

States of Alderney



DELIBERATIONS

WEDNESDAY 19TH DECEMBER 2012

STATES OF ALDERNEY
DELIBERATIONS FOR THE MEETING OF
WEDNESDAY 19TH DECEMBER 2012 AT 17:30

Present: Mr Stuart Trought, President
Mr Bill Walden
Mr Ian Tugby
Mr Tony Llewellyn
Mr Peter Allen
Mr Boyd Kelly
Mr Geoff Sargent
Mr John Beaman
Mr Paul Arditti
Mr Ray Berry

Colonel Colin Mason represented His Excellency The Lieutenant-Governor of the Bailiwick of Guernsey.

Item I **Swearing in of President W Stuart Trought for the period 1 January 2013 to 31 December 2016**

The re-elected President of the States of Alderney took his Oath of office and then took his place presiding over the meeting.

Item II **Grant to Alderney Housing Association – Grand Hotel Site**

The States resolved to approve awarding a capital grant to the Alderney Housing Association of £296,000 towards the development of social housing units, for rental and partial ownership, at the Grand Hotel Site.

Approved by a majority, all in favour except Messrs Tugby and Beaman who voted against.

Item III **Harbour Office Replacement**

The States resolved to approve:

- a) that the construction of the replacement harbour office is undertaken by the preferred tenderer AJ Bohan;
- b) that the subcontract for piling is awarded to Geomarine; and
- c) a budget of £610,000 (in addition to preliminary costs already approved) from Capital funding, which includes the demolition, construction, relocation, professional fees and a small contingency for the redevelopment of the harbour office.

Approved by a majority, all in favour except Messrs Tugby and Beaman who voted against.

Item IV **Green paper - Future Economic Planning for the Island Of Alderney: A Roadmap**

This item was withdrawn by the President in order for it to be presented under Questions and Reports, Item VIII.

Item V **Policy & Finance Committee – Annual Report for 2012**

The States resolved to accept the Annual Report for 2012 of the Policy and Finance Committee.

Approved unanimously.

Item VI **The Building and Development Control Committee – Annual Report for 2012**

The States resolved to accept the Annual Report for 2012 of the Building and Development Control Committee.

Approved unanimously.

Item VII **General Services Committee – Annual Report for 2012**

The States resolved to accept the Annual Report for 2012 of the General Services Committee.

Approved unanimously.

Item VIII **Questions and Reports**

The following report was submitted by Mr Birmingham:-

“Report on a consultation process for the economic development plan.

During the spring of 2011 the States of Alderney Policy & Finance Committee resolved to undertake a process in order to develop a strategic economic plan for the Island of Alderney.

It has been perceived by many that historically there has been an absence of focus by the States on the overall condition of the island’s economy, and this has led to a lack of co-ordinated strategic planning on economic matters.

The worldwide economic downturn that ensued after the banking crisis of 2008 seemed to bring into sharp relief, in the minds of many, the long term structural economic problems of the island, particularly in the gradual decline over decades of many traditional Alderney business sectors.

For example, the number of boats operating in the fishing industry has been in sharp decline over the last two decades for a variety of reasons. Despite this dramatic reduction in numbers in employment in this sector, fishing is still responsible for the majority of Alderneys physical export market. However the evident lack of young people entering into the industry may mean that shortages of on island skills, such as boat handling, may have already started to occur.

Tourism has been suffering from similar difficulties under the combined attack of increased competition as a result of an increase in the number of low cost air fare destinations, along with increasing air fares, whilst increases in indirect taxes have removed the islands previous perception as a cheap holiday destination. High cost of utilities and food, place extra pressure on this sector's profitability. Further the island has seen the loss of four significant hotels (Grand Hotel, Connaught, Inchalla, Devereux) over the last 30 years, whilst one remains currently closed (Chez Andre). This totals in excess of 150 beds and represents a reduction of well over a third in capacity.

The agricultural and industrial sectors have all but vanished. The production of spring flowers and early season vegetables has ceased totally, along with quarrying and most on-island manufacturing, apart from some very small and specialist companies. The exception being the island farm which maintains island milk production and some associated dairy and meat products.

Retail also has been shrinking over time as shopping habits have changed. The difficulties caused by increased competition from the internet and the problems of limited market size are well known.

The construction sector had remained fairly buoyant over the last 30 years and to some extent had taken up the slack in employment in the manual labour market caused by the contraction of other sectors, but the banking crisis and the subsequent restriction in available credit in the housing market has dramatically put the economic brakes on this sector. As the housing market has stalled, "churn" in house sales has reduced leading to decreased levels of building improvement work. The tightening of household budgets has also had an effect. This has led to a 'make do and mend' mentality, whilst at the same time an emphasis on paying down levels of personnel debt has come to the fore. The figures for congé in Alderney from the last eight years show the current low level of turnaround in the housing market compared to most of the "noughties".

However, employment in the finance sector has continued to remain relatively solid. Jobs in back office roles in areas such as trust company formation and gambling support, remain steady and from the perspective of government finance, the income received from gambling licensing has remained strong. But the recent changes in Low Value Consignment Relief and the drastic effect that this has had on the Channel Island fulfilment sector show the potential difficulties for economies that are inadequately diversified. That lack of diversity can mean that in a relatively short space of time, those economies can be severely affected by policies implemented by external jurisdictions. In such a situation, there can be severe implications for such a jurisdiction when there are sudden changes in the status quo,

It is only sensible to take the view that action must be taken to try to solve some of the systemic deficiencies present within the island's economy especially in terms of managing the decline of traditional sectors, while at the same time attempting to diversify the island's economy as a whole to help "shock proof" it for the future.

*The Policy and Finance Committee have therefore agreed to the publication of the green paper "**Future Economic Planning for the Island Of Alderney: A Roadmap**". There will be a full consultation to accompany the publication and everyone who has an interest in this important topic is invited to respond.*

The report is available for download from the States of Alderney website and any contributions and observations are asked to be directed in writing to the Chief Executive's Office marked Economic Planning Consultation by February 28th 2013.

Matt Birmingham"

The President stated that a copy of the full report on economic development is available for download from the States of Alderney government website and also advised that the date for response from the public quoted as 28th February 2013 is incorrect and is actually 28th March 2013.

The President then expressed his thanks to all out-going States Members on behalf of the people of the island for their hard work, diligence and selflessness during their terms of office.

Finally the President wished all States Members and the public a very happy Christmas and prosperous New Year.

Meeting Closed: 1840hrs

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