



OFFICIAL REPORT

OF THE

STATES OF THE

ISLAND OF ALDERNEY

HANSARD

The Court House, Alderney, Wednesday, 22nd April 2015

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

Volume 3, No. 3

Present:

Mr Stuart Trought, President

Members

Mr Matthew Birmingham

Mr Neil Harvey

Mr Louis Jean

Mr Robert McDowall

Mr Graham McKinley

Mrs Norma Paris

Mr Steve Roberts

Mr Christopher Rowley

Mr Francis Simonet

Mr Ian Tugby

The Greffier of the Court

Mrs Sarah Kelly

Business transacted

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States of Alderney

*The States met at 5.32 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 April 2015

I. The Côte d'Ivoire (Restrictive Measures) (Alderney) Ordinance, 2015 approved

Item I.

The States of Alderney is asked:

to approve 'The Côte d'Ivoire (Restrictive Measures) (Alderney) Ordinance, 2015'.

The President: We move to Item I, please, Madam Greffier.

The Greffier: Sir, Item I is The Côte d'Ivoire (Restrictive Measures) (Alderney) Ordinance, 2015. The States is asked to approve that Ordinance.

The President: Thank you very much.

5 Mr McDowall, as Convener, were there any comments on this at the People's Meeting, please?

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

10 Just for the record, there were 20 members of the public at the meeting, the minutes secretary, six States Members excluding myself, the press and your good self.

The President: Thank you very much, Mr McDowall.

Mr Harvey, I believe you wish to propose this.

Mr Harvey: Thank you, Mr President.

15 Indeed, this is another of these measures we are asked to pass regarding what to all intents and purposes is a failed state in Africa. Originally the Ivory Coast, or the Côte d'Ivoire, was a settled, stable jurisdiction, but over recent years has been the subject of a civil war.

20 These Ordinances are to wrap up a number of minor regulatory changes in the existing one and, interestingly, do include a right of appeal under the new ordinances. They are aimed specifically at preventing military materials being supplied to the Côte d'Ivoire.

25 We tend to have these things on a very regular basis and I know there are some here who will say 'What is the point? We can't make a difference.' I am rather reminded of the story – and this will be a quick story – of the man who walked down to a beach in Cornwall which was littered with thousands of starfish, as the sun was coming up, which were about to meet their doom. There was a lady there picking up the starfish, walking down to the sea and throwing them into the sea. The man said to her, 'What's the point? You're never going to make a difference.' As she threw one into the sea she said, 'I made a difference for that one, didn't I?'

30 So I think we have to do these things. Yes, of course our impact on the world scene is minimal, but I think that as part of, we would like to think, a civilised part of the world we have to show solidarity for those who are trying to prevent atrocities and mayhem in more distant places, even though we may know nobody there.

So I commend this to you. Thank you.

The President: Thank you very much.

35 Mr Tugby, I believe you wish to second this.

Mr Tugby: Yes, sir, I will second it and I have nothing further to add.

The President: Thank you, Mr Tugby.

40 Does any other Member wish to comment on Item I?

Mr McDowall.

Mr McDowall: Yes, just very briefly, Mr President, thank you very much. I just want to make two observations.

45 The first is that these measures come and go. I saw in *The Times* that the measures against Ukraine are likely to be lifted in June because some European states are getting funding from Russia. So those measures will go fairly soon, I am told.

50 I think the second point is perhaps more interesting. After the last meeting, where we discussed these restrictive measures, the Lieutenant-Governor drew me aside and said, 'You can only vote one way on this.' I said, 'Well, what would happen if the States voted against it?' and he said, 'You would all be brought back to vote the right way.' I do question why we even vote on these things.

Thank you.

55 **The President:** Thank you.

Does any other Member wish to speak on Item I?

Mr Harvey, do you wish to sum up?

Mr Harvey: Thank you, Mr President.

60 I think I have said all I need to say, really, other than that in a sense this is a chain and a chain is only as strong as the weakest link. We are not necessarily the weakest link, we might be the smallest link, but I think if you are a member of a club you have to pay the dues and this is one of them.

65 **The President:** Thank you, very much.

Madam Greffier, would you put that to the vote, please.

A vote was taken and the results were as follows:

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

70 **The Greffier:** Thank you.

The President: Thank you very much, Madam Greffier.

II. Audited Accounts 2014 approved

Item II.

The States of Alderney is asked:

to approve (a) The States of Alderney 2014 Accounts and (b) The States of Alderney Water Board 2014 Financial Statements.

