

# **CORPORATE SERVICES SCRUTINY**

## **SUB-PANEL**

### **Overseas Aid Review**

**WEDNESDAY, 7th FEBRUARY 2007**

**Panel:**

Senator J.L. Perchard (Chairman)  
Connétable D.J. Murphy of Grouville  
Connétable S.A. Yates of St. Martin

**Witnesses:**

Mr. K. Daly – Help an African Schoolchild  
Mr. B. Coutanche  
Mr. T. Allchurch – Chairman, Jersey Fairtrade Group

**Senator J.L. Perchard (Chairman):**

This is the Sub-Panel of the Corporate Services Scrutiny Panel which is reviewing the overseas aid contribution and the policy of the States of Jersey. May I introduce to my right, Sam Power, the Scrutiny Officer who I think most of you would have dealt with; Constable Murphy; myself, Jimmy Perchard; Mrs. Anne Thomson who is from the Officer of Policy Management who is advising the Panel; and Constable Yates. I offer the apologies of Constable John Gallichan who is unavoidably detained this morning. I hope you are comfortable giving evidence as a group. I think Sam ascertained that that would be in order. However, mainly for the benefit of the transcript, ask you that you speak one at a time and, within reason, as long as you want but not over and above each other. Now you are familiar with the terms of reference and you have kindly all responded to the request for submissions in writing. And I would like to congratulate you all on the depth of your submissions. Perhaps, Kevin, being that you are starting in the middle and you have the biggest submission, you would like to give us a bit of an overview as to the points that you are really trying to raise with the Scrutiny Panel.

**Mr. K. Daly:**

Well, one of the points I am really trying to make is basically the lack of political will in doing anything to increase overseas aid spending. When you have the Overseas Aid President saying that we are just a small Island, you cannot compare us to any other jurisdiction, to me is complete bunkum. I mean you can compare Jersey to Luxembourg, compare it to Switzerland. I think there has just been lack of

political will because when the former president of Overseas Aid, Anne Bailhache, in 1998, she had an agreement to change because it used -- it used to be worked out on GDP (Gross Domestic Product) and at that time in the early 1990s we were giving 0.213 per cent of our GDP to overseas aid. It was short-sighted that she changed it -- had an agreement they change it to taxable income and then for a grant, an increase of overseas aid spending at that time of £500,000. But in the interim, Jersey's overseas aid spending has fallen, although in real terms it has gone up, since they changed the way it was worked out it has fallen. If you were, say, in 2005 - I have got another graph for you - and we were working out on GDP, in 2005 Jersey's --

**Connétable D.J. Murphy of Grouville:**

Can I just ask here; is this GDP or GNI (Gross National Income)?

**Mr. K. Daly:**

GDP. Gross Domestic Product. That is how it used to be worked out but it changed in 1999 to GNI.

**The Connétable of Grouville:**

Since then we have changed again.

**Mr. K. Daly:**

If we had stuck with GDP we would now be contributing over £7 million to overseas aid in 2005 whereas we are only giving £5 million, so we would be contributing £2 million more. That has happened year on year since 1999. So that is one of the points I want to make. Also, another point, was that in 2002 when they do it in a 4-year cycle, when they review their overseas aid spending. So in 2002 there were 2 documents that went before the States' Greffe. One was lodged on 24th September and the other was lodged on 8th October, and if you look at each document you will notice that the submission basically -- the second submission was made because obviously it must have been political pressure put on the then Overseas Aid President to withdraw that initial submission and submit something else.

**Senator J.L. Perchard:**

Can I just stop you there, Kevin? This is a document lodged for debate by the Overseas Aid Committee?

**Mr. K. Daly:**

Yes.

**Senator J.L. Perchard:**

The first document was lodged?

**Mr. K. Daly:**

On 24th September 2002. And the second document was lodged on 8th October. There are substantial differences in the document. So if you have got those documents and you would like to refer to page 4 of 6.

**Senator J.L. Perchard:**

We have only got one of them. We have got the second one, I think.

**Mr. K. Daly:**

It is in the appendix, the document. In the first document, paragraph 4: "Are we doing enough?" Paragraph 4, it should be highlighted: "Are we doing enough?" You will see there it says in paragraph B - section B: "However the United Nations target of 0.7 per cent of gross national income, the current funding is well above the benchmark set by the United Nations. In 1999 the most recent figures available the Island's GNI was £1,845 million, the Overseas Aid Committee's budget was £3,320 million. To get to that 0.7 level our donation would have to be £12 million. One of our major competitors, Luxembourg, already commits 0.8 of its GNP to aid which demonstrates unequivocally that we too could realistically embrace such a target." Also, further on in the document, you will see that the States in page 5 of 6: "The States confirm the long term policy objective that the annual level of funding to the Overseas Aid Committee should be 2.4 per cent of the States of Jersey taxable income." Now once the second document was submitted both those paragraphs were completely withdrawn and they cut the level of which they agreed to fund. And they cut to the level and now we are at a level of reaching 1.4 per cent of taxable income by the year 2008 whereas initially this document would have had the States agreeing to go up to 2.4. So that is an important point, that someone got to the -- whoever was submitting the document and they re-submitted it with the lower levels of funding that were agreed. If we were to stick to that level it would take virtually about 30 years. There is no set timeframe of achieving the level that all the other countries in the EU (European Union) have agreed to accept. Like Britain, for example, has agreed to get to the level of 0.7 by the year 2013. Ireland, I think it is about 2008 or 2010. But there are 15 countries that agreed to get to the level of 0.7 by the year -- in the next 10 to 15 years timeframe. Jersey's timeframe is completely ridiculous. It would take 40 years to get to that level.

**The Connétable of Grouville:**

Can I just ask you? Are you aware that, of course, Luxembourg and other countries have much higher tax, much more heavily taxed than Jersey?

**Mr. K. Daly:**

Yes, I am aware of it.

**The Connétable of Grouville:**

Which would mean a vast change to, I think, another 1.5 per cent on GST (Goods and Services Tax) if we try to aspire to those --

**Mr. K. Daly:**

But even if we do not aspire to those --

**The Connétable of Grouville:**

The other thing is, of course, that I would -- I think even some cynics would agree with me when I say that some of this aid is Trade Aid and that is dumping of medicines, of outdated medicines and food and various other things which is then included in their overseas aid budget. I am not defending our lack of movement on it, what I am saying to you is let us be realistic about it, you know.

