



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 27th June 2012

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Law Officer

Miss M. M. E. Pullum, Q.C. (H. M. Comptroller)

People's Deputies

St. Peter Port South

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R. Domaille, A. H. Langlois, R. A. Jones

St. Peter Port North

Deputies M. K. Le Clerc, J. A. B. Gollop, P. A. Sherbourne,
R. Conder, M. J. Storey, E. G. Bebb, L. C. Queripel

St. Sampson

Deputies G. A. St Pier, K. A. Stewart, P. L. Gillson,
P. R. Le Pelley, S. J. Ogier, L. S. Trott

The Vale

Deputies M. J. Fallaize, D. B. Jones, L. B. Queripel,
M. M. Lowe, A. R. Le Lièvre, A. Spruce

The Castel

Deputies D. J. Duquemin, C. J. Green, M. H. Dorey,
B. J. E. Paint, J. P. Le Tocq, S. A. James, M.B.E., A. H. Adam

The West

Deputies R. A. Perrot, A. H. Brouard, A. M. Wilkie,
D. de G. De Lisle, Y. Burford, D. A. Inglis,

The South-East

Deputies H. J. R. Soulsby, R. W. Sillars, P. A. Luxon,
M. G. O'Hara, F. W. Quin, M. P. J. Hadley

Representative of the Island of Alderney

Alderney Representative B. N. Kelly

The Clerk to the States of Deliberation

J. Torode Esq. (H.M. Greffier)

Absent at the Evocation

H. E. Roberts, Esq., Q.C. (H. M. Procureur)

Deputy G. M. Collins

Alderney Representative E. P. Arditti

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The Assembly adjourned at 12.20 p.m.

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States of Deliberation

*The States met at 9.35 a.m. in the presence of
His Excellency Air Marshal Peter Walker, C.B., C.B.E.
Lieutenant-Governor and Commander-in-Chief of the Bailiwick of Guernsey*

[THE DEPUTY BAILIFF *in the Chair*]

PRAYERS

The Greffier

EVOCATION

CONVOCATION

5 **The Greffier:** To the Members of the States of the Island of Guernsey, I have the honour to inform you that a meeting of the States of Deliberation will be held at the Royal Court House on Wednesday, 27th June 2012 at 9.30 a.m. to consider the items contained in Billets d'État XV, XVI and XVIII, which have been submitted for debate.

10 **Absence de l'Île noted**

The Deputy Bailiff: Thank you, Greffier.

Deputy Collins had notified us that he would be *absent de l'Île* today and unable to attend the meeting and perhaps that could be recorded as such.

15

Statement on Billet d'État XIX Rule 1(4) a matter of discretion

20 **The Deputy Bailiff:** The first thing that I should do, I think, is to echo what the Bailiff said when welcoming you all at the beginning of last month's meeting, and that is to say that when I am given the privilege and honour of deputising for him and presiding in this Assembly, I will also do my best to ensure that these proceedings in the States of Deliberation are conducted in accordance with the Rules and in accordance with best parliamentary practice.

25 Now, Members of the States, you will all have received an additional Billet d'État, which is Billet numbered XIX, which will be considered at the July meeting of the States. You may well have noticed that the meeting referred to in that Billet d'État has been convened by the Bailiff pursuant to paragraph 4 of Rule 1 of the Rules of Procedure.

30 The effect of that Rule is that the Bailiff may convene a meeting of the States, giving less than five weeks' notice if, in his opinion, circumstances so require. The Bailiff has asked me to advise you that, in his opinion, it is appropriate for the Article relating to the election of members of the Overseas Aid Commission to be considered at the July meeting and, therefore, that circumstances so require the issue of a Billet d'État pursuant to paragraph 4 of Rule 1.

35 He has also requested me to advise you that he was not persuaded that circumstances required that the Requête relating to simultaneous electronic voting in the States of Deliberation be

considered at short notice. However, given that it was necessary to issue a Billet d'État for the Overseas Aid Commission elections, he consented to the Requête being included in the same Billet d'État as a matter of convenience and one hopes that there will be time to debate that matter during the course of the next meeting.

The point of making that statement at this stage of the proceedings is just to remind you that Rule 1(4) will not be capable of being invoked at the drop of a hat: it does involve an exercise of discretion and not all matters will be pushed forward in that way.

**Procedural
Removal of jackets**

The Deputy Bailiff: The next thing is that I have had a request for the gentlemen, I think it will be, to be allowed to remove their jackets.

We are in the height of summer, of course, and therefore anyone who does wish to remove their jackets to feel more comfortable – and I will extend that to the ladies as well – please do so.

TREASURY AND RESOURCES DEPARTMENT

**Qualifying Recognised Overseas Pension Schemes
Statement by the Minister**

The Deputy Bailiff: So, the first matter we turn to is a statement by the Minister of the Treasury and Resources Department, where permission has been given.

This is the first occasion, I believe, where the new procedure relating to statements on behalf of a Department or Committee, or otherwise relating to States business, has been made: this is Rule 8(b). So at the conclusion of the statement there will be an opportunity, should anyone wish, to ask questions on it.

As this is the first occasion, we will have to see how it goes, but my suggestion to you is that we treat that almost as the asking of supplementary questions when we get to Question Time. It must be something that arises out of the statement: it is not an opportunity for general debate, it is simply posing questions and if the Minister is able to answer, then he will answer: if not, he may give some indication.