The President: We will move to Item II, please.

75 **The Greffier:** Item II, sir: the Audited Accounts 2014. The States of Alderney is asked to approve the States of Alderney 2014 Accounts and the States of Alderney Water Board 2014 Financial Statements.

The President: Thank you.

80 Mr McDowall, as Convener, were there any comments on this Item, please?

Mr McDowall: Yes, there were indeed, Mr President.

85 The first query: the Alderney Wildlife Trust received £28,000 from grants and the question was posed are they still in receipt of a further £11,000 for the telephone mast. It was clarified that the Alderney Wildlife Trust rent the bunker from the States on which the mast is located, and they in turn receive the rental from the mast. In fact, the rental is £1,200 per annum, not £11,000.

90 The second question regarded the voluntary severance payments. It was clarified that a voluntary severance programme was approved and implemented by the previous chief executive; however, a review of the process is being revisited. I will cover that in the presentation of the accounts.

95 The third point: school bus subsidy. It was suggested that a survey should be carried out on how many children use the school bus service, as it seems not many children use the service and a minibus would suffice. It was clarified that the contract is currently being advertised for renewal and the comments will be taken into account. However, it was pointed out that the service is used more during the winter period and the parental contribution had remained at 30p for several years, hence the service is heavily subsidised.

100 The fourth point: Economic Reserve Development Air Links Study. It was queried what the £11,000 was spent on and it was clarified that the funds were spent on a report on air links. However, the initial cost was significantly higher – I think it was £35,000, if I recall – but due to a

dispute over the quality and value of the content of the report a settlement was reached and that was cheaper than going to court.

And the final point: marina investigation – what was the £15,000 for? It was clarified that the £15,000 was for consultancy support for the investigation of the marina proposals.

105 And that concludes the points. Thank you.

The President: Thank you very much, Mr McDowall. Do you wish to continue to propose this straight away or would you like a glass of water or something first?

110 **Mr McDowall:** If I could just have a quick glass, thank you very much.

Yes, I come to present the States Accounts and I will be reasonably brief. Others may wish to contribute later.

On the Revenue Account there was a small surplus of £13,000, having repaid the deficit of last year of £21,000.

115 Let me refer to the Voluntary Early Severance Scheme. This was a very substantial sum which was paid out in 2014 and it will bring pressures on the revenue account over the next two or three years as Guernsey seeks to recoup what they provided to assist with that redundancy scheme. The governance of the implementation was, frankly, not very satisfactory and we are reviewing the governance of such major pieces of expenditure which vary slightly from what was agreed in the Billet.

120 A couple of other points I wish to refer to. The Capital Account has a very substantial surplus at the moment. In part this is due to the slippage on the capital programme. Hopefully, when we get a permanent States works engineer there will be a more rigorous application of projects and projections because for the last two or three years we have consistently underspent on projected capital projects.

125 The third point I wish to draw attention to is the pension scheme. Our pension scheme is a pimple compared with the carbuncle that Guernsey currently has with its public employees' pension scheme. The actual balance sheet deficit is £2.2 million. We unfortunately have to apply financial reporting conventions to it, which I personally query because it is a closed fund and there are restrictions on the payment of annuities, but we are moving that in the right direction. I would suggest that the actual deficit will be removed in about three to five years' time.

130 I would like, finally, to move to two or three other points which I think will be presented to us over the next couple of years. We are doing an extensive review of the financial relationship with Guernsey and figures on the transferred services are gradually coming out. We are analysing them, we are documenting them, and when we get the final set in June we will start to look at the services from a qualitative point of view to see if and how they can be improved.

135 The other important point going with this is the improvement in accounting and reporting. As most people will be aware, the States of Guernsey and Alderney still apply a rather primitive revenue and capital account approach, rather than asset liability profit and loss accounting, and some plans have been produced and approved to move to international financial reporting standards over the next two to three years. That will also help us clarify the assets that we have and liabilities and will also make analysis of transferred services much more meaningful.

Finally, I would like to thank the Treasury staff for the help that they provide. I must say they always provide information for me very promptly and accurately.

145 On that point I propose that the States of Alderney Accounts for 2014 are approved.

The President: Thank you, Mr McDowall.
Mr Harvey, would you care to second this?

150 **Mr Harvey:** Thank you, sir.

Yes, I am pleased to second this proposal and reserve the right to speak again later.

The President: Thank you, Mr Harvey.

