



OFFICIAL REPORT
OF THE
STATES OF THE
ISLAND OF ALDERNEY

HANSARD

The Court House, Alderney, Wednesday, 22nd October 2014

*All published Official Reports can be found on the
official States of Alderney website www.alderney.gov.gg*

Volume 2, No. 7

Present:

Mr Stuart Trought, President

Members

Mr Raymond Berry

Mr Matthew Birmingham

Mr Neil Harvey

Mr Louis Jean

Mr Robert McDowall

Mrs Norma Paris

Mr Steve Roberts

Mr Chris Rowley

Mr Francis Simonet

Mr Ian Tugby

Representative of the Lieutenant Governor:

Colonel Colin Mason

The Greffier of the Court

Mrs Sarah Kelly

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<i>The Assembly adjourned at 6.50 p.m.</i>	<i>129</i>

States of Alderney

*The States met at 5.30 p.m. in the presence of
Colonel Colin Mason, a representative of His Excellency Air Marshal Peter Walker, C.B., C.B.E.
Lieutenant-Governor and Commander-in-Chief of the Bailiwick of Guernsey*

[THE PRESIDENT *in the Chair*]

PRAYERS

The Greffier

ROLL CALL

The Greffier

Billet d'État for Wednesday, 22nd October 2014

I. The Alderney eGambling (Commencement) Regulations, 2014 – Regulations not annulled

Item I.

The States is asked:

not to annul The Alderney eGambling (Commencement) Regulations 2014.

The President: Greffier, if you could move to Item I, please.

The Greffier: Sir, Item I is the Alderney eGambling (Commencement) Regulations 2014. The States of Alderney is requested not to annul those Regulations.

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The President: Thank you very much Madam Greffier.

Mr McDowall, as Convener would you like to report on this Item please?

Mr McDowall: Yes Mr President, ladies and gentlemen.

10 I was the Convener. In attendance were the President, seven Members of the States excluding myself as Convener, the Minute Secretary, just over 30 members of the public and two members of the media.

Item I, the Convener advised that this is to bring some additional regulation to ensure we have appropriate regulation and anti-money laundering measures in place, as Alderney is subject to inspection from Moneyval – that is the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism – in Brussels.

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A contributor queried the involvement from Brussels. The Convener advised that Alderney subscribes to the European financial regulations.

The President: Thank you very much, Mr McDowall.

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Mr Simonet, I believe you wish to propose this Item.

Mr Simonet: Yes sir, I am pleased to propose this Item.

As the Convener has just given a full and adequate explanation of its content, I do not think there is any need for me to repeat that.

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The President: Thank you, Mr Simonet.

Mr Birmingham, I believe you wish to second this.

Mr Birmingham: Yes, thank you, Mr President.

I am happy to second this Item and I have nothing further to add to it.

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The President: Thank you, Mr Birmingham.

Does any other Member wish to speak on this Item?

Mr McDowall: Yes –

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The President: Mr McDowall.

Mr McDowall: Very briefly, Mr President.

When I first looked at the piece of legislation, it looked as if it was written by lawyers for lawyers and I would strongly suggest that pieces of legislation like this have a preamble to state their objectives so that the States' Members do have an adequate view of what the intention of the legislation is.

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The President: Thank you, Mr McDowall.

Does any other Member wish to speak on Item I? Mr McDowall, I take it you are not against the Item?

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Mr McDowall: I am not against it, no.

The President: Thank you.

In that case, Madam Greffier, if you will take that as passed, please?

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The Greffier: Yes.

II. Budgets for 2015 and Revised Budgets 2014 – Accepted

Item II.

*After consideration of the Budget Report, the States of Alderney is asked:
to accept the States of Alderney Revenue, Capital and Economic Reserve Budgets for 2015, and
to accept the States of Alderney Water Board Revenue and Capital Budgets for 2015.*

The Greffier: Sir, Item II is the Budgets for 2015 and the Revised Budgets for 2014.

After consideration of the Budget Report, the States of Alderney is asked to accept the States of Alderney Revenue, Capital and Economic Development Reserve Budgets for 2015 and to accept the States of Alderney Water Board Revenue and Capital Budgets for 2015.

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The President: Thank you, Madam Greffier.

Mr McDowall, I believe you wish to propose this Item. Sorry, Mr McDowall as Convener.

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Mr McDowall: Thank you Mr President, ladies and gentlemen.

This may take one or two minutes as there were a number of questions and comments. First of all, written questions for Part 2 relating to Budget matters were addressed as part of the main meeting as follows:

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First of all, 'Why is the States spending £100,000 on "Be a Tiger" that forecast 100 more people coming to the Island and there are only nine so far, is this to be expended again in 2015?' The question continues, 'We can see that Economic Development initiatives are listed as £270,000 for 2014, but £227,000 of that was spent on consultants, what are the States going to spend all that amount on next year apart from probably "Be a Tiger" again?'

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As Convener, I advised the figure of 100 more people is not one that was ever proposed by the States of Alderney or 'Be a Tiger'. The Business Development Project Team at its initial meeting in May 2013 proposed a target of 10 new businesses which might employ up to 10 people each. It was rapidly recognised that this was wildly optimistic, as few businesses on Alderney currently employ those numbers. In subsequent discussions, 'Be a Tiger' proposed a comprehensive project to achieve a minimum of six new businesses coming to Alderney – the cost was to be just under £100,000, which was included in the Budget.

75

Apart from some very preliminary work on this project it has not really started, but it is hoped to do so towards the end of 2014. The Treasurer advised that of the £100,000 in the Budget, only £7,000 had been expended to date.

For information and guidance purposes, the National Audit report into UK job creation estimated each new job cost £33,000 or more to establish.

80 The second point: 'Despite spending more than £200,000 on improvements at the Campsite, income this year is expected to be £2,500, not counting expenses of £10,000, which is a loss. £41,000 has been spent on laundry facilities this year and another £24,000 has been budgeted for next year. What will that be spent on?'

85 As Convener I advised that £2,500 is revenue income – income, that is, from fees and rental. The capital expenditure has been made to improve the facilities on offer to visitors and those locals who use the site. The income from fees, which is seasonal, was never expected to pay for the capital improvements. The £24,000 for next year has yet to be approved but relates to improvements to the café area and office building and warden restroom.

90 It was queried why the States should be paying for the rates and electricity for the building when it is being run as a business. The Treasurer advised the States received 30% of the fees collected. It was further suggested that no wardens should be employed and the campsite should be offered free of charge to encourage more visitors.

95 The third point: 'Cost for Waste to Energy consultancies is shown as £50,000. However, wasn't there another consultant brought in to interpret the first consultant, which was a waste of public money as it is not going ahead anyway?'

100 As Convener I advised that the States did appoint a consultant to review the Anaerobic Digester Feasibility Study and report on it to the Policy and Finance Committee. Some of the funding related to the Feasibility Study and there was also subsequent work done by consultants on the possibility of the creation of a new utility which would respectively include AEL, States Works Department Waste Department and the Water Board.

And then the final point from that individual was: 'What does the £300,000 expenditure for States Property Refurbishment in 2015 relate to as it is assumed it is not on St Anne's Church, which is under a separate heading?'

105 As Convener I advised that £300,000 is an amalgamation of a number of smaller projects including refurbishment of three key worker housing properties, some refurbishment of windows and radiators in the Island Hall, refurbishment of the town toilet block, the old Gaol Works and the Jubilee Home and New Connaught Care Home survey and refurbishment. Each project will be prioritised, costed and approved through the committees accordingly.

