



BILLET D'ETAT FOR 18-10-2006

Date: 17th October, 2006

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 18th October 2006. This will be preceded by the People's Meeting, which will be held on Wednesday 11th October 2006 at 7:00 pm in the Island Hall.

Sir Norman Browse

President

Item 1 Budgets for 2007 and Expected Outturn 2006

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

"1. As required by section 58 of the Government Law, I enclose the budget estimates of income and expenditure for 2007 and the expected outturn for 2006.

2. The main aim of the annual budget is to ensure that adequate funds are available to meet the revenue costs of the various public services and the capital expenditure requirements. The Law requires the States to consider the budgets and directs that thereafter they should be forwarded to the States of Guernsey.

3. The States receives an annual agreed net revenue cash allocation from the States of Guernsey, which makes it necessary to prioritise the areas of public services that can be provided from the finite resources available. The existence of an annual cash allocation emphasises that budgets provide a framework. They do not bind the States to spend in any particular area and nor do they preclude the States from choosing to vary the levels and standards of service it provides. They are nonetheless clear indicators of expected income and expenditure.

4. In preparation of the annual budgets, Committees have had to consider: -

- a) Is the service necessary and appropriate in the present economic situation?
- b) Is there an alternative, possibly more efficient, way of providing the service?
- c) Are charges and fees adequate? When were they last reviewed?

5. Revenue Account - Expected Outturn 2006

Under the financial procedures, the agreed net revenue cash allocation for 2006 was set at £1,427,000, leaving a balance of £188,000 to be met from the accumulated unspent balances. The probable outturn is predicting some improvement in this position as is shown in the following table: -

Budget Probable Outturn

Non-Formula Led Cash Limit 2006 £1,420,000 £1,420,000

Formula Led Estimate 2006 £7,000 £7,000

Cash Limit 2005 £1,427,000 £1,427,000

Predicted use of accumulated balance £188,000 £147,700

Excess of expenditure over income £1,615,000 £1,574,700

The Probable Outturn for 2006 shows revenue income to be about £34,000 more than the original estimate. Revenue expenditure is approximately £6,000 less than the original estimate, the inclusion of a new budget provision of £50,000 for the expenses of the Alderney Commission for Renewable Energy having been offset by reductions in other areas.

6. Budget Estimates for 2007

6.1 The Treasury and Resources Department of the States of Guernsey has set the net revenue cash allocation for the year 2007 at £1,450,000 and removed the distinction between Formula Led and Non-Formula Led expenditure. This change will have little practical effect.

The cash limit had effectively been frozen for five years whilst wages and other costs have continued to increase roughly in line with inflation. The small increase in allocation, whilst welcome, does little to improve the financial position. Through a combination of increased income and savings wherever possible we have been able to limit the amount we have had to draw from the accumulated reserve, but if the predicted shortfall of £147,700 in 2006 proves correct it will reduce the reserve to approximately £137,000, which would be insufficient to fund the predicted shortfall of £232,000 in 2007. My Committee has therefore agreed that a sum of £100,000 should be transferred from the Currency Reserve to the accumulated reserve in order to meet the predicted deficit. However this can only be seen as a short term remedy, as with wages and other costs rising year on year by at least RPI, we can expect similar shortfalls in future years. As has been mentioned before, some of our major items of income, for example the numismatic royalties, depend almost entirely on factors outside our control and we have limited scope for increasing income.

The major income streams of Income Tax, Document Duty, Impôt Duties and Motor Tax arising in Alderney are collected by the States of Guernsey and help finance Education, Health and Social Services etc, together with the Alderney cash allocation. My Committee, unless it can negotiate a substantial increase in the annual allocation to offset the ever-increasing costs of the services which have to be provided by the States of Alderney, may have to consider the use of gambling revenue or Congé to cover these shortfalls. To some extent this is already happening, as renovation of the town pavements is to be funded by transfer from the gambling reserve, and £500,000 of the reserve has been earmarked towards the cost of the Valley sewer renewal.

6.2 Occupier's Rate now accounts for over 30% of local revenue. Having been increased considerably in 2005 in order to meet increased waste disposal costs it is now set at a higher level than any parish in Guernsey. However, with waste disposal costs in Guernsey set to increase substantially in 2007 a further increase in the region of 5% will be necessary in 2007.

7. Salaries, Wages and Pensions

7.1 The staff costs for 2007 have been increased in accordance with known pay changes and a provision made for pay awards not exceeding 3.5%. This will constitute the major part of the increase in expenditure compared with 2006.