Does any other Member wish to speak on the Audited Accounts 2014?

155 Mr Tugby.

Mr Tugby: Sir, the accounts – each year we seem to balance the books, which is great, but what we have got to do is look at increasing the income into Alderney. For some unknown reason the States seem frightened to do anything themselves. We always want other people to do it for us, and that is one of the major concerns.

160

If you took away the Gambling Commission, we would be up the swanny, basically. So with the change, or what is going on in England at the moment, you never know what is going to happen and we have got to have the courage in the States of Alderney to look at ways of getting some life back into Alderney. And if that means investing some money into something, in getting people here in some way, that is what we have got to do.

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At the moment we are having a nightmare with the airline and that is costing the Island dearly. We have given away the right of use having a marina basically, or signed it over to other people to investigate because we are too scared to invest in it ourselves.

The easy thing in these accounts is that we always balance the books – that is easy. I look on it as a business, and to actually balance the books is not very difficult if you are just careful in what you spend. The difficult thing is making money. I never congratulate myself in my own business if I just break even. Unless I make money I have failed, in my opinion, and that is what the States is doing at the moment. They are not taking the... Alright, there is a certain risk and it is public money, but he who dares, if they take all the precautions, usually wins, and that is what we should be doing and looking at ways of.... If we have to invest in the airline ourselves or invest in shipping or something... we have got to do something to take this Island forward. We cannot just sit back all the time.

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175

But Kerry and her team do a brilliant job in balancing it every year and I have got nothing further to add, sir.

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The President: Thank you, Mr Tugby.

Does any other Member wish to speak on the Audited Accounts?

Mr Jean.

185

Mr Jean: Thank you, sir.

In speaking on the 2015 Budget I do not wish to concentrate on the same old chestnuts, although I may refer to one or two of them – many of these were covered in last week's *Alderney Press* – but I would like to concentrate my remarks on what I regard as the solid spend for Alderney. What do I mean by that title? Let me see if I can explain.

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As the States of Alderney we are charged with obtaining the best value for money that we can get on behalf of the taxpayer. In our staffing at the States of Alderney in my opinion we are short on ability to project policy and assess various ideas and schemes for which we pay a very great deal of money. These come before us, and I am interested because if the right appointment is made alongside Treasury as one part of the recommendations put to the Policy and Finance Committee by our new CEO... This appointment is crucial, even critical, so important, as although we are assured there are no extra costs involved, which leads me to believe this appointment could take up that dual role of assessment and projection of policy...

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I put it to you this way because whichever way we try to move we are penalised. We changed the heading for the use of our gambling money from only to be used for capital requirements to a more general ability to use for business development and immediately lost £100,000, which went to Guernsey and they took it as part of their financial transformation savings plan. This change in the use of that money was not necessary and I was always against it as there are more capital projects to spend our money on than nearly all the unsuccessful non-capital projects which have resulted in thousands being spent for little return.

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205 The works audit, which Mr McDowall referred to – and incidentally I am extremely grateful to
hear what you are doing and I am delighted, and well done – went wrong in two ways: (1) in the
speed of its implementation, all done at once when it was supposed to be phased in over a four
to five-year period. Guernsey underwrote this and for this will take a further £157,000. I would
ask a question at that point, if you could answer: is that one lot of £157,000, or is that to be
210 taken each year?

The President: Mr Jean, with all due respect, you should not be asking questions at this stage.
There has been no information with regard to questions. You may at the end of the States
meeting. Towards the end, if you want to ask a question of the Chairman you may do so, but not
215 while you are speaking.

Mr Jean: Well, I thought that was the idea as I covered the subject, sir.

The President: No, the idea is at the moment that you have the right to comment on the
220 Audited Accounts for 2014. If you wish to ask the Chairman of the Committee a question you
may do so at the appropriate time.

Mr Jean: I do not really understand that, but still... I cannot see the logic in it, but never mind.
Where were we... supposed to be phased in over a four to five year period. The predicted
225 saving in future years... We are being squeezed. It is too late for me to lay blame at the door of
the States. Instead, I wish to try harder to encourage my colleagues, for you all to look in the
same direction as myself, and again I say the more solid spend for Alderney – which seems to go
along as well with the theme that Mr Tugby is talking about – with what money we have left. I
believe this States is beginning to realise the unforeseen repercussions I mentioned, meaning
230 the rest of us... what we have left has to be used and directed wisely at the solid spend for
Alderney that I have referred to.