110 A subsequent query was raised as to why the New Connaught Care Home required refurbishment work as it was a new building. Mr Simonet, as Chairman of P&F, and States' representative on the Connaught Working Party, advised that the new board had identified certain areas that required work and the Jubilee Home is no longer fit for purpose. Chartered surveyors have been commissioned to carry out inspections and surveys on the building.

Further verbal queries relating to the Budget included:

115 The allocation of funding for an Air Links Study was queried as it was understood that had been carried out. Mr Harvey, the BDTM Committee Chairman, advised the report of the initial study was not satisfactory and thus payment to them was in dispute.

120 A further question was, 'Does the £452,000 for sewerage work projects in the General Services Committee capital account relate to the Mouriaux to Platte Saline sewage scheme?' The Treasurer advised that there are a few other minor projects included in the Budget. However, the majority relates to phase 1 of the Mouriaux to Platte Saline sewage scheme.

It was further queried if phase 1 will include the sewage outfall, which the Convener confirmed.

125 A further question was, 'With the States being the largest employer on the Island, as well as the largest consumer on the Island, why is there a decrease in expenditure from £3.5 million in 2014 to £2.8 million in 2015? This is a substantial amount less going back into the Island's economy which could well lead to a recession and has the States considered this?'

The Convener advised that the States have to work with within the confines of allocations from the States of Guernsey and what the States raises locally. In the Budget report it is stated that the States must look closer and harder at opportunities to create direct home grown revenue streams.

130 The Treasurer also added that this year's expenditure had been distorted by the Voluntary Severance Scheme which equates to £½ million and it has been a transitional year for the States. I will speak a little bit about that when I talk about the Budget.

'Can the increase in the marketing support 2014 budget from £80,000 to £140,000 be explained?'

135 The Treasurer advised that the main increase on the budget is due to the marketing strategy produced by 'Be a Tiger'. However some savings were made in salaries as there was a vacancy. Mr Harvey advised that although 'Be at Tiger' has been good value for money, the intention is to bring the marketing back to the Island in the coming year. The structure of the Tourism and Marketing Department is also being revised, with discussions ongoing with the new Chief Executive.

140 Further question: 'What does the £17,500 budget for staff costs under Fisheries relate to, as local fishermen have not been approached regarding this?'

I stated that the information would be obtained and reported back. In fact, it has been confirmed since that the staff costs expenditure relates to portions of the Harbour salaries charged to Fisheries elements of their duties. No additional staff were employed and it is not a new heading in the Budget. The supplies and services expenses relate to costs of attending off-Island meetings and the cost of sending marine samples and analysis, etc for testing.

145 'Staff costs under BDCC have been substantially increased for 2015, does that indicate that the recommendations from ARUP report have been adopted?'

As Convener I advised that the recommendations from the ARUP report have yet to be agreed by the States. Mr Birmingham, Chairman of BDCC, advised that the increase is a best guess estimate of what the costs will be, should the recommendations of the ARUP report for the structure of planning office functions be adopted and agreed by the States.

A further question, 'Why is there a distinction between rental income from properties between GCS and P&F?' The Treasurer explained this was a historic separation in the Budget and is due to certain properties/buildings/forts appearing under the different committee mandates.

155 We are near the end. 'Why is income from Congé being increased for 2015 when the housing market is falling?'

The Treasurer advised that the advice was sought from the Court office and it is merely an estimated figure. It was further queried whether the States have ever considered a holiday or temporary break of Congé being charged. That comment was noted.

160 'The £20,000 under Economic Development Initiatives – Administration/Consultancy, what does it relate to?'

The Treasurer advised that this was initial consultancy costs with a recruitment agency for an economic development officer post which are being proposed. The cost will be covered from the ACRE reserves.

165 'Bearing in mind the recent Housing Strategy produced by Cambridge University suggesting further housing is not required, what is the £47,500 in the Budget under Social Housing projects?' It was suggested it might be Sable D'Or.

The Treasurer advised that £238,000 agreed by the States had been split over the financial years 2014, which was just over £190,000, and 2015, which was just over £47,500. No additional grant expenditure is proposed for 2015, it reflects the balance of the amounts as previously voted.

170 And finally, 'Further to the comments from the Convener regarding locally raised revenue, what ideas are the States considering?' The Convener advised that one or two ideas will be revealed in the next few months.

And those were the comments, Mr President.

175 **The President:** Mr McDowall, thank you very much for your full and extensive report as Convener. It is just worthy of note that it was pleasing to see the amount of interest being shown by the general public in the Budget when they have the chance to examine it.

If you are ready to go again, Mr McDowall, I believe you wish to propose this.

180 **Mr McDowall:** Let me just get some water, excuse me. I am going to focus on two or three issues in the Budget.

I think the first thing is there will be a maximum Budget deficit this year of £70,000. We do not actually expect it to be that much. Some timing issues and how soon certain efficiencies arising from the redundancies coming through will probably lower that, but we would take that from the reserve fund. In 2015 we're forecasting a modest surplus of about £20,000 on the revenue budget.

185 I would like to talk a little bit about the £70,000 – that was quite a lot of money. We voted in favour of it, but a number of us did so with reluctance. I am afraid these things happen when there has not been the political will historically to do a proper analysis and audit of the States Works Department other things, so if these things are not done, it builds up and it is a lot of money. It has obviously made a dent in the Budget. Efficiencies will occur – I know our new Chief Executive has some other ideas around that, so we shall look forward to those.

190 I think the second thing I would like to talk about is the locally generated revenues. It is great to have more people here, more employment, more payment of taxes, social security – that goes to Guernsey. We need to focus a lot more on locally generated tax revenues and other revenues which we can keep and maintain here because we do know that Guernsey has its own financial challenges at the moment. They have cut the Budget this year – I think the big thing we are all looking at there next year is their long-term strategy on pensions, and on income and other personal taxes. So it is only halfway through but we certainly will not be getting more money from Guernsey; in fact, I would bet the house on it that we would be getting less and we need to be much more creative in generating our own local tax revenues.

200 The third point I want to talk about is the boring subject of accounting. I am not going to spend too long
on this, but currently we produce the revenue and capital accounts on the sort of income and expenditure
basis. They show what cash comes in, they show what cash goes out. They do not reflect the assets or
liabilities and they do not give a proper profit and loss – that is no reflection on the Treasurer and staff, but
205 this Island and Guernsey are going to have to move – in fact, international financial reporting terms will
compel them to move – to a more sophisticated financial accounting reporting system over the next two to
three years, and by that time we will probably have a very differently shaped Budget in terms of
presentation, and accounts in terms of presentation. We should be mindful of that.

I think that finally, it has been a tough year for the Treasurer and her staff – a lot of transitions, a lot of
pressure on the Budget, and I think they have done a very good job to bring the Budget to the stage it is and
210 I would like to thank them for it.

Mr Harvey is going to second this and I am leaving him... he wanted to talk about some elements of
economic development.

Thank you very much.

215 **The President:** Thank you, Mr McDowall.
Mr Harvey, I believe you do wish to second this.

Mr Harvey: Thank you, Mr President.

Yes, I would like to second this proposal, but I would like to reserve the right to speak again.

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The President: Does any other Member wish to speak on this Item II?