**Mr. K. Daly:**

Yes. Yes, be realistic but it might take -- but we could at least set a timeframe to get to even up to 0.4 per cent or some timeframe, but at the moment we do not seem to have any timeframe other than 2008.

**Mr. B. Coutanche:**

I wonder if might come in there on the point made by Connétable Murphy, and address the point that to achieve this we would need to put 1.5 per cent on GST. That presumes that we move immediately to the higher figure. However, there are other ways -- and a lot of this comes down to the political viability of this -- whether it is something that can be achieved or not. So, if you present it to the public in terms of increasing GST by 1.5 per cent no doubt there would be some concern about that. However if you took a different strategy and linked the increase in funding to economic growth you could achieve an increase in funding without real cuts in any other States' budget and without increasing taxation levels. Terry Le Sueur has already earmarked 2 per cent of our economic growth to fund part of the fiscal strategy. If our economic growth exceeded that 2 per cent target that would mean that additional tax yield would be generated and the increase could be funded out by additional revenue.

**Senator J.L. Perchard:**

Brian, that is absolutely right but then you are proposing a different formula from GNI.

**Mr. B. Coutanche:**

No. I am saying the GNI is the target that we work towards, this is the practical way in which we get towards that target.

**The Connétable of Grouville:**

The 2.4 per cent situation having arisen now, I mean are you suggesting that we catch up historically

and then still add on or do we try and hit the -- if we put a 2.4 per cent of net we then try to achieve 0.7 by catching up on it, is that what you are saying?

**Mr. B. Coutanche:**

My view is that we should try and achieve 0.7 per cent in the same timescale as neighbouring countries. As Kevin has already explained, key neighbouring countries will achieve that 0.7 per cent target by no later than 2015, and I think that is a reasonable thing for us to aim for as well. That gives us 7 or 8 years to achieve that. If we tie it into economic growth then it can be done almost painlessly.

**The Connétable of Grouville:**

Sorry, I am playing devil's advocate to some extent here, you understand that.

**Senator J.L. Perchard:**

So the point is well made in your submission, Kevin, that the inconsistency of the policy of the States of Jersey with regards to its target you are making again now. Is there anything that is not in the submission that you think will be of value because your submission certainly does not nail that clearly?

**Mr. K. Daly:**

Not really, other than basically it is all down to political will. In most of the other nations, like Gordon Brown is pushing things forward in the UK. Ireland, you have got their Treasury Minister pushing it forward. It is basically down to political will and when you have got the President of Overseas Aid themselves not wanting to fight for it, fight the corner, to me is -- I am just amazed that they are quite content to keep it as it is because I think it is disgusting for the size of our economy and the wealth of the Island in general. I just ... as a Jerseyman I feel quite, you know, saddened by it really.

**Senator J.L. Perchard:**

That the Commission are not prepared to ...?

**Mr. K. Daly:**

Fight the corner to increasing it.

**Senator J.L. Perchard:**

But they are in negotiations --

**Mr. K. Daly:**

Well, they may be now but, I mean, you have got to look over the historical side of it. The previous President did not fight the corner. Every time there is an interview on the radio about overseas aid, Jacqui Huet always states: "We cannot compare us to any other place because we are only a small

Island.” You can compare yourselves to other places. For me to say you cannot compare Japan to America; Japan’s only a small little island in comparison to America but you can still compare them.

**Mr. T. Allchurch:**

Just supporting what Kevin is saying. Reading the 2005 annual report, Jacqui goes to the effort of creating her own statistics on per capita payments which puts us into a more favourable league table. I just find it -- and I am not representing a personal view but an organisation, the Fairtrade Group, which has only been in existence since 2003, and this has been discussed with members of the committee of the group. So this is, if you like, a consensus of opinion. And I think we are concerned at a sense of complacency that we are doing very well and we are satisfied with the job that is being done, and yet I think we learned from Bob Geldof - and I make reference to that in my submission - he stood up at that musical concert and said: “I should not be here, 20 years of giving aid to Africa and things have not got any better.” I think the problem is that the poor are getting poorer and the rich are getting richer and yet we are sitting here saying we are comfortable with the amount of aid we are giving because it is very efficient and it does not cost us very much to give it. I think most of us are angry, if you like, at that sense that we should be fighting more for that. And I think we should be testing the temperature of the community too. You know, we recognise it is a political decision but I think -- I see the indicators from my work and, as you know, I am a novice in the field of, sort of, human endeavour. I have spent a career with wildlife conservation. But what I see in the last few years makes me very shocked at global pictures of poverty, in particular. And I do feel that the community over here is sensitive to that. I mean, you see many different things. I gave the example of imagine Jersey where we did in an environment where we had been brought together to discuss where Jersey should be heading. The group of us that sat round the table marked “International” did discuss what was wrong with Jersey and its international reputation and we felt that a determined effort to increase our aid internationally would help to improve the reputation or the profile the Island has to the outside world. That received a lot of support at that meeting. It was about third most popular, sort of, proposal that went forward and I think that made me feel, well, you know, there is an instinct within people over here for compassion. We see it over and over again with Side by Side, with something I am involved with, PolioPlus, with the development of Fairtrade, not just in Jersey because the data is not available here but certainly in the UK, it goes up 35 to 40 per cent year on year now. I think the community is much more sensitive to these things. I think climate change has a lot to do with it. I think whereas poverty is an us and them situation, I think climate change has made us wake up to the fact we are all sharing one world together and I think people are genuinely now becoming more concerned about the situation of others around the world. I think we could -- I think the politicians could have the courage to put forward an idea to move forward towards 0.7 per cent and expect to see the electorate supporting it.

**Senator J.L. Perchard:**

That very position was put to the Commission by us an hour ago and while they have every desire to see

the budget increased they said that the best way to get it increased is to slowly, slowly, to quote exactly: "Catch the monkey." Do you refute that? Do you --

**Mr. K. Daly:**

Well, no, I think you should do it slowly, slowly but how slow is slow? You know what I mean? I mean you can take 40 years with the way we are going at the moment to get anywhere near it. I mean it has got to be -- they have got to try and set a timescale, and even at the end of the day we get to a level where we are equal with Switzerland, 0.44, I mean you have got third world countries like Greece virtually and Portugal giving more than we do, and their GNI, gross national income, is only \$14,000 and ours is 53,000 and we are trying to say we cannot afford to give any more. I just cannot see the figures behind it. I mean if you compare Greece and Portugal --

**Senator J.L. Perchard:**

I think the point is made, is it not?