I feel at this stage we should look again in more detail, for instance, at the homecoming ferry
proposal. We did not give enough time to this, was my feeling. I understand we are also going to
235 have to, in my opinion, revisit the unpopular issue of AEL in due course. It is time, while we still
have the money left, for Alderney's Government to strike out to purchase some solid assets
which will benefit this economy in Alderney for years to come. I hope I can persuade you all to
take this journey.

I would congratulate Mr McDowell on his work on our Alderney pension scheme and I also
congratulate him on his work over the VES redundancy scheme. I am extremely grateful. I
240 congratulate him as well on the assistance he has given myself and my colleague in Guernsey,
for which I am extremely grateful. I know both he and his Committee are working hard on
financial matters for Alderney and I would not have all the blame laid at his door for the
collaborative action of others and the unforeseen twists and turns which have seen the end
result, losing us money and part of the power to invest our way out with a solid spend for
245 Alderney.

That today is my soundbite on this. It is not only my soundbite; it is my true feeling because,
in terms of families here, there are things that we could still do. I would also urge Mr McDowell
to look again at one of my pet subjects, which is of course the £15 a tonne on the oil tax.
Although I may have made a mistake according to the President – I did not think that I did, but
250 you heard my question and hopefully you will be able to answer that for me. But alongside of
this, my main concern of course – one of them – is families leaving the Island. Some of these
things, I believe, can be addressed as we are working through our finances by looking at issues
such as the £15 per tonne oil tax. That should have been removed a very long time ago and I
think it would be a great step forward in encouraging our young working families back on the
255 Island and also those who are with us at this time in feeling secure and being able to remain and

cope better with the cost of living. All of these things are areas that I feel we really, as a States, need to concentrate on.

I am heartened lately by the States and some of the things that it is doing, and I am very pleased to be part of the Alderney States and participating in that; and I hope very much that, as
260 time goes on and we continue to work together, we will all take that journey together.

Thank you, sir.

The President: Thank you, Mr Jean.

Does any other Member wish to speak?

265 Mr Harvey. You are exercising your right.

Mr Harvey: I am indeed, sir. Thank you, Mr President.

I will keep my remarks very brief. I just need to pick up on one comment made by my fellow States Member, Mr Jean. As one of those who proposed some while ago that part of our Capital Expenditure Fund should be used not to purchase equipment to sit rusting on the Butes but for the economic development of this Island to carry out just some of the things that Mr Tugby and Mr Jean espouse, I am slightly bemused by the idea that allocating £300,000 of our Capital Fund for economic development over three years – £300,000 a year for three years – how that has led to £100,000 reduction on the Financial Transformation Programme; but I have no doubt that the
270 Chairman of the Finance Committee will be able to enlighten me.

275

Thank you, sir.

The President: Thank you.

Does any other Member wish to speak on the Audited Accounts 2014? No. Very well,
280 Mr McDowall, would you... Sorry, please go ahead.

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

Firstly I would like to reiterate my thanks to the States Treasurer and her staff for their hard work during the year and their diligence in the preparation of the accounts.

285 I would also like to congratulate the States management team, including all the budget holders, for showing such good control over the day-to-day States finances that has resulted in a small underspend on the revenue budget.

As Chairman of BDCC I am also delighted to see that the restructuring of the planning and building regulation fee system, that we brought in at the start of 2014, has led to a reduction in the overall level of fees levied on the construction industry. Many were concerned at the time that these changes were in fact a revenue-raising exercise, despite my assurances at the time that that was not the case. The 30% drop in revenue of course maybe cannot all be attributed to those changes, but I believe a significant proportion of it can.

290 The report, however, still highlights the problems that we experience with delivery of projects within the capital budget. It is my hope that the Chief Executive's restructuring of the Civil Service function at the Island Hall may help in this area, but in my view this problem is as much to do with the chopping and changing of States Members, all of whom have different views on what is spending priority on capital works and infrastructure and what constitutes value for money. In fact, shaving a bit off a project here and there just to save money has led to
300 some extremely short-sighted thinking, in my opinion, that has led in the long term to greater expenditure. I hope we can get away from that sort of short-termist thinking and political interference, but we do need to ensure that financial controls on the capital spending projects are robust enough for proper oversight.

305 As we know, the capital budget is Alderney money – money created by Alderney to be spent in Alderney, allocated specifically for infrastructure on Alderney. After 18 months of negotiation with the States of Guernsey they deigned to allocate £900,000 over three years for projects for economic development. But of course this money has not come from the general revenue pool

of taxation as it should; it has come from Alderney's own capital fund. It is specifically for infrastructure projects.