So the Minister of the Treasury and Resources Department, Deputy St Pier, I invite you to make your statement.

Deputy St Pier: Thank you, sir.

Perhaps I could begin, on behalf of all Members present, by wishing you great success on this, your first, meeting as Presiding Officer – and perhaps great speed as well.

The Deputy Bailiff: Thank you very much. I'll keep quiet now! *(Laughter)*

Deputy St Pier: Mr Deputy Bailiff, my Department has been reviewing recent developments in respect of pensions and, in particular, Qualifying Recognised Overseas Pension Schemes, or QROPS. I would, therefore, like to take this opportunity to update States Members on the current position.

The UK government proposed changes to their QROPS regime last December, which took effect from 6th April, 2012. These changes meant that many personal pension schemes in Guernsey would lose their QROPS status. The States resolved in March to introduce a new exempt pension regime, the section 157E scheme. This gives no relief for pension contributions and, correspondingly, has no tax charge on benefits paid out.

At the time it was believed that this would satisfy the requirements of the UK legislation. However, on 4th May, HMRC introduced new regulations which specifically exclude section 157E schemes from being QROPS compliant.

Following consideration by my Department of the need for a robust pension scheme going forward, one aspect of which was to ensure the ability of pension schemes to remain QROPS compliant, we have decided to bring proposals to the September States meeting with the intention that, in the case of section 157E schemes, they will take effect from today. In other words, the

legislation we will present, if approved by the Assembly in September, will have retrospective effect in the case of section 157E schemes, and the changes which we will be proposing are as follows:

100 Firstly, income from occupational pension schemes will be taxable on non-residents, as well as residents, by removing the exemptions for pensions and annuities paid in respect of services performed wholly outside Guernsey: this amendment will require an amendment to Section 153 of the Law. The payer of a pension or annuity will be required to deduct tax, whether or not the recipient is resident in Guernsey, and whether or not the services which lead to the payment of that pension or annuity were actually performed here.

105 Secondly, to remove the exemption from tax on the annuities and lump sums paid to non-resident members of approved retirement annuity schemes and retirement annuity trust schemes. The result of this will be that such annuity income or lump sum will be taxable on the same basis as if it were paid to a resident of Guernsey, albeit subject to the provisions of 157A, which actually allow for the Department to exempt certain lump sums from taxation by way of regulation. This will be achieved by way of an amendment to section 40(ee).

110 The exemption contained in *that* section will not apply to an annuity or lump sum from a scheme approved under 157A, where the annuity or lump sum arises from funds contributed to the scheme by way of a direct contribution, or transfer, from another scheme after a certain date which will be specified in the legislation. The object of this is to ensure that there is no retrospective effect in respect of existing funds of non-resident members of such schemes.

115 Thirdly, the purpose of introducing Section 157E was primarily to enable pension schemes to satisfy the conditions to be a QROPS. However, due to the subsequent actions taken by the UK, that section is no longer effective for the purposes intended and, therefore, all that remains is a risk to our own domestic tax revenues without any of the advantages to the financial services industry that we anticipated. Therefore, to mitigate that risk it is proposed that section 157E will be amended so as to prevent any new schemes being approved or any further transfers or contributions being made to existing 157E schemes and, as I have said earlier, the legislation we will be bringing to the Assembly to achieve this will be effective from today.

125 Thank you, sir.

The Deputy Bailiff: Thank you, Minister.

Now, Members, does anyone have a question for the Minister of the Treasury and Resources Department?

130 Yes, Deputy Gollop.

Deputy Gollop: We were pleased to see the earlier stuff at Legislation but I would like to ask two questions.

135 The first question is, will the Treasury Minister, perhaps in concert with the Chief Minister, be attempting a high level meeting with people at Treasury to ensure that these changes remain and are not subject to further, if you like, messing about, further awkward, sudden changes?

The second question I have is, in relation to these Schemes, will we be doing our utmost to encourage residents of Guernsey to belong because that strengthens the arguments that the products on offer are of equal value to both residents and non-residents?

140 **The Deputy Bailiff:** Minister, are you able to answer either or both of those questions at this stage?

Deputy St Pier: Yes, sir.

145 Deputy Gollop, with regard to contact, there is regular and ongoing contact at an official level between our own Income Tax office and HMRC on this and that will continue. Whether it is necessary to elevate that to a political level is a matter of judgement which we will keep under review and, no doubt, through the Chief Minister's Office as well.

150 With regard to the second question, the object of this change, quite simply, is actually to prevent section 157E schemes being used by any further plans to be set up either by residents or non-residents, and that is entirely to protect our own tax base now. So, in other words, the rationale of what was done by the previous Assembly in December was done in recognition that there was a risk, but it was perceived that the advantages were greater than the disadvantages. Having now lost the advantages, we see no particular reason to retain these schemes because it is simply a disadvantage to us.

The Deputy Bailiff: Thank you.

Any further questions for the Minister?

Yes, Deputy Bebb.

Deputy Bebb: If I may, not to detract from the importance of the question, but this phenomenon of the actual Island physically ‘moving’ in a direction: I am unsure as to whether it is moving northward, southward, eastward or westward. Indeed, could he please specify what this direction of ‘moving forward’ is?