**Mr. B. Coutanche:**

I would like to add a further footnote to the point Kevin has just made as I think part of the difficulty is it is a self-fulfilling prophecy. The Overseas Aid Commission put out messages to the effect that Jersey is very generous and it is not right to make comparisons to other countries and it is not affordable for us. Then it is hardly surprising then that the person in the street who is not going to be aware that Jersey is the bottom of the league table in terms of aid funding thinks that we are doing a reasonable job and there is no need to be concerned about it. I think part of the problem is that the person in the street is not aware of just how badly we compare with our neighbours, and I am sure that if more people were aware of how we compared there would be much more visible support for an increase. I do not think this is just an opinion, an idle speculation. I think if we look back to 2004 when a whole number of eminent people in Jersey signed an open letter to the States which was published in the *JEP* pressing for an increase to 0.7. These are very astute and highly respected individuals representing many different parts of the community. These people are aware of how Jersey compares and are not satisfied that we are at the bottom of the league table. But then move to 2005 when more than 10,000 people in Jersey went along to the Live 8 concert in People's Park. For many part of that was to enjoy the music in the afternoon and part of that was to raise awareness of the issues. But many of the people there would like to see Jersey doing as much as its neighbours. And many people in 2005 or 2006 sent postcards in to the States expressing exactly that opinion. So I think here the Overseas Aid Commission are out of touch with public sentiment, particularly informed public sentiment. That is the key issue. If the public were aware of how we compared they would want to see us do better, I am sure of that.

**The Connétable of Grouville:**

If I can just come in here and say that one of the defences from the Overseas Aid Commission would be

that we should be compared -- well, it was not them, it was the Ministers who came yesterday, was that instead of comparing us with Portugal, Greece and Spain we should be compared with other jurisdictions of a similar size, i.e. the Palmas, the Seychelles, Grand Cayman, Guernsey, Isle of Man, whatever, and none of these are above us in the table. I am just throwing that in as a defence that they are using, if you want.

**Mr. B. Coutanche:**

Do you mind if I respond to that? The first point I would make is that in 2004 the Isle of Man made an in principle commitment to reach 0.7 per cent - by 2015, I think. So there is a comparison for you. The Isle of Man's economy -- you know, Jersey's economy has been more successful for longer than the Isle of Man. If you have been to the Isle of Man you will have noticed that while it is going from strength to strength it has some catching up to do before reaching the prosperity we have achieved here in Jersey. As regards some of the Caribbean locations, some of those that you mention are actually aid recipients. I mean I do not think it is a fair comparison.

**The Connétable of Grouville:**

Well, no, I do not think you could call the Bahamas or Grand Cayman aid recipients in any way. There are some, I agree with you. But, I mean, this is a point that perhaps -- I understand what you are doing. You are telling us to get it up, right? And you want it up, that is fine. But we are just pointing out to you the other side of what has been presented to us as well.

**Mr. K. Daly:**

Brian made the point about the Isle of Man, they have set --

**The Connétable of Grouville:**

Yes, but they are nowhere near us.

**Mr. K. Daly:**

Yes, I know. But they set a timescale to get to 0.7. We have not set any timescale. Also the Isle of Man was partly because public pressure was put on their Ministers which made them act.

**The Connétable of Grouville:**

This is it, this is what you are doing. You are putting public pressure on us, which is fine. I think that is what life is all about.

**Mr. B. Coutanche:**

There is a further important point, because when you make comparisons with, say, England and France or any other larger nation, they bear costs which we do not so it is more difficult for them to fund aid at



a 0.7% level than it is for Jersey. We have the benefits of fiscal autonomy; we raise our own taxes. But we do not have some of the expenses which larger neighbouring countries bear.

**The Connétable of Grouville:**

Yes, but they have the benefit of high taxation as well.

**Senator J.L. Perchard:**

Before we move on from --

**Mr. B. Coutanche:**

I have a response to that point.

**Senator J.L. Perchard:**

Oh go on, get it off your system, you 2.

**Mr. B. Coutanche:**

This is a very important point, the issue about high taxation. By -- and I really would urge you to seek the advice of the States' Economic Advisor in this regard because these are complex economic matters and I am not an economist. But the GNI figure by which we are arguing the aid should be calculated is the worldwide income of residents in Jersey and the profits of companies that are not foreign-owned. But our tax revenue even after Zero/Ten will include a substantial contribution from foreign-owned financial services companies operating in Jersey. So that is a stream of revenue which helps alleviate the tax burden which we would otherwise suffer. Do you follow?

**The Connétable of Grouville:**

Yes, I do. I still see in front of me an £80 million black hole. So, I am sorry I am being cast as the role of the bad guy here, but I am not really. I am just trying to hear from you how you would expect to pay this increase in aid. It would have to come off taxation, do you agree?

**Senator J.L. Perchard:**

Well, Brian has already said in evidence that subject to economic growth we could tag on to that. I was going to ask him if we do not quite match the economic growth targets, and we have made a commitment, what happens then?

**Mr. B. Coutanche:**

Well, I think that is the benefit of the previous policy of linking the funding to tax revenue. So if the economy takes a downturn then automatically the aid budget takes a downturn too. So we are not suggesting that you pursue a policy which means that if the economy does not fair well we have to take

money out of the housing or education budget or raise taxation rates to fund it. We are saying link it to our continued prosperity. At least that is the position I am advocating.

**Mr. T. Allchurch:**

Can I make an additional comment? We are talking about more aid and the 3 key components of Make Poverty History were more and better aid, drop the debt and trade justice, and I think better aid is something to look at as well. I do not think we are just simply saying that we want more of the same. My first concern is 15 per cent of the current budget is allocated to disasters. I think looking --

**Senator J.L. Perchard:**

Sorry, can I stop you there? I just want to finish off this section on total funding and then we can -- sorry, Tony. I would like to keep some structure.