Mr Harvey, do you wish to exercise...?

Mr Harvey: I do, thank you, sir.

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Mr Birmingham: Mr President.

The President: Sorry, apologies, we have somebody who wishes to speak. Mr Birmingham

230 **Mr Birmingham:** Thank you, Mr President, ladies and gentlemen.

Firstly, I would like to include my thanks to the States' Treasurer and her staff for their hard work over
the last year and to the Finance Committee, and particularly the Chairman for his expertise in assisting the
States with what sometimes can be a very complex and taxing discipline. I myself have not yet subscribed
to the 'I love Accounting Society', (*Laughter*) but certainly the Deputy Chairman of the Finance
235 Committee's enthusiasm for the subject has allayed some of my abject terror when being presented with a
set of accounts and a balance sheet.

Sometimes I feel that there is not an adequate understanding of the States of Alderney financial situation
from the public. I often hear in People's Meetings comments relating to all these dire financial situations
and I believe this sometimes comes from a confusion of the Island's economic position which is dire,
240 especially in the private sector.

Finances of the States of Alderney, however, are not all doom and gloom. Capital account income
remains strong, with continued buoyant receipts from the AGCC. This means the States does have the
ability to fund significant capital infrastructure projects. In fact, we have more problems with the capacity
of the States to deliver those projects, rather than in fact the ability to fund them.

245 However, in my opinion, it is essential that the States continue to implement as many capital
infrastructure projects as possible, as they currently are performing a vital role in propping up the Island's
ailing economy. That was a point made by a contributor at the People's Meeting.

The real difficulties that the States of Alderney face are around the revenue budget and the stress is
placed on that by trying to maintain good quality service delivery with a shrinking financial pot. This is
250 shown by the projected deficit for 2014 on the Revised Budget. However, it must be remembered that,
taking a longer view over the last four years, the revenue budget would, in fact, be very close to balance, if
not showing a slight underspend. This shows the generally tight control of spending undertaken by the
States of Alderney.

The reality, echoing the views of Mr McDowall, is that the States needs to find ways of generating more
revenue. It is important, however, to note one item from the 2015 Budget and that is the 4% reduction in the
revenue allocation from the States of Guernsey. A reduction at a time when it was widely recognised by all
255 the dire situation that the Alderney economy faces.

The recent Guernsey budget report trumpeted that the States of Guernsey were allocating a significant
sum to Alderney economic development in 2015. What it fails to mention is that, in fact, that money has not
260 come from the States of Guernsey, but it has come from Alderney's AGCC licence receipts after an 18-

month battle by the Alderney Liaison Group to get Treasury and Resources to allow us to spend our own money, at a time of desperate need for the local economy.

265 In reality, the actual situation has seen reductions in services in Alderney, in policing and education, inadequate investment in areas such the Airport, leading to its operational closure due to waterlogging back in February, and proposed increases in taxation through TRP, duties and the freezing of Income Tax thresholds – less money, reduced service and increased taxes. I fail to see how this adds up to a credible plan from the States of Guernsey for the economic revival of Alderney.

270 These actions have taken place while our own States soldier on trying its best to control tax rises. In the last four years, there has been only one increase in Occupiers' Rates of 2.1%, with zero increases for the remaining three years, along with cuts to business and charitable bodies – efforts that have gone to waste, swallowed up by States of Guernsey tax increases.

What Alderney now needs is *action* by the States of Guernsey and not words, before we die a death of a thousand cutbacks and before the economic situation of Alderney becomes unrecoverable.

275 **The President:** Thank you, Mr Birmingham.
Does any other Member wish to speak on the Budget? Mr Jean?

Mr Jean: I begin my remarks, sir, ladies and gentlemen, Members of the States, I congratulate Kerry and her staff for the excellent work they have done. In no way do the remarks that I am about to make reflect in *any* way a criticism of them or their Department and the work that they have done for the very difficult task of trying to balance such a difficult Budget for 2015 and 2014.

280 The first page talks about the VES Redundancy Scheme. Yes, I could agree to this. I was told in the Report containing the recommendation that this package of measures would be implemented over a three-year period. This is what I agreed to – not what happened. It is what I regard as an outgoing CEO implementing all the phases in one go – unbelievable!

You can see where the Budget is looking for the additional flexibility to cover the full £500,000-odd, with views clearly expressed by the satisfied public that many of these redundancy payments need not have been paid out, had the agreed phasing been followed – deed of gift from our outgoing CEO.

290 Guernsey meeting the payments and money paid back from our own gambling reserve.
New for the 2014 Budget: EDR – Economic Development Reserve – funding rejected by Guernsey in 2013. I have never agreed with EDR and I am sorry to see that £900,000 of our gambling money may be allocated to this.

295 I say 'maybe' because I sincerely hope that this will change after the election and the additional flexibility referred to in the Budget by separating the reserve and allowing again additional flexibility because of the pressure on the revenue account – the Alderney Government is well aware of my views on EDR.

So much money spent already and I am afraid little or no results so far. I want the States to address the domestic situation here in Alderney first. This Government has failed to do this.

300 Page 2 refers to depopulation, an extreme economic problem. They are supposedly well understood or so the Budget says. Understood, I do not agree. Little or no work has been done to put some of this right.

Let me see if I can explain where I am coming from. High oil, fuel, electricity costs have not been addressed. In May 2014 the board of AEL – Alderney Electricity – collapsed. I tried to get the States to bring AEL in so that we could remodel it – a golden opportunity missed in my opinion, which will not come again.

305 Nothing done about the £15-per-ton oil tax. There is the Harbour Report. A Harbour audit finally does point out that we are charging too much for landing oil in tax. I have been telling you this for nearly two years.

310 Meanwhile, addressing depopulation, through all of these issues is, I am afraid, much lower down on the pecking order. While money – thousands and thousands of pounds – is being spent on 'Be a Tiger', 'Living Islands', the anaerobic digester. Dare I mention the IPA report?

Then Living Islands: two years ago we spoke about Living Islands – promoting history, wildlife, Victorian Forts, German Occupation, Fishing Festival, niche marketing – 'get away from the bucket and spade holiday'. I have seen the website video advertising Alderney. Look at it. I am not happy about that website clip. It has gone back to the old format.

315 I am waiting to see if it is worth continuing with Living Islands. I understand that we are due to have a presentation soon.

I do not pretend to know the answer yet, although the ARUP report mentioned on page 2 is interesting and I am still in time to give my view. What is of concern to me is that they never attended a meeting of Building and Development Control. They only received the Cambridge report commissioned for the Housing Association after their work was complete and I do not know if they took into account the *Gazette*

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Officielle containing the building development list of applications for each month or even the period of one year.

Why does this interest me? Because I followed *La Gazette Officielle* for months and months. I look at it every month and it seems that most months *La Gazette Officielle* consists of a sycamore tree, to fell a conifer tree, to put up a small garden shed, erect a satellite dish – five applications of nothing.

So therefore, each month, if the ARUP Report were to be listened to, the requirement for the Building and Development Control Committee would be nil for each of its monthly meetings, as those small applications should, under the recommendations of the report, be dealt with by the staff.

This report is of concern because much of the information may not be... by being unavailable, have produced a much different outcome, if more information *had* been available.

The avionics report – questionable.

Dispute with the contractor – who briefed them?

Page 3 – the deficit taken from the coin reserve. We are expected to accept this again in 2015 – no figure mentioned of what that actual pull from the coin reserve will be. This Budget pulls money here, there and everywhere to cover these holes.