It is not something that I understand much but I do think that it is important that we keep to proper language, so could he please specify exactly which direction the Island is physically moving in. Is the *Press* aware of this and will it be reported? (*Laughter*)

The Deputy Bailiff: Minister, again, are you worried about giving an inaccurate or misleading answer to that? (*Laughter*)

Deputy St Pier: Sir, with respect, that sounded very much more like a statement than a question. (*Laughter*)

The Deputy Bailiff: Any other questions for the Minister on this topic?
No? Thank you very much.

Questions for Oral Answer

TREASURY AND RESOURCES DEPARTMENT

Financial Transformation Programme Programme Information and Communications Manager

The Deputy Bailiff: We will now move to Question Time proper – all five questions.
I invite Deputy Laurie Queripel to pose his question to the Minister of the Treasury and Resources Department.

Deputy Laurie Queripel: Thank you, sir.

I am mindful of the fact that – if I can just preface my question – that we have new Ministers and new Boards and very often that work streams and decisions are being carried through from previous Ministers and previous Boards so I ask the question in that spirit. Thank you.

A Vale parishioner noted that an advertisement appeared in the recruitment column of the Guernsey Press dated 9th June 2012. The advertisement read ‘Financial Transformation Programme. Programme Information and Communications Manager, two year contract.’ Bearing in mind this is a new position, how can the States justify spending money on a programme that is intended to realise saving and efficiencies?

The Deputy Bailiff: Thank you.
Minister to reply.

Deputy St Pier: Sir, the responsibility for the Financial Transformation Programme, of course, rests with the Policy Council and not solely with my Department but I am grateful to Deputy Laurie Queripel for this Question, giving me, as it does, the opportunity once again, to note, on behalf of the whole Policy Council, the importance of the Financial Transformation Programme (FTP) to our fiscal plans.

The Financial Transformation Programme is, of course, a major change programme, designed to deliver annual recurring revenue savings of at least £31 million by the end of its five-year duration. This kind of programme requires a *fundamental* change in the way the public sector thinks and the way it acts, in order to achieve its objectives. It also does require investment, and this was acknowledged, at the beginning of the Programme, by the establishment of the FTP Fund for the balance of £10 million. The States endorsed a series of principles in establishing the FTP, including acceptance that investment is vital in key areas to unlock the savings potential and to

provide a platform for sustainable delivery of savings.

We are now in the third year of the FTP and, as at the end of May, £9.4 million of the £31 million target has been delivered and signed off. By the end of the year the expectation is that this will have increased to almost £12 million. Departmental staff and the central programme team have invested considerable time and effort in identifying and delivering these savings but there does remain a long way to go and 2013 is likely to be the most challenging year.

As I mentioned during the debate on presentation of the States 2011 Accounts to the Assembly in May, successful delivery of the Financial Transformation Programme requires the ongoing firm commitment of both politicians and public servants. Effective communication is well recognised as a key success factor for any change programme and it is certainly essential for a programme of this scale and complexity. The FTP will require changes in one form or another in *every* Department and across the services they provide and it is essential that both employees and service users are kept fully informed of the changes and also actively encouraged to contribute to their design and delivery. The need for communication support to a programme of this scale was acknowledged early on and there has been budget available for this fixed-term post for some time.

The team has refrained from recruiting anyone until now and has covered this requirement for as long as possible from within existing resources. The position is *not*, and there is no requirement for, a press officer *per se*. However, as the programme has gained momentum, there has been a need to redouble the communications effort with all programme stakeholders, both internally and externally, and it has become clear that this can no longer be effectively delivered from within the team. So, a dedicated, fixed-term resource is now required if the programme is to meet its communication needs and those of all stakeholders, hence the recently placed advertisement.

Thank you, sir.

The Deputy Bailiff: Thank you, Minister.

Are there any supplementary questions to the Minister of the Treasury and Resources Department?

Deputy Laurie Queripel.

Deputy Laurie Queripel: So the Minister is saying that the salary for this position has already been secured, but was it secured as a result of cuts in other services?

Deputy St Pier: Sir, it was actually taken as part of the budget that was set aside as part of the FTP Fund that was anticipated at the start of the process, so it was not a result of any savings elsewhere.

The Deputy Bailiff: Thank you.

Any further questions on this topic?

No? Then we will move onto the other set of Questions, so it is Deputy Lester Queripel to ask Questions of the Education Minister.

EDUCATION DEPARTMENT

Mulkerrin Report

Measures to address disruptive 15-year olds

Deputy Lester Queripel: Thank you, sir.

I have actually got several questions, sir. Would you like me to ask one at a time?

The Deputy Bailiff: Yes, I think that might be helpful. We will have one at a time and we will pause after each.

Deputy Lester Queripel: Thank you, sir.

Before I ask these Questions, I would like to explain to the Assembly, if I may, through the Chair – the reason I am asking them is because some of my parishioners have expressed real concerns about their education system and they would very much like to hear the answers from our Education Minister himself.

So, Question 1:

280 *The last three sentences at the bottom of paragraph 3 on page 10 of the Mulkerrin Report on Education in Guernsey read as follows: 'Some 15 year-olds apparently resent having to stay at school and spend too much time creating discipline problems in lessons, disrupting those who want to learn.' Will the Education Minister please tell me if there are any plans to introduce measures to address this problem or, indeed, have measures already been introduced?*

285 **The Deputy Bailiff:** Deputy Sillars.