**Connétable S.A. Yates of St. Martin:**

Well, I have been listening to the Chairman and Constable Murphy and I have been listening to you as well; I have not said much because quite frankly I have been facing this insoluble problem for the last -- well, not for the last 3 days but through interminable States' sittings where whether to tax bandages or whether to not tax bandages was a big issue. And the fact is that we have to face reality. There is a serious problem of an £80 million or £100 million deficit and we are, even if it happened today, even if it did not all happen today, but where are you going to find even half the £22 million? It is a question of facing reality and trying to find a way to go because it is part of our terms of reference to consider the United Nations recommendations. I have not got an answer. I was very interested to hear Brian's economic growth. Now I would like to sort of study that please if you could give me some figures on that because any rope I can grasp hold of I will grasp hold of it. I am desperately keen to increase our percentage of overseas aid. I am looking at the reality which, it is difficult because we have, first of all, £100 million black hole to jump over. We have not got the answer to that, we are suggesting that GST might do it but, you know. I would like to, sort of, get some ideas.

**Senator J.L. Perchard:**

We are talking to the economic advisor, just to help you there. But did you want to comment?

**Mr. B. Coutanche:**

Yes. Well, I think there are a number of points I would like to make. I think if we stand back and look at the bigger picture; Jersey is a prosperous and successful economy with a national income second only to Luxembourg. It really is at the top of the league table in terms of our economic success. At the same time the levels of taxation which we bear (which are part of the reason) are relatively modest and that is part of the reason for our success. If you look at a publication of the then Finance and Economics Committee released in 2002 it indicated that even after the full effect of the new fiscal strategy is in

place our tax burden would be something like 20 to 20.5 per cent of our GDP which was well below the other countries that that paper compared us to. So we remained competitive. If we introduced the 0.7 per cent right now or as soon as the new fiscal strategy was in place, that would push us up by one per cent. Our tax revenues would be 21, 22 per cent of our GDP which is still well below our nearest competitor. So in terms of the big picture it is affordable. In terms of the micro picture of how do you manage it economically, I have suggested a painless way to do that is through economic growth and I do encourage you to test that out with the Economic Advisor to see whether it is viable. It is not a new suggestion. It was suggested to the Overseas Aid Committee in 2001 by Charles Clarke, former senior partner at KPMG. It is a well known approach that you can take.

**Senator J.L. Perchard:**

You have touched on the public support for moving to 0.7, you believe there is that depth of support?

**Mr. K. Daly:**

I think it has got a lot of support, but I think also we can move it up gradually, you know, within a 15 year timescale. I put a formula in my proposal of how we could achieve that.

**The Connétable of St. Martin:**

Sorry, I have just thought of something. If we persuaded our Ministers to link our progress with the Isle of Man's progress you would be happy?

**Mr. K. Daly:**

Yes.

**The Connétable of St. Martin:**

So if they did not make it and we did not make it you would be happy, no?

**Mr. K. Daly:**

Well, I would be happy if we had some sort of target, at least get something on the table.

**The Connétable of St. Martin:**

I think the target is in there.

**Senator J.L. Perchard:**

The proposal will come as no secret to you. The proposal is for an index-linked £500,000 increase year on year. Let us move on, I think to the community work projects. You have done, in your submission, you strongly supported the work project principle; can you, Kevin, elaborate on your reasons and what your views are on Overseas Aid's community work projects?

**Mr. K. Daly:**

I made a few comments about the budget and that -- basically it is really on the granting. I mean the community projects are fine, I think they are quite good, you know, they get people involved, they get the community involved, the Jersey community, and they are a good way of sending people out and see what the situation is like. I thought in my submission I was quite supportive of that type of thing, which is good, which is quite a small part of their budget. But what I was more or less moaning about was that local-based charities do not get parity with national charities. Even within the local base charities there is some favoured more than others. Also the £3,500 level of 50/50 funding was far too low. I mean we have done a couple of projects been supported by Jersey's 50/50 funding and we got lots more project we could do a 50/50 funding but bigger projects. With the £3,500, for one example, we helped in Zambia a priest who is in a community project getting a boat and 2 new engines which was servicing Lake Tanganyika and taking medical supplies to the outreach, the medical centres, but we could only get £3,500 but the actual cost was £8,000, so we had to pay the shortfall through our charity funding. But I think they could give much higher than the £3,500. Also with Grant Aid you can only get up to £20,000. Well, in my submission I pointed out that, yes, for £20,000 you can build 2 classrooms but you cannot build 2 classrooms and have 2 teachers' houses, and in the local government you have always got to provide houses as well as the classrooms because then the local government will provide the teachers and pay their salaries. So when you are considering a project helping like schools you need to be considering building the classroom blocks plus the teachers' housing. Now I went to Overseas Aid once asking for some money -- or we went, our charity, asking for money to build a classroom block and they said: "We will give you the money just to build the classroom." Well, I said: "Well, do not give me the money at all because unless you give me all the money then I am not going to be left with a shortfall, no teachers to teach in the school." So therefore they could up their -- I think the English charities can get up to £65,000 for one particular project whereas Jersey-based charities can only get £20,000.

**The Connétable of Grouville:**

I think we have taken on board the fact that that £3,500 --

**Mr. K. Daly:**

Yes, towards the end. But the Overseas Aid Commission said they never received any --

**Senator J.L. Perchard:**

I see you shaking your head.

**Mr. K. Daly:**

Well, yes, because you cannot submit anything for more than £3,500 because they say in their guidelines

--

**The Connétable of Grouville:**

That is right, we know. We now have asked them to lift it.

**Mr. K. Daly:**

Yes, that is right.

**Senator J.L. Perchard:**

What do you think would be a -- should they have a boundary or a maximum and what do you think it should be?

**Mr. K. Daly:**

Well, even £15,000 50/50, at least with £15,000 most projects in Africa dealing with schools, 2 classrooms could run between £26,000 and £30,000. If you are building a medical health centre the same sort of figure, so I think the £15,000 50/50 would be quite good -- a good level, you know, of funding.

**Senator J.L. Perchard:**

So you agree that there should be a ceiling?

**Mr. K. Daly:**

I think there should be a ceiling, yes.

**Senator J.L. Perchard:**

Why?

