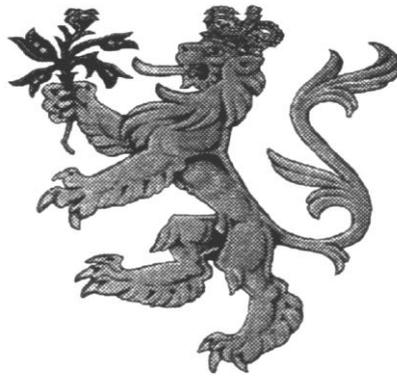


STATES OF ALDERNEY



BILLET D'ETAT

WEDNESDAY 16TH SEPTEMBER 2015

Price: £2.05

STATES OF ALDERNEY

BILLET D'ETAT **FOR WEDNESDAY 16TH SEPTEMBER 2015**

Members of the States:

I have the honour to inform you that the Meeting of the States will be held at 5:30 pm on Wednesday 16th September 2015. This will be preceded by the People's Meeting, which will be held on Wednesday 9th September 2015 at 7:00 pm in the Island Hall.

W Stuart Trought
President

Item I **Chief Pleas**

Persons whose names are included on the Register of Voters and who have given due notice will address the States on matters of public interest.

Item II **Speed Trials 2015**

The following letter was received from Mr Tugby, Chairman of the General Services Committee:-

"I am pleased to be able to report that the Guernsey Kart and Motor Club applied to the General Services Committee for permission to organise a three-day Sprint and Hill Climb event from the 17th to the 19th September this year. The Committee, having delegated permission to the Chief Executive's office, has noted the times and dates of the event and raised no objection. The necessary Ordinance has been prepared.

The Ordinance will allow competing vehicles to exceed the speed limit etc., and to permit the closure along the course (a) on the road extending from Whitegates (Hammond Memorial) to Route des Mielles (Corbletts bay car park), (b) the road extending from Le Grand Val (Judges Pond) to Tourgis Hill and (c) Tourgis Hill along the extent of the Hill Climb course, from the road junction of the Petit Val with Route de Picaterre to the junction of Tourgis Hill Road with Le Grand Val.

As in past years, the Guernsey Kart and Motor Club have undertaken to put in place all necessary safety precautions and to liaise with the Police, Ambulance and Fire Service for these events.

I would be grateful if 'The Speed Trials (Alderney) Ordinance, 2015' could be placed before the States of Alderney at its next meeting together with an appropriate proposition.

*Ian Tugby
Chairman"*

The States of Alderney is asked to approve "The Speed Trials (Alderney) Ordinance, 2015".

Item III Alderney Electricity Limited – Capital Funding for Improvements to Distribution Grid

The following letter was received from Mr Neil Harvey, Chairman of the Policy and Finance Committee:-

“The States of Alderney is the majority shareholder in Alderney Electricity Limited (AEL) and therefore has a responsibility to ensure that the Company can continue to “maintain a supply of electricity for the use of all consumers for the time being entitled to be supplied” (The Alderney Electricity Concession Law, 1953, paragraph 16, section (2)) and for those consumers that may become so entitled in the future.

In order to ensure continued and safe supply of electricity on the Island the Company has highlighted significant improvements required to the distribution grid. The Policy & Finance Committee has agreed that those improvements should be funded by the States of Alderney, in order to ensure no additional costs are transferred to AEL consumers.

The Policy and Finance Committee have agreed, subject to approval being granted by the States of Alderney and the completion of the relevant legal agreements, to acquire the assets comprising the upgraded electricity distribution grid. On completion of the upgrade programme, in return for meeting the funding shortfall, those assets will be leased back to AEL such that they may continue to operate the network on the States of Alderney’s behalf.

The table below illustrates the drawdown amount required per annum from the States of Alderney over the 3 year period :-

	2015	2016	2017	Total
Phases 1 – 2	£20,000			
Phases 3- 7		£340,000		
Phases 8 - 10			£840,000	
Total				£1,200,000

Principal Terms of Lease - Under the terms of the operating lease AEL will be responsible for:-

- *Continuing to meet the company’s obligations under the Alderney Electricity Concession Law 1953.*
- *Maintaining the functionality of the electricity distribution grid including any additions to the grid made, for example, following building developments.*
- *Ensuring that components of the grid are replaced at the end of their service life maintaining the same level of functionality.*
- *To meet all the revenue and capital costs associated with the maintenance and repair of the electricity distribution grid.*
- *AEL will submit quarterly progress reports detailing performance against programme and financial budgets.*
- *Progress will be subject to full audit and certification.*

Initial discussions with the States of Guernsey via the Alderney Liaison Group, confirm that they are in agreement in principle with the above proposal. However it is noted that the States of Guernsey’s final approval for the scheme will also be required, both as the second largest shareholder, and also for procurement purposes.