Deputy Sillars: Sir, the Education Board published a full response to the Mulkerrin Review of Secondary Education back in March, including a list of actions and commitments my Department has been pursuing, and will continue to pursue over the coming months.

290 This response was compiled after all the issues Mr Mulkerrin raised were discussed with head teachers, head of service, Board members and senior officers of the Department. In fact, Deputy Queripel has not quoted the section of Mr Mulkerrin's Report correctly. Mr Mulkerrin was speaking historically, relating Guernsey's experience of raising the school leaving age to those in England back in the early 1970s, when they raised the leaving age to 16 – and I would note that

295 was some 35 years before we did.

Yes, some 15 year-olds were not particularly happy about staying on at school when we implemented this some four years ago, but the Department undertook extensive planning for this – schools offered, and continue to offer, different types of courses to try to keep students engaged. Some of these: in conjunction with the College of Further Education, we increased work experience opportunities, engaged with parents, talked to businesses, provided more careers advice and generally advised students of the importance of completing their education and achieving some formal qualifications.

My Department continues to believe that all pupils should have the opportunity to reach their potential and I know that our schools strive to achieve this. With regard to dealing with discipline problems, all schools have behavioural management policies which set out what is expected of pupils within the school and the systems in place to manage poor behaviour. Each of our High Schools also has a behaviour co-ordinator, who co-ordinates the management of behavioural problems within the school and works to implement strategies to prevent poor behaviour.

300 These behaviour co-ordinators also liaise with other agencies, viz the primary schools, the school liaison team and the Social, Emotional and Behavioural Difficulties Service (SEBD). Further information about the SEBD service and the work of the Link Centre is available on our website, in the Department's Annual Report and, indeed, our response to Mr Mulkerrin's Report.

Thank you.

315 **The Deputy Bailiff:** Are there any supplementary questions arising out of that answer?

We will take them one by one. Deputy Queripel, do you have any supplementary questions arising out of that answer?

320 **Deputy Lester Queripel:** No, sir.

The Deputy Bailiff: Can we take Deputy Gollop before you pose your second question, then, please.

Yes, Deputy Gollop.

325 **Deputy Gollop:** Members may be aware the Scrutiny Committee did a report partly relating to some of those questions and I would like to ask the Minister: are you, therefore, able, where possible, to direct 15 year-olds – who, for whatever reason, do not fit in easily to the conventional school regime – to College of Further Education courses and maybe more of a full-time commitment at the Link Centre, so the Link could become a special kind of school, rather than just

330 an adjunct to existing schools?

The Deputy Bailiff: Minister, are you able to answer that question?

335 **Deputy Sillars:** Well, I am, but I am not sure how many days we have got! The first part is fairly straightforward...

The Deputy Bailiff: There are three set aside but we do not necessarily want to use them all! (Laughter).

340

Deputy Sillars: Thank you.

The first part is reasonably easy to answer, that the High Schools do have... and work with the College of Further Education, as I said in my reply, and there are areas that students can actually do more vocational courses than perhaps academic, so I think that answers the first part.

345

The Link Centre is a whole different ball game, I think, and we are reviewing, you are right, with the Scrutiny Committee... We are coming back, as Education, to the Scrutiny Report of the previous Assembly and I believe we are coming back, and are mandated to come back, before the end of September and the Link will be a key part of that.

350

The Deputy Bailiff: Thank you.

Anyone else seeking to ask a question about 15 year-olds? No?

Deputy Queripel, then, your second Question.

355

**Mulkerrin Report
Measures to address low staff morale**

Deputy Lester Queripel: Thank you, sir.

Question 2:

360

On page 10 of the Mulkerrin Report, paragraph 6 concludes with the following: 'Staff morale is low and there are too many temporary or cover staff.' Will the Minister please tell me if there are any plans to introduce measures to address this problem or, indeed, have measures already been introduced?

365

The Deputy Bailiff: Thank you.

Minister Deputy Sillars to answer.

370

Deputy Sillars: Thank you, sir.

I would refer the Member to our published response to Mr Mulkerrin's Report.

Section 3 covers the remedial action we have taken, the details of which I do not propose to repeat here. Indeed, Mr Mulkerrin himself noted in his Report that the remedial action undertaken by the Education Department has been comprehensive and should be continued and I can reassure Members that we have continued these remedial actions.

375

La Mare de Carteret also has a new head teacher, who took up her post in April, and two new deputy heads have been appointed for September.

I would also note that we have published the recent independent inspection reports to both St Sampson's High School, and Mare de Carteret High School, which give an in-depth evidence-based view on how these schools are performing. Again, these reports are available to download from our website.

380

The Deputy Bailiff: Is any Member rising to pose a supplementary on that topic?

No? Deputy Queripel, your third Question, then, please?

385

**Mulkerrin Report
Reducing cost of overseas teachers**

390

Deputy Queripel: Thank you, sir.

On Page 17 of the Mulkerrin Report the last three sentences of paragraph two tell us that it costs the Guernsey taxpayer £20,000 to replace a teacher from overseas, working in the Island under licence, with another teacher from overseas to work in the Island, also under licence. Will the Minister please tell me if the Education Department are looking at ways they can possibly reduce those costs?

395

The Deputy Bailiff: Thank you.

Deputy Sillars.

400

Deputy Sillars: I would like to refer the Member to our published response to Mr Mulkerrin's Report.