**Mr. K. Daly:**

Well, because I think they would not agree to an open-ended thing anyway, Overseas Aid would not agree to an open ended one. But, I mean, the national, like Oxfam and people like that, they can apply for up to £65,000 and, I mean, there is obviously, as you know, if you working out in the field there is obviously projects you can finance to any level of funding really. But the thing with Jersey is they do not do any ongoing funding. They do not fund any of the, sort of, running costs of the centre. That is the way our charity -- we have got a day care centre for street children and we built it with money from Guernsey Overseas Aid because at the time Jersey would not give us any money. So Guernsey Overseas Aid gave us the money to build it and we have run that for 6 years providing all the funding for the last 6 years.

**Senator J.L. Perchard:**

So you are suggesting a limit of £15,000. Are you satisfied that there is clarity provided by the Commission as to what you can and cannot apply for? Are you satisfied that they provide the clarity you need?

**Mr. K. Daly:**

No.

**Senator J.L. Perchard:**

Why not?

**Mr. K. Daly:**

Well, because they -- for example, like Bush Hospital Foundation is another Jersey-based charity and they work overseas. We have done a joint project with them in Zambia and they work overseas but last year they had 4 lots of funding from Jersey Overseas Aid and in their guidelines it says you are only allowed one lot of funding for grant aid and one lot of funding for the £3,500. But since I have moaned, prior to this Commission coming up, they have now said you can apply for more than one lot of the £3,500 on the condition that it is in a different community that you are assisting. So they sort of slightly changed the benchmark. But they seemed to -- it depends on which charity it is really. But, I mean, as long as you meet the criteria you should get the funding really.

**Senator J.L. Perchard:**

You mentioned ago parity and favouritism. Did you really think that there are some local charities that are favoured above others?

**Mr. K. Daly:**

Well, for example if they say in their documentation that you are only allowed one lot of grant aid and they give Bush Hospital Foundation £48,000 and you are only meant to get £20,000 a year there must be some sort of ... because I questioned it and they said it was because the Bush Hospital Foundation is a Jersey-based charity like the Durrell Wildlife Trust, and you are a locally based charity working overseas. Well, there is a bit of a subtle difference. I do not know what the difference is, I am still a Jersey-based charity.

**Senator J.L. Perchard:**

Do you - and I know this is of concern to the Commission - do you think local charities have the same audit accounting standards that would be acceptable to the Commission as an international charity?

**Mr. K. Daly:**

Well, I think for every project you get the funding for you have to submit the receipts and you have to

submit stuff to Overseas Aid so they get all the receipts from all the money they have given to you and so they can account for all their money through the receipts that you send them.

**Senator J.L. Perchard:**

So you are satisfied?

**Mr. K. Daly:**

I am satisfied, yes, because you do not get any money given to you without showing that it has been spent. For example, when we got the money on the 50/50 funding for the boat and the 2 engines then the charity, when we sent the money up to Africa, they sent back the receipts from the purchase of the boat, the photographs with explanations about the costings and such.

**Senator J.L. Perchard:**

Do you think the Commission is seen supporting local initiatives, like your own, as higher risk?

**Mr. K. Daly:**

No, I do not think so. I think they ... well. Well, the thing is a local-based charity has got very little overheads compared to your national charities. They have got quite a lot of overheads you know, so I think they are very cost effective, the local-based charities working overseas. I mean we do not get paid. It is all voluntary and we fund our own costs of ...

**Senator J.L. Perchard:**

Do either of you want to add anything on this sort of section? Brian, in your submission you talk about the low tax burden on the Island, or a comparatively low tax burden, hinting that Jersey could sustain its viable economy and tax a little harder, presumably to subsidise a large overseas aid contribution. Do you honestly believe that we could not affect our finance industry?

**Mr. B. Coutanche:**

I think the case of Luxembourg demonstrates this. Luxembourg is a major competitor with Jersey in the financial services sector and it depends on financial services, not quite to the same extent as Jersey but to a very large extent. So I think Luxembourg proves beyond any doubt that it is not going to undermine our finance industry to have an aid budget of similar magnitude in relation to GNI, as Luxembourg. The figures I quoted in my submission (I think I mentioned in my submission the publication of the then Finance and Economics Committee *Tax Proposals: Some Interesting Facts and Figures*) and then from those figures you can calculate what the impact would be on our tax yield as a percentage of GNI of increasing overseas aid. I have got those figures in front of me so let me read them out. So, in that F and E (Finance and Economics) document they forecast that in 2010, once the fiscal strategy is in place, our tax yield works out at 20.9 per cent of Gross Domestic Product. So if we increase our aid to 0.7 per

cent that would, in a worse case scenario, increase our tax yield to 21.5 per cent of GDP, which is lower than our competitors. However, if we adopt a policy of increasing aid out of economic growth we do not need to increase the taxation yield as a percentage of GDP. So those figures that I quoted there are worse case scenario if we did not rely on economic growth to help fund the increase. So in the worse case scenario we would still be competitive and I think we can do better than the worse case scenario.

**The Connétable of Grouville:**

I am just going to say - sorry, to come in again - on the taxation front, and that is that Luxembourg personal taxes are immensely higher than they are here. Personal taxation here is a maximum of 20 per cent but there they have loads of other tax and stuff on wealth tax, and I do not know what all the others were. They pay half a per cent a year for their actual wealth. If you have a house worth a million you pay £5,000 a year just to have it - immensely higher taxation personally. I just mention that in passing.

**Mr. B. Coutanche:**

But I think it is a fair point and I think the answer to that would be if you ask the person in the street, do they want to live in a community which does not play its part in the work to eradicate international poverty but as a result your tax burden is lower, no doubt there would be some people who would choose that option but I think a substantial majority of people would like to live in an Island that is, and is seen to be, playing a part that compares with neighbouring countries.

**The Connétable of Grouville:**

Nobody is going to dispute you on that one.

**Mr. B. Coutanche:**

I mean but that is where -- I mean, if that is the case then --

**The Connétable of Grouville:**

You are selling to us saying: "Well, Luxembourg can do it, why cannot we do it?" I am telling you that Luxembourg personal taxes are a lot higher than they are here so they get a bigger tax take. Their company taxes, of course, are going to end up the same way as Jersey's, I suppose, I do not really know. You know, you are getting an awful lot of small money in from a very large amount of overseas companies.