310 We get a lot of words from the States of Guernsey about assisting Alderney's economic plight, but in reality we have yet to see any action or resources. In fact, the States of Alderney have had to fight to be allowed to spend its own resources for the Island's economic issues, while Guernsey have yet to spend or agree to spend anything on anything concrete at all.

315 We now have promises of improvements to the Airport, but most of these improvements are fixing long-term problems caused by PSD's lack of investment in the first place. This should come as no surprise when previous board members of the PSD have been heard to say that money spent in Alderney is money wasted. We must ensure that people of the Island are not short-changed by Guernsey and we must continue to remind our Guernsey colleagues that we are Bailiwick taxpayers too.

320 Alderney's capital money is precious and limited. The income from gambling receipts is significantly down this year and we must be mindful that the moneys that this generates may not be around forever. We have a responsibility to the people to ensure that our capital money is wisely spent and it is essential that we have a co-ordinated infrastructure upgrade plan to ensure that we deliver modern infrastructure in the most efficient way.

325 This brings me to one of my favourite subjects: the Water Board. Firstly, I would like to congratulate the Water Board team for achieving a surplus for 2014. I believe this is the first time this has happened in many a long year. A lot of this has been down to changes to working practices and the introduction of new technology has led to this surplus being created, even in the last year when we only had an in-line inflation rise in the water rates.

330 But infrastructure upgrades to the system are still being paid for out of the States Capital Fund. In 2014 this totalled almost £240,000. We are still robbing the States capital account to pay for improvement to the water distribution system because the Water Board still does not raise enough revenue. The simple truth is our water rates are still far too low – in practice, about 25% too low. As a reasonable body the States must deal with this funding issue and put in place
335 a programme of above-inflation rises to the water rates, starting with the Budget this year. If not, five years from now we may suddenly need to find £1 million for an emergency infrastructure project, and it is not available because we failed to deal with the funding deficit of the Water Board and continued to raid the capital account instead.

340 An example of unforeseen infrastructure costs on some coastal defence issues has appeared in the last 18 months and that will require significant spending. Issues have arisen with the Jubilee that must be dealt with. We need to consider and plan for contingencies for funding for unforeseen projects such as these in a fiscally fragile future. Ignoring a drain on the capital account, when it could be funded from elsewhere, is not the way forward.

345 **The President:** Thank you, Mr Birmingham.

Does any other Member wish to speak on the Audited Accounts? No.

In that case, Mr McDowall, would you care to sum up, please.

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

350 Let me address Mr Jean's questions, if I may. First of all, the £157,000: that will be spread over three years, so £157,000 per year over three years. The second point you raised about the 'oil tax' as we call it, yes, absolutely; no issues on that at all.

355 Let me turn to contingencies. First of all, yes, there is a very good case for raising the water rates *very* substantially. They were raised substantially, I believe, from 2006 to 2010 and indeed we shall have to look at that again and people may have to dip into their pockets a little more, Mr President.

On coastal erosion I take a more pragmatic view. I come from Norfolk, where we actually let the coast go because it is just not worth the money investing in defence, unless there clearly is a serious issue of flooding and danger to homes.

360 On other matters, the gaming revenues have been down in 2014. The first flush of 2015, the first quarter, has yielded a surprisingly larger surplus than was budgeted for. The new gaming tariff, which I think was approved last month, comes into effect from April and there is quiet optimism that that will bring a lot more income, or more money to the capital account to be precise about it.

365 Over and above that I think we do suffer slightly in the slipstream of Guernsey's own increasingly fragile financial situation, and to the extent we can... It is easier to manage the risks of 2,000 people than it is 60,000, so to that extent we need to achieve what financial detachment we can in order to manage the risks.

I think that is all I have to say. I commend the Budget – and to the vote, thank you.

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The President: Thank you, Mr McDowall.

Madam Greffier, would you put that to the vote, please.

A vote was taken and the results were as follows:

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

The Greffier: Thank you.

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The President: Thank you very much, Madam Greffier.

Madam Greffier, as far as I am aware there are no Questions or Reports.

The Greffier: No, sir, I have not received any.

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The President: Thank you very much indeed.

In that case, if you would proceed to close the meeting.

The Greffier: Thank you, sir.

PRAYERS

The Greffier

The Assembly adjourned at 6.05 p.m.