7.2 In the budgets of each department the costs of salaries, wages, employers pension and Social Insurance contributions are combined into the heading of "Staff".

7.3 A recently received actuarial review of the pension scheme highlights serious funding deficiencies and the implications are under consideration. Any changes to the scheme that may be necessary will be the subject of a separate report to the States.

8. Capital Account

8.1 Capital income and expenditure as with the revenue account is subject to a net cash allocation. With effect from 2004 the monies raised from Congé and other property transfer duties is being retained by Alderney as capital income. A request for a further allocation for 2006/7 has been lodged with Treasury and Resources but the outcome will not be known until the States of Deliberation discuss the Guernsey

budget. The capital account position for the period 2006/2007 is summarised as follows: -

£

Balance of Allocation at 30.9.06 942,200

Plus budgeted Capital Income 1.10.06 to 31.12.06 156,120

Plus budgeted Capital Income 2007 2,994,735*

Total £4,093,055

Total new Capital expenditure in the budget for 2006 amounts to

633,000

and for 2006 is - 3,533,000*

Total £4,166,000

*These sums do not include the cost of renovations and improvements to the Commercial Quay, which are to be funded from the Guernsey Capital Reserve. They do however include both the estimated £1.7m cost of an incinerator, offset on the income side by a similar amount.

It will be seen from the above figures that there is a forecast shortfall of £73,000 before taking account of any additional capital allocation by Guernsey, which is anticipated to be £200,000. It is possible that not all the projects included in the capital budget will be completed in 2007, as there often is a delay between planning of projects and their realisation.

I reported last year that my Committee had agreed in principle that £500,000 should be transferred from the Gambling reserve towards the cost of replacing the Vallee sewer, and that a further £299,000 from the closure of the housing loans fund be used to part finance the Whitegates housing renovations. Both these proposed sources of capital funding were included in the budgeted income for 2006, but due to delays in the commencement of these projects these sums are now shown in the estimates for 2007.

If the incinerator project is approved the cost will have to be funded partially or in full by loan, repayments being an annual charge under refuse costs which it is estimated will not be more than the current shipping and gate fees under the export scheme.

This budget deals only with the period up to the end of 2007, but capital spending requirements for essential upgrading of the sewerage system, church repairs, and property renovations etc amount to a further estimated expenditure in excess of £3,000,000 over the next four to five years.

In view of the predicted "Black Hole" in the Bailiwick finances it seems certain that we can expect only limited capital allocations for the foreseeable future. Alderney's capital projects will therefore in the main have to be financed from the income from CongÃ©, some property sales and transfers from Gambling Commission profits.

8.2 It is important to recognise that the approval by the States of the overall capital budgets does not mean that any individual project can proceed without further approval under the revised procedures, which were agreed with the Guernsey Advisory and Finance Committee and were reported to the States in July 1999.

8.3 The capital budgets are therefore to be seen as an indication of probable projects, rather than a firm schedule.

9. Copies of these estimates have been considered and approved by the Guernsey Treasury and Resources Department.

10. Water Board

The estimates for the Water Board show an operating deficit of £102,050 in 2006 and £59,575 in 2007.

Although the Board holds a sizeable reserve this will soon be depleted by projected improvements to the water treatment plant. The Board has therefore recently increased water charges by 10% and is likely to have to apply a similar annual increase for a number of years in order to fund its commitments.

11. The draft budgets have been displayed on the States Office public notice board for several weeks in order to allow interested parties to make comments.

I should be grateful if you would lay this matter before the States with appropriate propositions.

P. F. Walter
Chairman"

The States is asked, after consideration of the Budget Reports -
to accept the Revenue Budgets for 2007
to accept the Capital Budgets for 2007
to accept the Water Board Budget for 2007.

Item II Plebiscite

The following letter has been received from the President.

"For the past few years many Islanders have expressed a wish to be involved in the selection of the two States Members, who represent the States in the Guernsey States of Deliberation.

The House Committee of the Guernsey States supported this wish after the revision of the States of Deliberation in October 2003.

Our representation in Guernsey was established in 1978 by The States of Guernsey (Representatives of Alderney) Law, 1978. Our representation was agreed in order that Alderney might have a voice in the debates in Guernsey when decisions were made about the Transferred Services, in particular the raising of income tax. ["No taxation without representation."] The current Law requires that the States elected two Representatives and two Alternative Representatives each year at the States Annual Meeting in January. The concept of having two Representatives in Guernsey is sound, as is the concept that they are there to represent the views of the States, which is the group chosen by the electorate of Alderney to govern and represent it. However, there is also a strong argument to support the view that the electorate should have a voice in choice of those Members that they consider to be their representatives in Guernsey.