**Mr. T. Allchurch:**

I think we are having to get used to increases in taxes nowadays anyway whether we like it or not with travel for instance. You know, you find constantly that there are still stealth taxes added as percentages to travel costs and so on and we have become used to them. They are explained to us, we may not necessarily accept their justification, fuel is like that as well. But I think it is something that the



community could address as an issue, simply an increase in overall taxation for this purpose.

**The Connétable of Grouville:**

The question is here, you know, that you believe the public would accept an increase in taxation for overseas aid.

**Mr. T. Allchurch:**

It has to.

**Mr. K. Daly:**

Not necessarily only for overseas aid but for other things as well. I was thinking about the environmental. You combine overseas aid and an environmental tax to do some environment project within Jersey. Well, that is a simple idea but it would never get off the ground but I have this idea you have 100,000 cars - it is just a simplistic idea - you tax every one a tax on cars for £100. You have got 10 million, 5 million can go to 2 environmental projects and the other money can go to an overseas aid project.

**The Connétable of Grouville:**

Wishful thinking.

**Mr. K. Daly:**

Exactly. But there we are. But we need to increase personal taxation really in order to, I think ...

**Senator J.L. Perchard:**

Well, that is happening, do you not know, in the next 3 years. You will not be saying that at the end of -  
-

**Mr. K. Daly:**

If it is going to something worthwhile I would be saying that.

**Senator J.L. Perchard:**

Yes, that is right. Talk about, if we can, the way the Overseas Aid Commission uses their existing budget and ask you in particular, do they use it to the best possible effect?

**Mr. T. Allchurch:**

Can I just come in with that point about better aid? At the moment 15 per cent is allocated to disaster relief. I think we are going to face a situation in the future with climate change where things which are not yet on the radar for people, I mean the general public is interested in the fact that primroses come out

earlier and the grass needs cutting in the winter. But extreme weather events which form the basis of many disaster relief situations, disease patterns which are going to significantly change with global warming, then malaria and other diseases carried by insects are going to become much more widespread around the world. Agriculture is going to be dramatically affected. People who live on subsistence farming at the moment may not still be able to do the farming and therefore I think the demands on that element of the budget are going to increase if we are going to recognise that we have a responsibility to meet disaster. So I think that 15 per cent might well need to be reviewed anyway.

**The Connétable of Grouville:**

I think it is tendered. We had them in earlier and I did question them on that and they said definitely only 10 per cent is for disaster relief or emergency relief, as they call it.

**Mr. K. Daly:**

Even worse then, potentially.

**Senator J.L. Perchard:**

That is right, 85 per cent is for grant aid and 15 per cent covers the projects and disaster.

**Mr. K. Daly:**

I do not think they understand their own figures because it says 4 million. Out of the 5 million, 869,000 goes to disaster emergency. Well, if they are saying 10 per cent ... what is the 10 per cent of --

**Senator J.L. Perchard:**

In fairness to them I think they said 85 per cent goes to grant aid. That is the figure.

**Mr. K. Daly:**

Well, not according to their figures of 2005.

**Senator J.L. Perchard:**

I think the Commission gave evidence earlier that it had changed in the last 12 months. The use with regards to the size of the budget, the way the Commission deploy it, have you gentlemen -- can you help us there? Have you got any views?

**Mr. K. Daly:**

Well, I think they do a pretty good job really from what I have seen and from my experiences. You know, I think the grant aid that they -- they do not go with any government agencies, they go with NGOs (non-governmental organisations) and they distribute those to the international organisations, like Oxfam, CARE (Campaign Against Human Trafficking) and the large internationally, and I think it is a

very good way of doing it. From my personal experience, our personal experience of getting funding from them they have always questioned and they get their receipts and make sure you do this, make sure you do an end of project submission to show, you know, what you have done and photographs of the buildings and your accounts at the end of each project. They seem to do quite a good job in that respect of using the money. That is from my own personal experience.

**Mr. T. Allchurch:**

I do not have any personal experience but my reading of the documentation that is available to the public; I am concerned that -- I mean I would welcome a change in name from Overseas Aid to Overseas Development. I do feel that there is not enough emphasis on the self-sustaining types of projects. I mean, they are there but you have to look for them on the pie chart. I am surprised how big they appear to be because I cannot really read that in the context of the projects that are listed each year. There is a lot of emphasis about hands up. I am sure with many communities hand out is the first thing that is required. I can see a hand up is very important too. I think a hand in hand would be even better still. In other words, ongoing partnership with some communities. I mean I am going out because I am so inexperienced in these matters to Hezron's project that Ed Le Quesne was talking about yesterday in August. I know that project is suffering from problems of not being able to receive aid for it so, you know, we are raising our money ourselves but that is an example of a project which has benefited from ongoing commitment from a number of agencies, Jersey and Guernsey, the Elton John Foundation and so on. But of course the need continues to grow. I mean communities grow around aid anyway. If you have one community which is advantaged because it is receiving aid then people gravitate to it. And I think -- what I read is that there seems to be an emphasis on diversity by having as broad a portfolio of names and locations and, indeed, flags on the map which makes for good reading, but I do not know whether it is as effective a way of aid as a consistent approach. In my submission I mentioned from my past experience with Durrell Wildlife, we committed for 10, 20, 30 or more years in projects because that was the only way they would work. You cannot save species and you cannot eradicate poverty by a one-off project or, indeed, by even a 3-year project. I think it is very commendable and I am looking forward to it, it is a life-changing experience for people from Jersey that go on these projects. I just wonder how much it changes the lives though of the communities that receive this help. The thing which I think, you know, I felt talking to other people, there is undercurrent of concern that this continuity is something which is not openly, sort of, supported. In fact the policy is to give help at most for 3 years and after that really you are on your own or at least you have to come back a lot later before you can get money again. I do not think that is an effective way of development. I think development should be the word, not aid. These are not handouts, they are to a purpose.

**Mr. K. Daly:**

I would endorse what Tony has just said as well because I think a lot of these projects they should be ongoing and because, if I use an example, once I was leader for Jersey Overseas Aid to a leprosy

hospital and they put electric lighting, re-wired the whole centre, they put all the plumbing in, they did everything for 3 years and then they pulled out and when they sent a thing asking for parts for the generator Overseas Aid would not give it to them. So they said you had to find the funding yourself. They had been trying to find funding themselves. So therefore all the ways of putting electricity in went to waste because they could not generate electricity for the houses because they did not have the parts. I think the fund should be ongoing in some way which would be very helpful. Also, as Tony says about putting flags all over the world, well I know one of the Irish Government's policies was limiting where they were going and limiting where they were helping. They were doing a lot of work in Zambia and they spent a lot of their overseas aid budget, quite a good proportion of overseas budget, in Zambia doing wells, supporting other projects in one country. So, I mean, I am not saying just support one country but I think it should be more limiting.