There are two comprehensive sections within this response that cover how we try to recruit local teachers, wherever possible, and how we work closely with the Housing Department, when no suitable field of local candidates for a post is available.

Our response also highlights additional actions we are taking to ensure we are able to recruit the *best* teachers to our service and ensure they continue to learn and develop once part of our service. I can reassure the Deputy and other Members that the Education Department is always looking at ways it can reduce its costs, but this must be balanced against ensuring that we have a high quality education system. Sometimes, this means recruiting people from off Island and all that entails.

The Deputy Bailiff: Members, any supplementary questions about that issue?
No? Deputy Queripel, Question 4, then, please.

Mulkerrin Report
Preference to newly qualified local teachers

Deputy Queripel: Thank you, sir.

Paragraph 1 on page 16 of the Mulkerrin report tells us that, between December 2009 and November 2011, the Education HR department applied for 136 new housing licences for teachers, the majority of which were approved. Bearing in mind that it could cost Guernsey taxpayers £20,000 to replace every one of those teachers, will the Minister please tell me, will the Education Department give any preference to newly qualified local teachers wanting to return to their Island home to take up a teaching post?

The Deputy Bailiff: Deputy Sillars to respond.

Deputy Sillars: Two weeks ago the Housing Department hosted a series of presentations to States Members for key States Departments, of which Education was one.

At this presentation, Education informed Members in detail of how we strive to grow our own teachers, advise local teaching graduates of our vacancies, advertise these vacancies online, provide an on-Island route to train as a teacher, and run a 'teaching as a career' course for local secondary aged pupils: we explained to Members in detail the opportunities we provide for continuous professional development and promotion for our teachers, once in post.

These initiatives were discussed and explained during the question and answer session of this States Members briefing.

The Education Department always seeks to appoint a residentially qualified candidate to a teaching post, where we can, but this is subject to the proviso that this does not compromise the quality of service delivery that we, our head teachers, and I am sure all our parents, want us to maintain.

In reality, we will always need to bring in some teachers from outside the Island. We simply do not have enough of our own and certainly face the same challenges as other jurisdictions in recruiting to posts in areas of shortage, such as Secondary Maths and English teachers.

I would like to reassure Deputy Queripel and the rest of the Assembly that the Education Department has a close working relationship with the Housing Department and we respect and understand the Housing Control Law and Housing's policy on granting housing licences.

The Deputy Bailiff: Thank you, Minister.
Once again, are there any supplementary questions arising out of that answer?
No? So, Deputy Queripel, Question 5 now, please?

Numbers of teachers employed
Local and under a housing licence

Deputy Queripel: Thank you, sir.

Will the Minister please tell me how many teachers are currently working in the Island under a housing licence and how many local teachers are currently teaching in our schools?

465

Deputy Sillars: This was covered, again, in the briefing to States Members two weeks ago.

As Deputy Queripel will appreciate, we are in the middle of our busiest recruitment period, preparing for the start of the new school year in September, so these figures are a snapshot in time. We currently have 140 teachers and lecturers on employment-related housing licences.

470

Our current teaching workforce, including those working on supply as part-time lecturers or adult education tutors, is in the region of 1,034. Those on housing licences represent, therefore, just under 14 percent of this teaching force.

The Deputy Bailiff: Thank you, Deputy Sillars.

475

Once again, any supplementaries on those statistics?

No? Final question, then. Deputy Queripel, Question 6.

480

Mulkerrin Report Effective use of data

Deputy Queripel: Thank you, sir.

I apologise to anyone who has lost the will to live by now, but this is my final Question!
(Laughter)

485

The last three sentences of paragraph two on page 12 of the Mulkerrin Report, tell us the following: 'In Guernsey I consider data is not used effectively. Too often it is left in filing cabinets and not shared with staff.' Will the Minister please tell me, do the Education Department intend introducing measures, or have they already introduced measures, to insure that data is shared with staff and not left in filing cabinets, as Mr Mulkerrin discovered?

490

The Deputy Bailiff: Thank you.

Deputy Sillars to reply.

495

Deputy Sillars: I would refer Deputy Queripel to the Department's published response to Mr Mulkerrin's Report, where several chapters relate to the use of data and publication of results, and the actions being taken by the Department.

500

I do not intend to waste the Assembly's time by repeating the content of these chapters – as we only have three days – but would say that the schools have taken great strides forward in using their data to track the evidence of pupil progress and performance. This has been highlighted in the recent validation report of two of our Primary Schools published only last week. Schools do have a wealth of data and they have been greatly assisted in making the best use of this data, thanks to the involvement of the education officers from the Department, who have a wide ranging experience in how other jurisdictions manage and use this information. We have taken the best practice from elsewhere and adapted it in our schools.

505

I would also refer Deputy Queripel to our annual report, which includes a wealth of information about the Department, the services we provide and our schools. There is a whole section on statistics, showing individual school performance data and public exam results to exclusion statistics, pupil teacher ratios to attendance statistics. Hard copies are available for anyone to collect from the Department's office in the Grange.

510

I would just like to say, I would advise all Members that if they have any questions about Education or the services we provide, staff at the Department are happy to be contacted and will help, wherever possible.

515

Thank you, sir.

The Deputy Bailiff: Thank you, Minister.

Once again, any supplementary questions?

Yes, Deputy Brehaut.