The ARUP also recommends increasing staffing. No, not required, if I am right in my previous observations, nor does the historic register require extra resource, nor should sea permits be done away with. And what have people got to hide when submitting an application, by submitting a number only?

The Harbour audit, page 4: this is good, let us get these reductions, more in 2015. But when are we going to give something back, tangible, to our hard-pressed public – to begin to stop them leaving our shores?

Marketing support: £50,000 which did not materialise – again. Again you have spent, but in all the spending, very little for the public.

£1.8 million for Gambling Control – a vital contributed to our financial resources, and something I am extremely proud of the work that they do each year; adding to our wellbeing over many years. Will we have this money for ever? I do not know.

Now, more than ever, this is a very precious reserve to us and needs to be used wisely for capital projects – not EDR. On page 5, there is talk of raising more money here in Alderney, by thinking imaginatively I would imagine, from what I have picked up today, to raise more money from the public. I cannot be happy about that; I am very concerned about that. This Island is under great strain. We cannot do this without regaining our population levels.

The Airfield Requête remains of the upmost priority. Travel to and from Alderney are two of the key issues, and the right costs.

Our gambling reserves/capital projects: we should partner, in my opinion, with Guernsey to make these things happen, they are so vital. I believe, that in the statement from the previous speaker, that what Guernsey said about the gambling money – and they were indeed giving us our own money, it is quite correct – but they have the decision to make and they have given us back our own money. Whose fault is that?

You should commit to one project at a time: an important one, a solid one, one that is going to give a benefit for many years to come. I cannot help feel that a lot of this money has been wasted and I am concerned to get ourselves out of the trap that we are in.

Thank you, sir.

The President: Thank you, Mr Jean.

Does any other Member wish to speak on this?

Mr Tugby: Sir, I would like to just thank Kerry Gaudion for the Budget, who has done the job in difficult circumstances but I am afraid I am not going to vote for this project because, after studying it carefully, there are so many things in there that I do not agree with. We seem to be putting the cart again before the horse.

Every year I seem to say the same thing in the Budget meeting. We are spending money trying to get people here, when we have not addressed the main problem in the first place. Transport and getting here, that is really where the problem is. We say we have encouraged nine people to come to the Island. How many have left in the last year? I believe there will be a darned sight more going, before much longer.

What we should have been doing over the years – and I am fed up of banging on about it, but I will keep on about it until I finally finish – what we should have been doing if we had not had a golden egg being laid regularly from the Gambling Commission, and what have we done? Alright, we have wasted money on a number of things; we have allowed the Commercial Quay to overspend by millions; different items we have allowed to go way over the top.

What is really annoying is the half a million redundancy pay, because I have never agreed to actually pay out all those men in a short space of time. It is very annoying, because the previous Chief Executive

called me into his office one day and asked for my views on what to do with the Works Department, and then I said all you need is a manager, or a clerk of works or something, and a secretary. They – the manager or whatever fancy name you want to call them – should be able to say to the secretary what paperwork he wants doing, and then go out and make sure all the work is being done, which has been the problem from day one. You cannot blame the men, because it has been allowed to develop over a number of years.

385 So what do we do? We spend half a million getting rid of the men. Now we are having to pay people on a labour bank and private companies to come and do the work. At the end of the day, we have got 14 workers and five bosses, minimum, up there. Alright, three of the bosses do work. But the ratio of two and
390 half or three to one is absolutely ridiculous.

We are paying extra wages for these project leaders or team leaders and foremen. We have got a foreman who I have understood was being employed to run the whole show. Now we have a secretary, an office manager, a foreman, a team leader for the Agricultural Department, that has only got three men, another team leader for the dustcarts. It is the repetition of the same job that has got to be done day in and
395 day out. They do not *need* team leaders, for goodness' sake!

When I had 28 men working for me, I had myself, my daughter used to do the books part-time in the evening and everything, and I had a foreman. That was all. We worked on the Sea View, the hospital and all the major contracts going ahead, and there was no way I needed all of those men when, if you had just had one manager at the Butes, when they take their holiday, the assistant engineer could step in, because he
400 does step in now, occasionally. We have got to look at saving money and what we should do in doing this, instead of spending some of this money, investing something into either a ferry... It really upset me the other night when the States' Member at the People's Meeting said, 'We don't want to go into shipping.'

When your back is at the wall, you have got to investigate everything. It might not be possible, but at least investigate it. Go to Scotland and see how they run it, on the ferries up there. They have got small islands like we are and just have a look. It might not be possible, but a passenger ferry on its own will never pay. I totally agree with that. But a monopoly on the freight and passengers, it is worth looking at and you go and look and look at all the options and see if you can come up with a business plan for it and if it is... and if need be you have to borrow some money to do it. Guernsey is going to go and borrow... what, £200 million for the improvements at their harbour and infrastructure?

410 The marina: that was closer six years ago than what it is today. We have got another one in the wings waiting to come in, but wait until the public see how much land they want to go with the marina. That is when the fun will start, (*Laughter*) because, well, we should invest in one asset. I have asked and I am fed up of asking, for the States – because they think I probably do not know anything, this that and the other – well, I have put forward figures of what it could be done for. I have asked and *asked* for an engineer to go
415 through them with me, to prove me wrong. I have gone through them with the top man in England and he said, 'I see how you are doing it,' and he said 'Yes, it is different but it is possible.'

When I was called into an office the other day, from one of the marina developers, they said the States seemed to think that the marina cannot stand on its own two feet. But it can and he showed me all the figures of how it could stand on its own. But he said, 'Of course, what we are after is a development, that's what we want.'

420 So we have got to think outside the box. I said this last year and the year before. We have got to look at creating things. If your business is going downhill, you do not just sit back and just plod along. Alright, we are going to be told in a minute that we are doing all these things, trying to attract business. We have spent thousands already and what have we achieved? Nothing! Maybe, also, we need to create manual jobs, not just office jobs, because you have got the Grand Hotel site, which will be coming to an end in March. There are a number of other jobs which will be coming to conclusion and where will they go to work? The young ones will be looking to leave the Island if there is no work. Some of them are not capable of working in an office, or do not want to work in an office.

430 So we have got to create something else and if the States have to borrow the money or something to build a marina or look at the possibilities of a ferry, so be it. Because that is what business does. If they have got to go forward and they have not got the money, they go to the bank. It might not be possible, but at least look at these options and, hopefully, the Island might go forward instead of just burying our head in the sand and just plodding along and hoping everything is going to be alright.

435 If we do not fight our corner strongly enough with Guernsey, when you think with the airline, in July they were supposed to come flying the new Dorniers, and we are told at the finance meeting that 'Oh, the contract is on his desk.' At the September meeting, which was towards the end of September, we were told, 'The cheque is on the desk.' Then we were told that the planes were coming in the middle of October. Perhaps they are lost, because they seem to be taking a long time to get here!

440 Sir, I have had my moans, but I hope people will take note of what I have been pressing for and maybe we have got a temporary new engineer. Perhaps he would like to go through my figures for the marina with me and see how I had planned on doing it. And one thing – people say, 'Oh, Tugby – vested interest'. At the end of the day, I was not going to do any of the work. I wanted the States to –

The President: Mr Tugby, can you confine your comments to the Budget, please.