**Senator J.L. Perchard:**

A consequence, of course, of the approach that you 2 gentlemen are suggesting is that there will be fewer recipients of Jersey Aid.

**Mr. K. Daly:**

Yes, but it might be more effective.

**Senator J.L. Perchard:**

Will it be more effective, that is my question?

**Mr. K. Daly:**

Well, yes, it may be well. If you support communities to grow and develop you have got more chance of being successful than if you go there once and then ...

**Senator J.L. Perchard:**

Will you get better - dare I say it - thanks for the bucks. We were getting told that yesterday. Will Jersey's aid be more effective with the approach that you are suggesting?

**Mr. T. Allchurch:**

I think so.

**Senator J.L. Perchard:**

How do you measure that?

**Mr. T. Allchurch:**

Well, I think there are more components to aid when it is seen as development than just simply taking

money out there or sending people out there to do things. I think there should be more interactivity in the sense that bringing people from those communities over to here for training, and this is what Durrell does with its wildlife conservation, it hands over eventually the responsibility to the community but only through training, raising people's skills ability and so on. I mean I think there should be a lot more of that brought into these projects. We go out there and we build something generally in company of local people and that is, I am sure, a great experience. But my reading is that the techniques that are applied, the systems of working, do not progress from one year to another. It may be that it is very difficult when you have no resources, when you have only the clothes you stand up in. But I think that is something that we should be able to do too. We should be able to make progress in these projects that I do think that we should be able to transfer skills. I think there could be, say, 2-way activity where people come here as well. And I think we can take aid into much more of a development so that in the end you are able to hand over projects and say, okay, now all we have to do really is, from time to time, provide you with resources for repair and maintenance and so on, but you would also have the people on site who you could trust to be feeding back to you how those projects are going. So I think that is where some of the accountability comes too, having trust in the people that you have trained.

**Mr. K. Daly:**

But also Jersey's grant aid mainly goes to national organisations, so basically I am talking about the community project aspect whereby -- from Jersey community projects they just go in there, hit one place, do a project and pull out basically. So therefore there is no thought about ongoing policies of helping that community. Well, they did with the leprosy hospital, they went back 3 years and it progressed other than when the problem came with the generator. But other projects I have seen that we have been to, there is some sort of sustainability built into their programmes to help these people. I mean it does not have to be a lot of money. I mean some of these communities, even for a couple of thousand pounds a year as a sustainability upkeep. I mean none of these African places have got money to upkeep. I mean we are lucky, our charity, because we are the ones raising the funding, we are going out doing walks, doing this, so our Centre can be regularly painted and we can pay the electricity bills, we can keep it running but there is nothing built into the community project that Jersey do in that respect. You know, there should be some sort of contingency money like if you go and build a school they could give you contingency money to, you know, paint it every couple of years, to buy text books, new text books. That sort of ongoing, but --

**Senator J.L. Perchard:**

Dependency, Kevin?

**Mr. K. Daly:**

Well, it is not -- no, I do not think it is --

**Mr. B. Coutanche:**

Sustainability really.

**Mr. K. Daly:**

Yes, sustainability more, exactly. But the point is; you have got to have a certain amount of dependency in order to stay sustainable.

**The Connétable of St. Martin:**

Can I just sort of float an idea which we have been talking about the last day or so, this starts off from interviewing representatives from Oxfam, Christian Aid and noting that they raise a lot of money in the Island and they send it off to Oxfam UK, Christian Aid UK, and they do not get much in the way of thanks or congratulations or celebrations to what their money does, and they seem to be sort of quite keen. I think the actual amounts of money is really a large slice of money. We were speaking to other people about the aid of the -- Side by Side, they have done good work out in Asia and stuff and the fact of the cap on pound for pound came up and they were thinking they would like to have that cap raised. In discussions we have had yesterday we were thinking, well, we could kill 2 birds with one stone and if you had a joint situation, Overseas Aid Commission have money allocated from the budget, local groups raise money for their particular projects. If a local agency raised £50,000 we have got a good project out in Kenya or somewhere would you -- if we gave you £50,000 would you have a look at it and put £50,000 with it as well, bearing in mind that the local charity agency are then entering into a partnership situation with the Overseas Aid Commission and would therefore, by necessity, lose exclusivity but in return they might have the administration of the Jersey Overseas Aid Commission, the UK agency, whether it is Christian Aid or Oxfam or British Red Cross, to direct that money to various places that perhaps the local Jersey fundraisers have said they have an interest in a particular hospital or scheme. Now this is not a refined idea. We have only been chatting during tea breaks basically about this sort of system, and this is new. We have only been chatting about it this morning. If it was refined what would your appreciation of that be?

**Mr. K. Daly:**

I would be delighted.

**The Connétable of St. Martin:**

Be delighted, there you are. That is good.

**Mr. K. Daly:**

Be delighted.

**The Connétable of St. Martin:**

So in fact you would be giving away certain amount of your control but you would be doing a joint situation. I think quite frankly Jersey - I believe, I do not know because I am not on it - but the Jersey Overseas Aid Commission would say: "Well, we have got to make sure that this is monitored and they would request that whoever did the monitoring for ..." and where Oxfam or Christian were not available they might say: "Well, can we get the Commonwealth Parliamentary Association involved in this to monitor what is happening." Now if you give us some feedback on that we can perhaps think about that when we do our report after this session of meetings, as a suggestion.

**Mr. T. Allchurch:**

I think there are some initiatives where one could be smarter about increasing the effective aid. For instance, you know, I am a member of Rotary and we have an international foundation. If we go to them with a project and say: "We have raised so much money for this project" and we can find a local rotary club in the country where we want to spend that money, whether it is an aid project or whatever, they will match that money pound for pound as well, dollar for dollar, in fact. So that, for instance, if we were in partnership with -- if Rotary was in partnership with Overseas Aid and achieved an agreement on a certain amount of money in partnership and then went to the Rotary Foundation, we would have doubled that money again. And there are other ways in which you can multiply some levels of, sort of, funding and I think that would be another way of course of increasing the overall aid spend that the Island was capable of doing. I do think, you know, that sort of rather businesslike approach is something which is sensible because there are smart ways of getting more money out of it.