520

Deputy Brehaut: If I may ask a question that broadly falls outwith the theme, if you like, of the question, if you will allow me. It is clear that the Education Department work very closely with

Housing with regard to licence issues: that is very clear.

525 To facilitate, for example, the demolition of the Bouet Estate it meant that a number of what were notably quite damaged and very vulnerable individuals were moved to other school catchment areas. Can he inform me what work has been done with the Housing Department staff and his own staff with identifying what may be a particularly difficult cohort that may have, for example, a nurture group resource implication? Could he give a broad brush overview of whether such meetings do take place, or does he intend meetings to be scheduled in to deal with that?

530 Thank you.

The Deputy Bailiff: Deputy Sillars, are you able to answer that question?

Deputy Sillars: Some of it, certainly sir.

535 Certainly, I respect and understand and agree with what happened with the children being taken out of one catchment area and put into another, and certainly the Education Department is working very hard with the schools – we do not need to name those schools – that have been involved in that area. It is something we have spent a lot of time already with the new Board, and even the new-old Board as it was, to address those problems.

540 We have a different relationship now with Housing, I believe, than we used to have and it is certainly one of the things we will be discussing. This has proven, if nothing else, how important it is that we have joined up Government: and this is just one part of those two Departments working together. We need to do that.

545 **The Deputy Bailiff:** Any other questions to the Minister, Members?

No? Well, thank you, that concludes Question Time – well within the 30 minutes set aside for that.

Greffier?

550

Billet d'État XV

555 **The Supplementary Benefit (Implementation)
(Amendment) Ordinance, 2012, approved**

Article I.

The States are asked to decide:

560 *Whether they are of the opinion to approve the draft Ordinance entitled 'The Supplementary Benefit (Implementation) (Amendment) Ordinance, 2012' and to direct that the same shall have effect as an Ordinance of the States.*

565 **Greffier:** Billet d'État XV, Article I, the Supplementary Benefit (Implementation) (Amendment) Ordinance 2012.

The Deputy Bailiff: Thank you.

Members of the States, you will find this Ordinance at pages 1 and 2 in the Brochure.

570 Some of these items are left over from the previous States and, because they are amendment Ordinances, some explanation of what they are about may be useful. So, Minister of the Social Security Department, Deputy Langlois, are you able to clarify what this Ordinance seeks to achieve?

Deputy Langlois: Thank you, Mr Deputy Bailiff, I think it would be very useful to do that.

575 The introduction of the Children's Law, in January 2010, placed new duties on the States, and residence orders were introduced under the Children's Law as one of a range of new orders to replace custody and access.

580 Residence orders settle where a child should live and give parental responsibility to people, which responsibility is shared with the child's parents. Now, HSSD has a legal and professional duty to provide the least intrusive legal framework to protect children's interests and a residence order is far less intrusive than a care order. Some families need financial support to do this and HSSD has got a discretionary ability to provide this help via a residence order, and I will not today

go into the details of when that payment is offered.

585 In 2011 HSSD requested that residence order allowances and adoptive allowances should be disregarded by the Social Security Department for the purpose of calculating a person's entitlement to supplementary benefit. That is to avoid taking the money out of one pocket, sorry... putting it into one pocket and taking it out of the pocket again by two different States Departments.

590 The allowances paid by HSSD will be wholly disregarded for the purposes of calculating that person's resources if this Ordinance is approved. To the credit of the former SSD Board, the Social Security Department included this recommendation in its annual report on benefits and contribution rates for 2012 in September 2011 and, if I may just quote from that,

595 '...that the first schedule of the supplementary benefit implementation Ordinance 1971 be amended to allow the requirements of the child in respect of whom Residence Order Allowance or Adoption Order Allowance is payable, to be disregarded for the purpose of calculating the requirements of a person whom that child is living with under a residence order or adoption order, and to allow for the Residence Order Allowance and Adoption Order Allowance to be disregarded for the purpose of calculating that persons resources.'

600 So this proposition was approved by the States and, if approved today, the Ordinance will bring this policy change into effect from 1st July 2012.

The Deputy Bailiff: Thank you, Minister.

605 Is there any further debate or questions for the Minister arising out of this short Ordinance?

No? Well, on that basis, we will move to the vote, then. The proposition is whether you approve the Supplementary Benefit (Implementation) (Amendment) Ordinance 2012.

Those in favour; those against.

610 *Members voted Pour.*

The Deputy Bailiff: I declare that carried.

615 **The Child Protection (Amendment) (Guernsey)
Ordinance, 2012, approved**

Article II.

The States are asked to decide:

620 *Whether they are of the opinion to approve the draft Ordinance entitled 'The Child Protection (Amendment) (Guernsey) Ordinance, 2012' and to direct that the same shall have effect as an Ordinance of the States.*

625 **The Greffier:** Article II, the Child Protection (Amendment) (Guernsey) Ordinance, 2012.

The Deputy Bailiff: Thank you, Members.

At this stage you will find this short Ordinance at pages 3 and 4 of the Brochure. Is there any clarification sought or debate on this matter?

630 Yes, Deputy Gollop.

635 **Deputy Gollop:** Sometimes – we looked at it again on Legislation – you look at these things and you think 'Oh, boy, did I slip up there!', because this Child Protection (Amendment) (Guernsey) Ordinance, 2012 is in pursuance of the States resolution of 27th April, 2011 and, in a nutshell, as I understand it, effectively means you do not have to give quite the same measure of oversight, in terms of inspection of premises, for what you might call nursery or playgroup facilities for children over the age of five because it is just now for the under-fives. I am not sure if the States made the right decision on that or fully understood what they were doing, because it does seem retrogressive to not necessarily apply the best possible procedures to all children, so I am not particularly enamoured of this piece of legislation.