445 **Mr Tugby:** Sir, it is mixed with the Budget because it is all deep down as finance, and that is why I have carried on a bit, sir. But it is all to do with the finance of Alderney and the Budget and the way we are spending our money and that is what we have to look at – ways of going forward.

The President: Thank you, Mr Tugby.
450 Does any other Member wish to speak on...? Mr Berry.

Mr Berry: Just to say one thing, sir. I have been four years on the States of Alderney. I have stood or sat in the Island Hall with Malcolm Hart of Aurigny Air Services and I asked them this one question: ‘do we run our economy to the limits of your capacity or do we have to wait until such other times as you plan some other source of concluding our needs?’
455

My concern, sir, is that we have got a discussion coming forward and that we may end up with the same limited amount of capacity. We cannot run the economy to the limit of capacity; the capacity has to meet our needs and I hope, sir, that our fellow Members will discuss this in a full and proper way, when the time comes, at the beginning of next month.

460 I am seriously concerned, sir, that we will end up in a situation where we will not have the means to revive our economy because we will not have the means to bring people in and out of the Island to the capacity that the economy requires. We are not here to subsidise Aurigny Air Services by filling their aeroplanes to the limit of their capacity. We need to fill our Island to the maximum of our needs to upgrade our economy. And I hope, sir, that our Members and our public will realise that, and the States of Guernsey when we discuss it with them, will realise that. If we sink, Guernsey sinks with us.
465

The President: Thank you very much, Mr Berry.
Mr Roberts.

470 **Mr Roberts:** The reason that £300,000 has been spent on the campsite is a big part of me not accepting this Budget over the years. I think that the money has not been actually looked at and we have not tendered, sensibly enough, we could have saved a lot more, so for that reason I will be voting against the budget tonight.

475 On the Aurigny thing, which is also part of the economic development I harped on and harped on to everybody here and I get the same old record that I have been telling people that three aircraft to service Alderney is not enough.

This is part of the budgeting, Mr President. Three aircraft: you get one aircraft that is going to be on check. You get two aircraft then only to serve Alderney. So you have got one aircraft which ‘goes tech’. You have got one aircraft to cover everything else. The weather goes technical; you are never ever, ever going to catch up. There will be days and days.
480

We have already had the threat of a major company maybe pulling out of us, because of this reason. I have been here for 20 years: three aircraft never ever, ever serviced Alderney. I do not care if they are Dorniers, you can tell me, whatever. Something major needs to be done at that airport.

485 Thank you.

The President: Thank you, Mr Roberts.
Does anybody else wish to comment on this Item, the Budget?
If you would like to exercise your right to respond?

490 **Mr Harvey:** Thank you, Mr President.

I feel rather like the man following the Lord Mayor’s Show at the moment, with the amount of shovelling in here!

495 But as the Economic Development Fund is something that I, together with my colleague Mr McDowall dreamed up and thought was worthwhile for this Island. I feel it is only proper that I defend it. I feel sorry for those of my fellow Members who, having spent 22 months in the States, feel that they, and we, collectively have achieved so little. I disagree vehemently with that.

Mr Jean is obviously like a man who wants to build a house, but is not prepared to pay for the foundation because he would rather spend the money on reducing his taxes. There is an old saying. We are not exactly third world.
500

Mr Jean: Sir.

The President: Is this a point of order?

505 **Mr Jean:** May I raise a point of order?

The President: If it is a point of order, you may raise it.

Mr Jean: The point of order is I would rather you not talk about me personally when I am talking in the plural for the public and on behalf of the public.

510 Thank you, Mr Harvey.

The President: That is not actually a point of order, but I will let that stand. I will let that stand, but it is not a point of order

515 **Mr Jean:** Okay. It *is* a point of order.

The President: Please carry on.

Mr Harvey: Thank you.

520 I think there is a probably a point of principle on which we differ and we may never ever see eye to eye. I do respect my colleague Mr Jean for his views, but I disagree with them. It is as the old saying used to be in aid, that you give a man £5 and he feeds his family for a month or you buy him £5 worth of tools and he feeds his family for ever. And that is really what this Economic Development Reserve is all about. It is about creating good jobs, whether they be manual or for office workers. It is about attracting people here, something on which we have barely begun yet. So to judge us on the results is rather premature there. We have spent virtually nothing on trying to attract businesses and people here, for reasons I will not go into that largely revolve around Guernsey.

525 Where else do we go from there? Mr Tugby I understand, and I am sure many of us share his sense of frustration. He has had longer at it than I have, but there are many of us who are frustrated at the slow rate of progress.

530 Ferries – we have not closed the door on any possibilities on ferries. We have looked at Scotland, of course, and they have the inestimable advantage of having EU subsidies, which totally transforms the operating characteristics there. But we have closed the door on no options. Indeed only yesterday we were talking to our colleagues in France about certain other possibilities, which I will not go into now because the last thing we want to do is to raise false hopes, but we are looking at every option to try and improve the ferry service, as we are on aviation too and again this is a Budget report, not a report about aviation, so I will not dwell overlong on that. But we have applied every amount of pressure we are able to on Aurigny and on the States of Guernsey to resolve this issue.

535 Some of the misconceptions have probably arisen from, I have to say, some misreporting of the Budget in the People's Meeting, despite the efforts of the Convener and others there to clarify exactly what the Budget said. And it is not easy. There are very few people who really take to figures as Mr McDowall does. Fortunately we have him here.

540 But headlines, for example, stating that the States paid consultants £250,000 in 2014 may be a nice big headline but it is totally untrue – *totally* untrue. The actual figure was £107,000. What has conflated this figure is the fact that we pay 'Be a Tiger' as our marketing agents, as a supplier a sum of money for items such as printing, the brochures, and advertising very much in the same way as *The Journal* would no doubt pay for its own printing, but would not call it consultancy. So the true figure for consultancy is £107,000 and not a quarter of a million, and I am sorry if it destroys the headline.

545 The £107,000 spent on consultants, was that good money well spent? I believe it was. We do not throw money willy-nilly, and bearing in mind that was consultancy on some highly technical projects with values not in the thousands, not in the hundreds of thousands, but in the millions. If by spending some money we can get better decisions on those technical issues, then I think it is money well spent. We do not know all the answers. To coin a phrase, the beginning of wisdom is perhaps to understand the depth of your ignorance and which of us cannot hold up our hand to that one? So we do not have all the answers, and if we can spend a bit of money to get the best result out of these projects then I, for one, would defend that.

550 Incidentally, over half the money on the headline, 'how the cash was spent', has not yet been spent.

555 If I can just turn briefly – I am conscious time is getting on – to the issue of tourism and Living Islands, I am aware that there are those who are not wholly supportive of tourism as a strand of our economy, but a recent independent report indicated that it was equivalent to about 14% of our economic activity.

560 A different report confirmed that the hostelry trade alone employed almost 100 people, and if you include the retail trade dependent upon tourism, that figure is probably nearer 200. Now, I do not know which 200 people we want to give redundancy notices to by saying tourism is not important but I, for one, do not want to be part of that – particularly as our Tourism Strategy and the Living Islands project have produced results this year. There have been more tourists here. It has taken a knock in the last part of the

565 summer because of the well-known problems over the Trislanders, but the fact of the matter is in the first
half of the year our tourism was up. Whilst you can claim the sunshine did that, the same sun shone upon
Guernsey, where the tourism figure were down.

