walden
Chairman”*

The States is asked to resolve that “The Alderney Road Traffic and Public Highways (Amendment) Regulations, 2011” not be annulled.

Item IX Audited Accounts 2010

The following letter has been received from Mr Beaman, Chairman of the Policy and Finance Committee:-

“In accordance with Section 61 (5) of The Government of Alderney Law 2004, as amended, and the mandate of the Policy and Finance Committee, I attach the accounts of the States of Alderney and the States Water Board together with the Auditors’ Reports thereon, in respect of the year ended 31st December 2010.

Revenue Account

The detailed breakdown of the income and expenditure of the three committees is given in the published accounts, with details of the accounts for 2009, original budget and revised budget (Probable Outturn) for 2010 also shown for comparative purposes.

The following comments highlight in round figures some of the material differences between the accounts and the revised budget: -

Building and Development Control Committee

Income from planning fees is higher than budgeted due to the receipt of fees from the Fort Tourgis project and recoveries from Land Use Plan Inquiry. Excepting this, fees reflect the much reduced level of property movement and building work and it is anticipated that income from fees will continue to be affected during 2011. BDCC fees remain at 2009 levels pending resubmission of this matter to the States.

The increased expenditure in staff costs relates to internal staff charges and reflects the full costs of Committee support staff and a more realistic allocation of staff charges.

General Services Committee

The General Services Committee has continued to deliver the range of public services under its mandate and although there were some variations between the individual budget headings, expenditure was £7,000 less than the revised budget.

Income was £57,000 less than anticipated mainly due to a reduction in the anticipated surplus on the harbour trading account, as mentioned in the following paragraph.

Harbour - *The above figures include the Harbour trading surplus of £11,862 which was £54,000 less than anticipated in the revised budget. Income shows an increase of £40,000 more than budgeted for fees due to increased shipping movements and visiting yachts. However total expenditure was £93,000 more than budgeted as this included two major items that had not been anticipated in the 2010 estimates. 2010 saw the introduction of a new service from Huelin Renouf which has been welcomed, and made possible by the extended berthing area of the Commercial Quay.*

Water Board - *The General Services Committee also fulfils the functions of the Water Board, which in 2010 returned an overall operating surplus on revenue account of £41,682 which is an improvement on 2009. This improvement has been achieved by a combination of an increase in water rates, coupled with increased consumption on metered supplies, particularly on larger buildings, and the fact that there are currently no water restrictions.*

The ultimate aim of the Board is to continue achieving an operating surplus with a view to building the depleted reserves in order to fund future capital requirements. At present a deficit is budgeted in 2011.

Water Board Capital – *Phase 1 capital expenditure was finalised in 2010, with an overspend of £33,000 funded from the Board's reserves together with a grant from the States of Alderney of £349,000.*

Phase 2 is expected to be completed within the budgeted States grant of £700,000. Phase 3 will be reliant on a further States grant and this item will be submitted to the full States for consideration in due course.

Policy and Finance Committee

Expenditure by the Policy and Finance Committee was £32,000 less than the revised budget due to a lesser amount incurred under unforeseen expenditure, and the successful outcome of the first full year of operating the home carers service.

Overall income was up by £8,000. As was predicted in the last budget report income has reduced from the level of previous years, due to factors outside our control such as bank interest, duty free receipts, philatelic profits and court receipts;

Overall position

The overall position on Revenue Account at the end of 2010 shows that income was £31,000 less than estimated and expenditure was £47,000 less than estimated, and as a result the use of accumulated unspent balances was reduced by £16,000.

This is a satisfactory result in the current financial climate, and has been achieved by a combination of cost containment and an extension of the user pays policy. It is the fifth year running that the deficit is less than that budgeted.

The unspent balances of £116,300 have practically been exhausted. A case to retain the remaining £16,000 will be submitted to Treasury & Resources to cover the delayed Val Sewer Project. As previously advised from 2011 onwards there will be pressure on all departmental managers to keep expenditure strictly within their budget as there will be no unspent balances to meet any deficit in the revenue account.

Staff Pension Scheme

An extract from the report of the scheme actuary produced in accordance with Financial Reporting Standard 17 is included under Note 2. This is in effect a "snapshot" of the financial position of the scheme as at the 31st December 2010. This shows an increase in the scheme deficit from £1,298,000, to £1,631,000, due to the current economic situation.

Since 1st January 2006 normal retirement age for any new members joining after that date has been changed to 65.