640

The Deputy Bailiff: Does anybody else wish to speak in debate?

Deputy Adam, the Minister of the Health and Social Services Department, are you able to respond to that or at least offer some further clarification?

645

Deputy Adam: Yes, sir.

This was to make the previous law... that is, the law of 1972 is being amended because, after the age of five, the majority – I would say all – children go into education and therefore are covered by Education Department and the rules and regulations of the Education Department.

650

Therefore, this Ordinance simply is saying that, after the word ‘children’, we can choose ‘under the age of five’, so specifying that is the age group that this legislation applies to, whereas, over the age of five, the legislation is under the control of Education Department, who have fairly robust control over the regulation of teachers and all the staff who are employed by the Education Department. Therefore, this is tidying up a previous Law to make sure it is clear that we are looking at under five and Education is responsible for over five.

655

Thank you, sir.

The Deputy Bailiff: Before we move to the vote, is there anything arising out of the answer just given by the Minister.

660

Yes, Deputy Fallaize.

Deputy Fallaize: There is one issue, sir. Therefore, who is responsible for those children who are home-educated?

665

Deputy Adam: Sir, as far as I am aware –

The Deputy Bailiff: Yes, Deputy Adam.

670

Deputy Adam: – that comes under Education, as well, because all children are required to have some form of education. The majority attend schools and, as you say, if a parent wishes to home educate, I think they have the support and assistance of Education Department and a degree of supervision.

I think it costs the Education Department a considerable sum of money when such situations arise. Maybe the Minister for Education can clarify that further.

675

The Deputy Bailiff: Deputy Sillars, are you minded to provide the clarification sought by Deputy Fallaize?

Deputy Sillars: I would like to thank the HSSD Minister for passing it nicely over! *(Laughter)*

680

The Deputy Bailiff: You can pass it back! *(Laughter)*

Deputy Sillars: I would love to.

I don’t have the exact details. I know that we are responsible for it but, actually, I would like to look into it as it has been raised now and I will get back to you on that point with clarity.

685

Thank you.

The Deputy Bailiff: Thank you.

Anything else arising, as this is a bit of a free for all?

690

Deputy Burford: Could I offer some clarification on the home education point?

The Deputy Bailiff: By all means, Deputy Burford.

This will be a speech, of course.

695

Deputy Burford: Ah! *(Laughter)* A speech without notes: that would be a good plan.

The Deputy Bailiff: And it would be your maiden speech, if you deliver it.

700

Deputy Burford: I will leave it for now and then I can discuss it. *(Laughter and applause)*

The Deputy Bailiff: Don’t worry! We will not regard that as your maiden speech. You will get your proper round of applause in due course.

705

This is, as the Minister of the Health and Social Services Department has pointed out, tidying up of Section 15(1) of the Child Protection (Guernsey) Law 1972. It was a fairly straightforward debate. I recall having sat in a different seat in April of last year and there was a basis for it,

Deputy Gollop, which I am sure you will remember.

So we will move to the vote. Once again, are you minded to approve The Child Protection (Amendment) (Guernsey) Ordinance, 2012?

Those in favour: those against.

Members voted Pour.

The Deputy Bailiff: I declare that carried.

**The Vehicular Traffic (Control of Parking on Certain States Land)
(Amendment) Ordinance, 2012, approved**

Article III.

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled 'The Vehicular Traffic (Control of Parking on Certain States Land) (Amendment) Ordinance, 2012' and to direct that the same shall have effect as an Ordinance of the States.

The Greffier: Article III: The Vehicular Traffic (Control of Parking on Certain States Land) (Amendment) Ordinance, 2012.

The Deputy Bailiff: Once again, Members of the States, this is another short amendment Ordinance which you will find on pages 5 and 6 of the Brochure.

Is there any clarification sought from the Minister or debate on the Article?

Deputy Gollop.

Deputy Gollop: This certainly made us scratch our heads on Legislation because, as I recall, the debate relating back to 26th October 2011, it was a debate that came about... there was an amendment raised by Deputy Brehaut about the environmental aspects of the Salerie Car Park, the Salerie Battery and a move to improve the amenity of the area and, of course, the legislation was changed and has come back

'except temporarily for the purpose of loading or unloading on such part of the controlled land designated for that purpose by means of a traffic sign erected, placed and marked by, or on behalf of the Committee'

– which I think means the Environment Department –

'on or near the relevant part of the controlled land, and in accordance with any conditions, restrictions or prohibitions so ordered or directed.'

Now, this mentions the Salerie Battery on the land at the west of Salerie Battery, but it would appear that this could have universal application, as well, beyond the Salerie and that is a curiosity, really, because effectively it might go beyond the original terms of the States debate.

The Deputy Bailiff: Before I turn to you, Deputy Domaille, is there any further debate on this Ordinance?

Minister of the Environment Department, Deputy Domaille, can you assist Deputy Gollop?

Deputy Domaille: I believe so.

The Deputy Bailiff: Thank you.

Deputy Domaille: Thank you, sir.