So I believe our strategy there is working but there are no miracle cures. There are no instant answers.
And I say, I understand again the frustration of those who think it is all taking too long. But we will
570 continue to work to try and improve things. Thank you, sir, and I second the motion.

The President: Thank you, Mr Harvey.

Mr Roberts, you have already spoken, I am afraid. (**Mr Roberts:** Okay.)

Mr Rowley.

575

Mr Rowley: Yes, thank you, sir.

I would just like to point out to Mr Roberts that the £300,000 for the campsite he was talking about is
ancient history there. There is nothing like that in the Budget for this year –

580

Mr Roberts: For *this* year.

Mr Rowley: I do not know exactly –

Mr Roberts: But it is ongoing.

585

The President: Mr Roberts.

Mr Roberts: Point of order, sir.

590

The President: The point of order is?

Mr Roberts: The point of order is that I know that it is ongoing: every year we get another request.

The President: This is not a point of order, Mr Roberts. Points of order are very clearly spelled out
595 under Rules of Procedure. That is not a point of order, and I ask you to sit down, please.

Mr Roberts: Fine, thank you, sir.

Mr Rowley: Thank you.

600

So all I have to say is that what has been put aside for the Budget this year is something like £10,000 or
£15,000. I am not completely clear on that. Maybe Mr McDowall could set you right later, but it is probably
less than a tenth of what you are talking about. (**Mr Roberts:** Fine.) Maybe a hundredth or something.

The President: Thank you, Mr Rowley.

605

Mr Rowley: Thank you.

The President: Does any other Member wish to speak on the Budget? Mr Simonet? Mrs Paris, you do
not wish to speak on the Budget? (**Mrs Paris:** No.)

610

In that case, if you would care to sum up?

Mr McDowall: Yes, thank you very much, Mr President.

Just to take some of the major issues. First of all the scope of voluntary redundancy, I entirely agree
with Mr Jean on that. It was an interesting parting present. I do agree with you on that and we have done
615 our best to work within that ‘corset’, if I can put it like that. So I do agree with you on that.

I think two other points: yes, we are projecting a deficit for this year. I would expect it to be lower than
we have actually forecast. We do that on a prudent basis. I think it will be a small deficit. Do remember that
if we have a surplus, it is transferred back to Guernsey, so that is that is an incentive not to have too much
of a surplus.

620

I think the other points are, yes we have started out on economic development and that is purely ring-
fencing some of the capital. A *maximum* of £300,000 a year over the next three years – it does not mean we
spend all that. And we have the option to roll it over.

We will, of course, assess that at the end of at the end of this year or and indeed when the accounts are
presented in in April. So we work within the within the confines. The revenue budget is not that disastrous
625 this year. We are projecting a small surplus, and next year we have to work within what is available. And as

I say, the absolute priority as I see it is very much here producing local revenues for the revenue budget. That is absolutely essential because, in fact, I would echo Mr Birmingham's comments on the capacity to deliver on the capital budget, and that is a concern. We have ended up over the last couple of years with unspent money because we do not have the capacity to deliver. We have got to pay much more attention to that, in the sense it saves money but it does not deliver the projects.

Clearly, the projects are put before the Committees. They are reviewed. They are evaluated. I think we have got to pay much more attention to the measurement standards of what we spend on economic development. And we need to set out I think perhaps more clearly over what period we expect the benefits to accrue. I think because of the way we do the accounting, it is almost like cash in and cash out. But this is actual capital expenditure and some of it may take three to five years to see benefits. But that is a discussion for another time.

So we have the Budget and I would like to reiterate my proposal to approve the Budget.
Thank you, Mr President.

The President: Thank you, Mr McDowall.
Madam Greffier, if you would put that to the vote, please.

A vote was taken and the results were as follows:

FOR	AGAINST	ABSTAINED
Mr Birmingham	Mr Tugby	None
Mr Berry	Mr Jean	
Mr Harvey	Mr Roberts	
Mr Simonet		
Mr McDowall		
Mr Rowley		
Mrs Paris		

The Greffier: That is carried, sir

The President: Thank you very much, Madam Greffier.

III. Occupier's Rate 2015 – The Occupier's Rate (Level for 2015) Ordinance, 2014 approved

Item III.

*The States of Alderney is asked:
to approve 'The Occupier's Rate (Level for 2015) Ordinance, 2014'.*

The President: Could we move on to Item III, please.

The Greffier: Yes, sir.

Item III. The Occupier's Rate 2015. The States of Alderney are asked to approve the Occupier's Rate (Level for 2015) Ordinance, 2014.

The President: Thank you very much, Madam Greffier.
Mr McDowall as Convener.

Mr McDowall: Yes, thank you, Mr President, ladies and gentlemen.
One remark, a contributor thanked the States for not increasing the domestic rates.

The President: Thank you, Mr McDowall.
Mr Simonet, I believe you wish to propose this.

Mr Simonet: Thank you Mr President, and whilst still recovering from the many negative remarks about the Budget, some of them justified, some of them not, let us look at this –

The President: Mr Simonet –

Mr Simonet: This goes on to what I am saying, sir.

660 This is the third year in succession that we have been able to recommend that there should be no increase in the domestic occupier's rates. You may recall that last year we also reduced the commercial rates by 10%.

665 I am sure that these efforts lighten the financial burden for everyone when increased costs seem to be arriving with the frequency of a common cold in winter. It is acknowledged and appreciated by our residents. It sends a clear and unmistakable message that we are all mindful of our responsibilities that parents and young families and those on fixed incomes will experience the worst effect of these demanding economic times. And I would simply add, this is not easy for the States to achieve this sort of outcome, but we have, and I believe the States should be commended for it.

I recommend this proposal to the States.

670

The President: Thank you, Mr Simonet.

Mr Berry, I believe you should second this.

675 **Mr Berry:** Yes sir, I have great pleasure in seconding this proposal, and congratulate my colleague Mr Simonet on his well-spoken proposal, and I recommend it to the House.

The President: Thank you, Mr Berry.

Does any Member wish to speak on this Item? Mr Jean.

680 **Mr Jean:** I would wish if I may, sir, to add my congratulations. This is quite the right thing. Very good, very well done. Jolly good.

The President: Thank you, Mr Jean.

Does any other Member wish to speak on this Item? Mr Roberts.

685

Mr Roberts: I would just like to reiterate what Louis said, and I am sure the feeling of all of us around within the States that we have been able to do this. Quite right.

The President: Thank you, Mr Roberts.

690

Does any other Member wish to speak on this Item?

Mr Simonet, do you wish to sum up?

Mr Simonet: Nothing further to say, sir, except that I am heartened by the response among my fellow States Members.

695

The President: Thank you, Mr Simonet.

Madam Greffier, for the sake of record, will you put that to the vote please?

The Greffier: Sir.

700

A vote was taken and the results were as follows:

FOR	AGAINST	ABSTAINED
Mr Tugby	None	None
Mr Birmingham		
Mr Berry		
Mr Jean		
Mr Harvey		
Mr Simonet		
Mr McDowall		
Mr Rowley		
Mr Roberts		
Mrs Paris		

The Greffier: Thank you.

705 **The President:** Thank you, Madam Greffier. If you would move on to the next Item, please.

**IV. Proposed increase in Water Rates –
The States Water Supply (Rates of Charge) (Alderney) Ordinance 2014 approved**

Item IV.