The States is acutely aware that the pension deficit is unsustainable, and is proactively investigating ways to ameliorate this. As agreed at the December 2009 States meeting measures are being taken to reduce the current deficit, including an increase in members contribution, a reduction in the pension escalation factor, and funding members retiring at age 60 by alternative means for the first five years of entitlement. However these measures alone will not eliminate the deficit, and ongoing discussions are being held with the Guernsey Treasury and Resources Department, and the Public Sector Remuneration Committee. Discussions so far have been positive and helpful but there can be no disguising the fact that radical decisions will need to be made as soon as possible to contain and reduce the deficit.

Capital Account

Expenditure on Capital Account was £4,233,048 in 2010 reflecting the essential work on capital projects undertaken during that period. The two main areas of expenditure being the Commercial Quay and the New Connaught Care Home.

Commercial Quay - Phase 1 of the commercial quay has been completed, except for the outstanding item of the rock revetment; independent consultants have been engaged and the matter is continuing. Phase 2 was completed on time and within budget. A report on Phase 3, the Upper Berth, was given to the States of Alderney in May 2010. Two major extra cost elements were noted, i.e. the anti-scour mattress and additional concrete for filling gaping cavities exposed when the quay was drilled. The cost uplift was estimated to be £100,000. Since that time additional lighting and unforeseen costs installing the new fire fighting system, have added to the expenditure.

The New Connaught Care Home – this project is scheduled for completion in May.

Income on Capital Account relating to the General Services Committee includes the amounts transferred from the Alderney Gambling Control Committee which are necessary to fund the Capital projects. Also included is £530,000 realised from the sale of States properties, together with £198,000 from property transfer duties.

Alderney Gambling Control Commission

Revenues from licence fees in 2010 amounted to £3,885,650. After the addition of fee income and interest, and deduction of operating expenses the Commission made a surplus in the year of £2,255,399.

The anticipated capital income from the AGCC looks secure although it will always be exposed to the risk of detrimental external factors beyond Alderney's control. We are fortunate to have a Commission and management team that is very much in tune with developments that are likely to affect our revenues. The benefit to the Bailiwick of the very substantial telecoms and server revenues generated by Alderney's gambling industry is now becoming increasingly recognised in Guernsey which is to our advantage.

Meanwhile, in order to clearly differentiate the States marketing activity of its gambling licences from the regulatory functions of the Commission, Alderney eGambling Ltd has been formed. Funding for this activity is from Commission surpluses which accrue to the States. The Company's annual accounts are included with this submission.

Conclusion

The results for the year reflect the considerable efforts made by all staff to contain costs and to further extend the user pays principle to charges. The net result is that although the deficit is less than budgeted in October, we have been reliant on unspent balances to balance the accounts; this option will not be available to us going forward. However it is also worth mentioning that for the fifth year running the cost of waste disposal has been capped at £500,000.

Keeping the year's expenditure and income in balance has required the use of £106,000 of unspent balances. As previously stated the remaining unspent balances of £16,000 require approval from Treasury and Resources for use against the delayed Val Sewer project in 2011.

The formation of an Alderney Housing Association in January 2011 will result in a long awaited upgrading and refurbishment of the Island's housing stock. However this will reduce the rental income on General Services Committee by some £250,000.

As always the States is under pressure to deliver more services for the same or less money. Staff numbers remain under tight control, and a freeze in pay increases during 2010 was a sign of the prevailing economic climate.

The States is well aware of the ever increasing cost of living on the Island and is sensitive to the effect increased charges and rates have on everyone, and in particular those on low and fixed incomes, and as a result has maintained Occupier's Rates for 2011 at 2010 levels.

We are also taking the opportunity of publishing extracts from the accounts of the Alderney Gambling Control Commission, the Alderney Commission for Renewable Energy, and Alderney e-Gambling Ltd for information purposes. The accounts of Alderney Electricity Ltd will be published in due course.

I would like to thank the Treasurer and her staff for the efficient and timely production of a wide range of information throughout the year.

I should be grateful if you would place this matter before the States with the appropriate proposition.

*J Beaman
Chairman"*

The States is asked to approve :-

- (a) The States of Alderney 2010 Accounts, and**
- (b) The Water Board 2010 Financial Statements**

and to note :-

The extract from the Alderney Gambling Control Commission Financial Statements 2010,

The extract from the Alderney Commission for Renewable Energy Financial Statements 2010,

The extract from the Alderney eGambling Limited Financial Statements 5th October 2009 to 31st December 2010,

That the AEL accounts will be published at a later date.

Item X Questions and Reports

Issued: Friday 8th April 2011