**The Connétable of St. Martin:**

I mention this because I was quite pleased that the commissioners did not kick it out of the football field. They were listening and they thought it possibly could have an idea or 2, yes. I do not think you were here, Mr Coutanche. You were not sitting at that time.

**Mr. K. Daly:**

But to partly Overseas Aid, once they go and do a community project there is no sort of follow up in the future so they do not know how half the projects that they have done, how effective they have been or what has happened to them.

**The Connétable of St. Martin:**

But then if you were a partnership in that --

**Mr. K. Daly:**

I quite agree but I am just saying --

**The Connétable of St. Martin:**

Would that be a benefit?

**Mr. K. Daly:**

Yes, it would be a benefit.

**Senator J.L. Perchard:**

The question I want to ask on the back of Constable Yates' suggestion and scenario he has set is how much control would you be prepared to relinquish in order to enable that to happen?

**Mr. K. Daly:**

Well, it does not really matter because if they give you the funding they have got no one who is really checking anyway. Overseas Aid have got no one who is appointed to go and see, monitor your projects. So they rely on you monitoring and you getting all the documentation and getting all the receipts and doing this. So they are reliant on you, but if they had a proper professionally paid monitor they could be -- that person could monitor a number of projects that are ongoing through the Island.

**Senator J.L. Perchard:**

I am aware of the time but I just want an opinion here. So you think that the Overseas Aid Commission's lack of ability to monitor is motivating their current policy?

**Mr. K. Daly:**

To a certain extent, yes. Because they do not have any ongoing policies where they continue.

**The Connétable of Grouville:**

So they -- we did ask that question this morning and they said to us: "Well, fine. It will cost an awful lot of money to have a fulltime monitor going round the place" which would then take away from their ability to get more money. The other point they brought up was that the NGOs normally report back to them.

**Mr. K. Daly:**

Yes, I agree they do. I am not saying -- but I am saying within the community projects that Jersey do themselves.

**The Connétable of Grouville:**

Would you think it is important to have a monitor?

**Mr. K. Daly:**

Well, I think it is, because they should have -- well, there is no sustainability because they do not



support more than once, (b) that it is not monitored other than they go out there, do the project and it is finished. I mean, they could pay a monitor by not subsidising people to go on these overseas aid projects. I mean you pay £450 to go out to Indonesia to go to ... where I went we did this recce for them in Cuzco in Peru because I was over there walking, and I mean it is a pittance. I mean anyone who comes on our project pays the full whack, they pay £1,300. They are subsidising people up to the hilt to go on these projects whereby they could build -- they do 5 projects a year, they could be saving that money and using someone to be monitoring the project that they are doing.

**The Connétable of Grouville:**

We have taken that on board as well and we have asked questions whether it will be better to send one or 2 expert builders or artisans over rather than a whole team, would that be more financially appropriate? We have asked the question.

**Mr. K. Daly:**

Well, from our experiences, we have taken a number of people over to Africa doing projects with our charity and the cost effective is you do not get many people coming back and helping. You may have like 3 or 4 people who have stuck with you and carrying on helping you all the time, so when you think all these people going with Jersey Overseas Aid projects how many contribute in the end of the day. We find it easier now to employ local people on the ground and give them some employment, build the project, complete the project with the local people because they are usually more skilled than half the people that are going out on an Overseas Aid project.

**Senator J.L. Perchard:**

I am aware of the time. Have you got anything else that you think that we have missed?

**Mr. T. Allchurch:**

Yes.

**Senator J.L. Perchard:**

Fire away please

**Mr. T. Allchurch:**

Just very briefly; I applied to be a commissioner. I realised when I saw the job description that I would be most unlikely to pass even the first hurdle and that was the case although I had a very polite letter. I just wonder if we are happy at the competencies, if you like, of the people who are on the Commission in terms of what were said to be the necessary skills? There was accountancy, banking, law and so on. I do not see anybody there with a background in the science of development. I mean there is now a major activity that is available at university education and I just wonder, without any criticism of the people

who are doing this job, whether there is room somewhere there for people with that type of ability, because I do hear things from people who are in the development world that the way we tackle things, that going out and building things in Africa does not solve many problems and so on. I think, you know, we feel that we are doing the best we can and we can resolve to continue to make sure that we do get the most effective type of aid into where it is needed. I just question whether the current composition of the Commission or some other body that might be involved. There is, I know, a sub-committee that provides advice but that is based largely I think on personal experience of going out and doing work projects. I think development is a big modern, sort of, contemporary topic in which people have skills and I do not know whether we have anybody on the Island who adds, therefore, to the Commission's expertise on that.

**The Connétable of Grouville:**

We have queried that question. We have brought it up with them. We asked the question.

**Mr. K. Daly:**

Thank you very much.

**Senator J.L. Perchard:**

Anything else, Kevin.

**Mr. K. Daly:**

No, other than just hope we improve our overseas aid donations and also -- one thing from a local-based charity, we cannot apply for any 3 year funding. They do that with the national charities but we cannot and it would just be so helpful to us because, as I said, we have got the centre out for street kids in Zambia that we are running and funding --

**Senator J.L. Perchard:**

I noted that you were suggesting that the block funding of a £15,000 maximum would be far more realistic.

**Mr. K. Daly:**

No, that is the 50/50 funding. I am talking about 3 year funding on a particular project which they do with national-based charities. They fund a certain project for 3 years. Well, you cannot get that as a local-based charity.

**The Connétable of Grouville:**

I am aware of that.

**Mr. K. Daly:**

So we would like to see that implemented whereby you could apply for like a 3 year funding, help with your sustainability and you can also be helping at the same time.

**Senator J.L. Perchard:**

I think that is a fair comment.

**The Connétable of Grouville:**

Yes, sure.

**Senator J.L. Perchard:**

Well, thank you, gentlemen, for not only your attendance today and the openness in which you have conveyed your views but your impressive submissions. I think we must have grouped you together because they were nearly as equally as impressive. Thank you for your attendance and I declare this session closed and wish you good luck with your good work.