The States is asked:

710 *to approve 'The States Water Supply (Rates of Charge) (Alderney) Ordinance 2014'.*

The Greffier: The next Item, Item IV, proposed increase in Water Rates. The States of Alderney is asked to approve the States Water Supply (Rates of Charge) (Alderney) Ordinance 2014.

715 **The President:** Thank you.
Mr McDowall, as Convener.

Mr McDowall: Yes, thank you, Mr President, ladies and gentlemen.

720 A contributor queried the percentage of the increase in the Water Rates, which was confirmed as the Retail Price Index 2.1%, and further stated that it was good value given the job that the Water Board carry out and the investment in the infrastructure.

The President: Thank you Mr McDowall.
Mr Rowley, I believe you wish to propose this.

725

Mr Rowley: I do, sir. Thank you.

730 Yes, it is just a routine increase to keep abreast of the Retail Price Index, bearing in mind we have a substantial programme of infrastructure improvement going on that still has to be paid for. We have very good quality water and plenty of it compared to how things were some time ago, so that is really all I have got to say.

Thank you.

The President: And you propose it?

735 **Mr Rowley:** I propose it, yes.

The President: Thank you, Mr Rowley.
Mr McDowall, I believe you second this?

740 **Mr McDowall:** Yes, indeed. Thank you very much, Mr President, ladies and gentlemen.

745 Yes, I have just got one other point to add. Although the Water Board is an arm's length board, all the costs are not yet fully allocated to it. The Treasurer's Department does some of the billing, the cash collection and so on. I see part of this increase as taking on the fuller costs of the administration costs to the Water Board. That may take three or four years but we've got to pull those costs out from the Treasurer's Department and put them fully into the Water Board.

Thank you very much.

The President: Thank you very much Mr McDowall.
Is there any other Member wishing to comment on the proposed increase to the Water Rates?

750

Mr Jean: If I may?

The President: Mr Jean.

755 **Mr Jean:** I take the slightly different view for this, particularly over the Treasury Department transferring its incumbent burden on to the Water Board anyway. Proposed increase in Water Rates: now I do not agree with this because I am pleased with the section on the Water Board and what has been achieved. But this is my reason: there is a predicted surplus for 2015, savings being made on electricity, the telemetric system, and reorganisation of labour and overtime.

760 This is putting into practice what we have just done with the Rates. What I am trying to say to you is this: we should at least wait to see how much this delivers.

I am also aware and concerned about the fact that the capital allocations made to the Water Board are all from Gambling Control money. I look upon this money as money for the public and we fund it. We fund those capital allocations from the Gambling Control. But the way it is presented, it looks to some people to

765 all intents and purposes as if it is coming from the Revenue Account and we are looking for the Water Board to pay back.

I believe we should try to hold the Rates down and hold these costs down wherever we can at the moment until we can see the true picture, particularly whilst the economy is so fragile at the moment. This I believe is the right approach. Do not add to the burden of those who remain. People are leaving here. I want to do everything I can – it may seem very little, it may not seem a lot – but we casually say, ‘Well, it is RPI.’ I do not know if I agree.

Thank you for the time, sir.

The President: Thank you, Mr Jean.
775 Mrs Paris.

Mrs Paris: As the newest States’ Member, I think the whole Water Board situation actually reflects, as an example, Budget issues quite largely. We have spent a great deal of money improving the standard of our water here, and I think everybody is very grateful for that, but I was reading an article in one of the very old Alderney magazines, quoting Mr Simonet in 1991, when he was first elected –

Mr Simonet: Thank you! (*Laughter*)

Mrs Paris: – to the States, saying that one of the things that he felt needed attention was the standard of the water here and that money must be invested to improve it. Now I can imagine over the years that there were probably some quite feisty moments in the States as one tried to get this investment into place. But it is in place and I think we should be very proud of it. I think a lot of what is happening now within the Budget, maybe with the benefit of hindsight, when we look back on it, we will be very pleased with some of the forethought and effort that has been put in. Some things undoubtedly will have turned out to be disasters because it is very easy with hindsight to recognise which are going to be which.

But having said that, we now have excellent water and the increase really is to keep pace with having excellent water and to make sure it does not slip back. It is all about maintenance and there is no point in spending a huge sum of money on something like this and then not looking after it and I think it is a very... I recognise it is an increase but it is as small as we could really make it and so far as it is the Retail Price Index, it is actually simply to keep pace.

It does not increase the revenue, simply stops the revenue from falling away a bit. I think we need to look at that and say ‘Well, that was a success and it cost a lot of money’. Maybe there are a lot of other things in the Budget that it is too early to decide whether they are going to be a success or not, but we cannot stop doing things just because we do not know.

The President: Thank you Mrs Paris.
800 Mr Roberts.

Mr Roberts: I voted against this. This came up firstly at my committee and I was alone in voting against it. I do not believe in this time...

The Water Board is actually making a small profit. Now, if the Water Board was making a loss I could understand, yes, we need to do this to redress the problem. At the moment the Water Board is showing a small... all the rabbits have not come out of the hat, I will admit, at this time, but the Water Board is showing a small profit. Families and young children out there are suffering. We do not want to lose people in the Island and it is my view that a rise at this time would be wrong.

The President: Thank you, Mr Roberts.
Is there any other...? Mr Simonet.

Mr Simonet: Thank you, Mr President.

Mr President, the Water Board is subsidised with capital investment. Over the past five years the investment in the infrastructure has exceeded £2 million. This has been funded by way of grants and the State Capital Reserve. A further £250,000 has been budgeted for 2015 and more will be needed over the next few years.

But the operating costs, which are totally different, have to be funded by the rate-payers. In 2006 the operating costs were showing a deficit of £105,000. Why this deficit was allowed to accumulate is not a matter that I propose to examine tonight. However, the then States had to vote 10% increases in the Water Rate year on year until that deficit was cleared. These high rate increases were not helpful to the ratepayer, nor do they reflect well on the then States’ Members. We should all be minded not to repeat the same mistakes.

Over the past 12 months, measures have been taken to reduce the costs and improve the operating efficiency of the Water Board. This has resulted in the General Services Committee being able to request a small increase in the rates of 2.1% to keep up to date with the operating costs. This proposal demonstrates fiscal prudence and good management by the General Services Committee and I hope they will receive the full support of all the States' Members.

The President: Thank you, Mr Simonet.
Does any other Member wish to speak on this Item?

Mr Birmingham: Thank you, Mr President, fellow Members.

Firstly I would like to congratulate the Water Board staff and management on their hard work that they have put in over the last year and their continued efforts to improve the Island's water supply. The dramatic improvements in the supply system, from where we were eight years ago to where we are now, are a credit to their work and the investment that has been undertaken.

But we must remember this has taken in excess of £2 million of capital investment by the States to get where we are today. That level of investment was required because of chronic States' strategic mismanagement of the Island's water supplier over many years. One of the fundamental problems was that the levels of the Water Rates were set too low for too long, never allowing adequate funds to be available to allow the Water Board to reinvest back into the system. In order to rectify that situation, as Mr Simonet has already alluded, a number of previous States had undertaken a policy of above-inflation rises to the Water Rates to ensure that the Water Board accounts moved from deficit to surplus.

In 2013 the Water Board accounts showed a small surplus for the first time and over the past year changes to working practices and the introduction of modern equipment have continued to improve operational efficiency. The Revised 2014 Budget shows a projected surplus in the region of £23,000 and this is despite only a rise in line with inflation. The question now should be does the current level of surplus generated provide adequate provision for future operational and maintenance infrastructure and investment by the Water Board? And the simple answer to that question is no, it does not.