The issue has also highlighted the requirement for a full review of the Concession Law to be carried out at some future stage, however this is subject to further debate.

Further details of the proposed programme are given in the attachment, appendix A, to this letter of recommendation.

I would be grateful if this could be placed before the States at its September meeting together with appropriate propositions.

*Neil Harvey
Chairman, Policy & Finance Committee"*

The States of Alderney is asked to approve:-

- 1. Granting Alderney Electricity Limited a maximum of £1.2M over the three years 2015 to 2017, to be funded from the States of Alderney Capital Account.**
- 2. Authorising the Chief Executive of the States of Alderney, in conjunction with the legal advisors of the States of Alderney, to agree and sign the Heads of Terms of Agreement and associated contracts.**
- 3. Authorising the Chief Executive of the States of Alderney, in conjunction with the legal advisors of the States of Alderney, to agree and sign the fully repairing Lease on transfer of the assets**

Item IV Questions and Reports

Report on Alderney Air Links from Mr Neil Harvey, Chairman of the Policy & Finance Committee:-

"Alderney Air Links

Purpose

The purpose of this report is to update the States on recent discussions and actions with both the States of Guernsey and Aurigny, to review, improve and sustain air links to and from Alderney.

Background

The vital need for effective air links for Alderney, to maintain and encourage economic activity, to stabilise and hopefully increase our population and to preserve our unique community is increasingly being recognised both here and in Guernsey. However the long overdue transition from Trislanders to Dorniers is proving extremely problematic with far too many 'crisis' situations when we are left with only one elderly aircraft to service our two routes for passengers, medivacs, mail and freight. Whilst we have no legal control over the actions of Aurigny, as members and taxpayers of the Bailiwick we seek to influence their actions, both directly and through their shareholders Treasury and Resources Department.

Memorandum of Understanding

Hitherto, the only control exercised over Aurigny has been through a set of Shareholder Objectives, which so far as Alderney services are concerned refer only to maintenance of lifeline routes to and from the island, without any definition of those. After an extended period of lobbying, we now have a draft Memorandum of Understanding setting out for the first time numbers of flight rotations, seats and fare structures on Alderney routes, and for which the management of Aurigny can be held accountable. These will need to be approved by Treasury and Resources Department and Aurigny, and of course the Policy and Finance Committee here in Alderney. They will by no means be the final word in our attempts to secure a better deal for our island, but they will include a quarterly review mechanism, formation of an Aurigny 'User Group' and a closer working relationship between our own

Tourism and Marketing Department and the Aurigny Income and Commercial Team.

We have indicated clearly to Aurigny and Treasury & Resources that when capacity permits, we will wish to look at new or reopened routes, particularly to Jersey, on a carefully targeted basis, and to boost flights for special events and shoulder months where we believe there is scope for increasing traffic. Some of this may involve subsidy or charters from our own Economic Development funds, subject to usual sign off procedures.

Aircraft and Infrastructure

It is readily recognised that the Memorandum of Understanding is merely a document, with no weight beyond the ability of Aurigny to meet the obligations contained in it. They have publicly stated that they hope to have an Air Operators Certificate (without which they cannot carry passengers) for the second Dornier by the end of September, and to receive the third, new Dornier by the end of the year to become a Dornier-only operation. Not all of this is within their control but we believe they fully understand the urgency of achieving this position. Doubts remain in the minds of some as to whether 3 Dorniers can satisfactorily meet the various demands placed upon the services, and certainly if we are successful with our economic development strategies it is not difficult to see a case for retaining 4 aircraft, with possibly 2 New Generation aircraft, and 2 used models. Such an arrangement could of course have benefits for Aurigny beyond the two existing Alderney routes.

Conclusion

Although all too frequent service problems cause distress and concern to passengers and families alike, we do believe there is a real possibility of material improvement in our air services. This is probably the key issue facing the States of Alderney in its efforts to stimulate the islands economy, rejuvenate its population and provide reassurance to our residents.

NH 27 August 2015"

Issued: 4th September 2015