The following proposals are designed to comply with the current Law and give the electorate an opportunity to indicate which Members they wish to represent us. The only condition that the States wishes to impose is:-

- a) that the Representatives be States Members (because they are the people most likely to have the detailed knowledge of States activities and views required)
- b) that the Members standing for election wish to act as a Representative.

The States, therefore, proposes, *as a pilot experiment*:-

1. To conduct a plebiscite of the electorate on 9th December 2006 to determine whom the electorate wish to represent them in Guernsey.
2. The candidates will be any States Member who states that they wish to serve as a Representative. The list of candidates will be published by 28th November 2006. (States membership for 2007 and 2008 will have been decided by the States election on 25th November.)
3. The voting process will be similar to that of a States Election and will take place in the Members Room, Island Hall from 09:30 a.m. to 06:30 p.m.
4. Each voter will be asked to place a cross against the names of the two candidates they wish to support. Only two choices will be allowed, any ballot paper with more than two X"s will be disqualified.
5. The Jurats will be asked to count the votes.
6. *The States commits itself to elect as its Representatives, at the Annual Meeting in January, the two Members with the most votes.* The two Members that poll the third and fourth highest number of votes will be elected as the Alternate Representatives. As the Law requires that our representatives are elected annually, those successful in this ballot will be re-elected in 2008. It should not be necessary to hold an annual plebiscite.
7. In the event of a tie between two or three Members, the States will chose the Member with the longest

previous service as a States Member. Should neither have had any previous States experience or both have equal experience; the States will make the choice. In the unlikely event of only three Members receiving any support, the States will choose the fourth.

8. A letter describing this process will be sent to all households at the end of November.

9. A public Meeting will be held in February 2007 to obtain the electorates' opinion of this experiment, to consider any proposed modifications and whether it needs to be incorporated into our Laws. [Comment. A low turnout might be interpreted as a lack of desire by the electorate to be involved in this selection, so a good turnout is important]

[Dictionary definition of a plebiscite: "a direct vote of all the electors of a State on an important public question; a public expression of a community's opinion, with or without binding force". N.B. In this case it will be binding.]

Sir Norman Browse
President"

The States is asked to approve of:-

The arrangements for the Plebiscites as described above;

That the list of those Members who wish to be Candidates be published by 28th November 2006; and

That the polling day be Saturday 9th December 2006; and

That the polling room be the Members' Room, Island Hall

Item III The Alderney eGambling Regulations, 2006

The above item appeared on the September 2006 Billet d'État, along with the following letter from Colonel Walter, Chairman of the Policy and Finance Committee. The item was deferred to the October 2006 Meeting (as is clearly provided for in section 25(1)(c) of the Regulations).

"I attach a copy of the above, made by the Alderney Gambling Control Commission in exercise of the powers conferred on it by sections 4(2) and (3), 5(3), 6(2), 7, 10(2), 11, 12(2) and (5), 14(3) and (4), 15(4), (5) and (6), 16(2), 17(1)(b), 18, 19(3), 20 and 25 of the Alderney eGambling Ordinance, 2006 ("the Ordinance"). You will see that these regulations, with attachments, extend to over 300 pages.

I am advised that compliance with the provisions of section 25(1)(c) of the Ordinance requires that the Regulations be laid before the Meeting of the States scheduled for next Wednesday. The Billet for that Meeting has already been published but I request that a second Billet now be published so as to enable these regulations to be laid before the Meeting. It will then be open to the States to resolve to annul them at this or its next Meeting (although I am not aware of any reason why it should do so and will recommend that the States resolves not to annul them). In view of the size of the Regulations I respectfully suggest that they simply be laid before this Meeting and that if any debate is to take place then this be deferred to the October Meeting (as is clearly provided for in section 25(1)(c)).

I would be grateful if you place the Alderney eGambling Regulation, 2006 before the States at its next meeting with an appropriate proposition.

P F Walter
Chairman"

The States is asked to resolve that the "Alderney eGambling Regulations, 2006" not be annulled.

(Note: A copy of the Regulations may be seen in the States Office, Island Hall.)

Item IV Questions and Reports

Issued Friday 6th October 2006

Uncontrolled Copy - 2012-02-08 21:28:01