The Water Board accounts still hide unallocated costs while at the same time the Water Board itself does not generate sufficient income to fund day-to-day infrastructure improvements that should be classed as operation and maintenance rather than capital investment. The majority of this work is still being funded by the transfer of grant from the States' Capital Account.

In reality this means we are robbing Pete's Capital Account to fund Paul's States' water operation and maintenance programme when what is required is more revenue from Water Board income by the way of Water Rates to fund the work. My view is the level of Water Rates is still too low and the surpluses generated by the Water Board are inadequate for an effective funding programme in the future. If that balance is not altered, all that will happen is that the Capital Account will end up becoming a prop to the Water Board finances forever and a day.

Now having said that, the operational changes that I previously mentioned may mean that the surplus for 2014 may be higher than projected and therefore it is reasonable to see what effect those changes have had to the bottom line in 2014 before taking further action. In these circumstances therefore I am happy to support this year's Water Rates increase being kept to the rate of inflation.

But the projected Budget for 2015 shows the surplus decreasing and not increasing. This is the wrong direction of travel. I believe it is essential that a clear policy is formed by the States to identify the longer term level of surplus required by the Water Board to eliminate both hidden administration costs and also to generate sufficient monies to allow the Water Board to at least fund the majority of the future operation and maintenance from its own revenues.

Unfortunately this would mean a series of above-inflation Water Rate increases but these can be implemented over a suitable timescale. That policy could then be made clear to the public with the reasons behind it so they could sign up to the plan and this would also then assist future States in avoiding the urge for populist tinkering.

If we do not do this, we risk falling back into the bad habits of the past, having to again fund the Water Board out of the Capital Account, taking money away from other essential States' infrastructure projects. I urge the Finance Committee of the future States to take these matters into consideration during the 2016 Budget process.

The President: Thank you, Mr Birmingham.
Does any other Member wish to speak on this? No?
In that case, Mr Rowley, would you care to sum up?

Mr Rowley: Yes, I haven't anything further to add, sir, except to thank Mr Birmingham and Mr Simonet very much for their comments. I think we are proposing to put it up by as little as we can possibly

hope to get away with. I hope Mr Birmingham's remarks have had some impact on Mr Roberts and his tabloid moment.

Thank you very much.

890

The President: Thank you, Mr Rowley
Madam Greffier, would you put that to the vote please?

A vote was taken and the results were as follows:

FOR	AGAINST	ABSTAINED
Mrs Paris	Mr Roberts	None
Mr Rowley	Mr Jean	
Mr McDowall		
Mr Simonet		
Mr Harvey		
Mr Berry		
Mr Birmingham		
Mr Tugby		

895

The Greffier: Carried, sir.

The President: Thank you very much indeed.

**V. Elections 2014 –
Setting dates for Ordinary and Plebiscite Elections –
Proposition carried**

Item V.

The States of Alderney is asked:

to approve that the date for the Ordinary Election be Saturday 22nd November 2014 and that in accordance with the procedure approved on 20th October 2010, the Plebiscite Election be held on Saturday, 6th December 2014.

The President: Could we move on to Item V, please, Madam Greffier?

900

The Greffier: Sir, Item V, the Elections 2014. The States is asked to approve that the date for the Ordinary Election be Saturday 22nd November 2014 and that in accordance with the procedure approved on 20th October 2010, the Plebiscite Election be held on Saturday, 6th December 2014.

905

The President: Thank you very much, Madam Greffier.
Mr McDowall as Convener.

Mr McDowall: Yes, Mr President.
There were no comments on this Item.

910

The President: Thank you, Mr McDowall.
Mr Simonet, I believe you wish to propose this.

915

Mr Simonet: Yes, I am just pleased to propose this Item. It is as written, sir, and I am sure we are all getting very excited in anticipation of an election. *(Laughter)*

The President: Thank you, Mr Simonet.
Mr Roberts, I believe you wish to second this.

920

Mr Roberts: Yes, I find it a great honour to be able to second this Item.
Thank you.

925

The President: Thank you, Mr Roberts.
Does any other Member wish to speak on Item V, the 2014 Elections?
Mr Simonet, do you wish to exercise your right to sum up?

Mr Simonet: No, no further comments, sir.

930 **The President:** Thank you very much indeed.
Madam Greffier, take that as passed, please.

The Greffier: Sir.

**VI. Alderney Commission for Renewable Energy –
Appointment of Commissioner –
Captain Robert Barton appointed**

Item VI.

The States of Alderney is asked:

to approve, on the recommendation of the Policy and Finance Committee and in accordance with section 6 of the Renewable Energy (Alderney) Law, 2007, the appointment for a further period of two years of Captain Robert Barton as a Member of the Alderney Commission for Renewable Energy.

The President: We will move on to Item VI.

935 **The Greffier:** Item VI, sir, is the Alderney Commission for Renewable Energy. It is an appointment of
a Commissioner. The States of Alderney is asked to approve, on the recommendation of the Policy and
Finance Committee and in accordance with section 6 of the Renewable Energy (Alderney) Law, 2007, the
appointment for a further period of two years of Captain Robert Barton as a Member of the Alderney
Commission for Renewable Energy.

940

The President: Thank you very much, Madam Greffier.
Mr McDowall as Convener.

945 **Mr McDowall:** Yes, thank you, Mr President, ladies and gentlemen.
There was one comment. A contributor queried who Captain Robert Barton was. I advised that Captain
Barton was the previous Guernsey Harbour Master and had been a Commissioner at ACRE for a number of
years.

950 **The President:** Thank you very much, Mr McDowall.
Mr Harvey, I believe you wish to propose this.

Mr Harvey: Thank you, sir, I do indeed.
Captain Barton was first appointed a Commissioner for the Commission for Renewable Energy, or
ACRE as we know it, in March 2010. His contract has subsequently been extended, the last time for a
955 period of six months. The short period, I seem to recall, was maybe because there was a new Chairman
coming in, and there may have been some changes.

I am pleased to say, and I quote:

‘The Chairman has stated that the renewal of Captain Barton’s contract as Commissioner would be supported by the Commission,
as he is an invaluable member of the team and has made significant contributions to the overall development of the Commission
and its work.’

960 I think this is a very straightforward matter hopefully, and I would recommend to the States that they
agree this appointment.

Thank you.

The President: Thank you, Mr Harvey.
Mr Simonet, I believe you wish to second this.

965

Mr Simonet: I do, sir, and I just fully support this recommendation.

The President: Thank you, Mr Simonet.
Does any Member wish to comment on Item VI?
970 Mr Harvey, so you wish to exercise your right?

Mr Harvey: Thank you, sir. I think there is probably nothing further to be said.
Thank you.

975 **The President:** Thank you.
In that case, Madam Greffier, you can take that as passed, please.

The Greffier: Thank you, sir.

VII. Questions and Reports

980 **The President:** We move on to Item VI.

The Greffier: Sir, Item VII is Questions and Reports...

985 **The President:** Sorry, my mistake, Item VII.

The Greffier: I have not received any Questions or Reports, sir.

The President: And neither have I.
In which case, that concludes the States' business for this evening.
990 I ask you to close the States, please.

The Greffier: Sir.

PRAYERS

The Greffier

The Assembly adjourned at 6.50 p.m.