Yes, what happened when we looked at the Salerie Battery – as you said, Deputy Gollop – it was discovered that, technically, people were not actually allowed to unload and put their empties into the recycling bins at Salerie Battery. Then it was found that, actually, that applied Island-wide for parking controlled zones, so this Ordinance contains two parts: the first part, which is a tidying-up exercise of the existing legislation, to allow people to actually temporarily unload, and the second bit refers to the Salerie Battery.

Thank you, sir.

770 **The Deputy Bailiff:** Thank you.
Let's move to the vote on this, then.
Once again, are you minded, Members of the States, to approve this amendment Ordinance?
Those in favour: and those against.

775 *Members voted Pour.*

The Deputy Bailiff: Once again, I declare that carried.

780 **The Offences (Fixed Penalties) (Guernsey) Law, 2009
(Commencement) Ordinance, 2012, approved**

*Article IV.
The States are asked to decide:
785 Whether they are of the opinion to approve the draft Ordinance entitled 'The Offences (Fixed Penalties) (Guernsey) Law, 2009 (Commencement) Ordinance, 2012' and to direct that the same shall have effect as an Ordinance of the States.*

790 **The Greffier:** Article IV: The Offences (Fixed Penalties) (Guernsey) Law, 2009 (Commencement) Ordinance, 2012.

The Deputy Bailiff: Thank you.
Members of the States, this commencement Ordinance is at page 7 of the Brochure.
I doubt it requires any clarification or debate but, if there is any, I will take it.
795 No? We will move to the vote, then.
Those in favour: those against.

Members voted Pour.

800 **The Deputy Bailiff:** I declare that carried.

805 **The Criminal Justice (Minimum Terms for Sentences of Life Imprisonment)
(Bailiwick of Guernsey) Law, 2011 (Commencement) Ordinance, 2012, approved**

*Article V.
The States are asked to decide:
810 Whether they are of the opinion to approve the draft Ordinance entitled 'The Criminal Justice (Minimum Terms for Sentences of Life Imprisonment) (Bailiwick of Guernsey) Law, 2011 (Commencement) Ordinance, 2012' and to direct that the same shall have effect as an Ordinance of the States.*

815 **The Greffier:** Article V: The Criminal Justice (Minimum Terms for Sentences of Life Imprisonment) (Bailiwick of Guernsey) Law, 2011 (Commencement) Ordinance, 2012.

The Deputy Bailiff: The citation of this measure is almost as long as the measure itself. This is on page 8 of the Brochure.
Once again, I doubt there is any clarification or debate that is required, but if ...
820

Deputy David Jones: There is.

The Deputy Bailiff: There is, yes. *(Laughter)*
Deputy David Jones.
825

Deputy David Jones: Thank you, Mr Deputy Bailiff.
If the minimum term is 'life', how can that be a minimum term because it is either 'life' or it is a minimum term? Does that mean 'until you die' or does it mean the judicial term of 'life', which

is whatever the judge decides it is on the day?

The Deputy Bailiff: Are there any other questions before I turn to either the Minister or the Comptroller.

Minister, I will turn to you first but is this something that you are able to deal with, or...?

Deputy Le Tocq: Sir, I turn to the learned Comptroller for advice on this. *(Laughter)*

The Deputy Bailiff: Madam Comptroller, are you able to assist us on that?

The Comptroller: Sir, I will endeavour to.

Sir, my understanding, this, as you will be aware – the standard phrasing in this – there will be an element of judicial discretion in deciding the minimum term that will be appropriate in relation to a particular case at the criminal justice sentencing case.

It is standard phrasing that is quite common in criminal justice legislation and, really, as you will be aware, certain offences will carry sentences of imprisonment which are laid down in that particular legislation but they will not be detailed down to the particular day, year or month. That will be in the discretion of the judge, according to the provisions that are laid down in the relevant criminal justice legislation. So this piece of legislation will be applied on, obviously, a case by case basis.

I hope that is of some assistance.

The Deputy Bailiff: Are there any other issues arising out of that short exchange?

This is simply a commencement Ordinance to bring into force The Criminal Justice (Minimum Terms for Sentences of Life Imprisonment) (Bailiwick of Guernsey) Law, 2011 with effect from today. As Members may recall, this was a matter that needed to be addressed as a result of changes in legislation elsewhere, to bring us in line with what was happening.

So, are you minded to commence that 2011 Law by approving the Ordinance?

Those in favour: and those against.

Members voted Pour.

The Deputy Bailiff: Once again, I declare that carried.

Billet d'État XVI

TREASURY AND RESOURCES DEPARTMENT

The Income Tax (Zero 10) (Deemed Distributions) (Repeal) (Guernsey) Ordinance, 2012' Removal of Deemed Distribution Regime approved

The States are asked to decide:

Whether, after consideration of the Report dated 21st May, 2012, of the Treasury and Resources Department, they are of the opinion:

1. That the deemed distribution provisions of the Income Tax (Guernsey) Law, 1975, as amended, are repealed, in the manner set out in 'The Income Tax (Zero 10) (Deemed Distributions) (Repeal) (Guernsey) Ordinance, 2012' which is appended to this report, with effect from 1 January 2013.

2. To approve the draft Ordinance entitled 'The Income Tax (Zero 10) (Deemed Distributions) (Repeal) (Guernsey) Ordinance, 2012', and to direct that the same shall have effect as an Ordinance of the States.

The Greffier: Billet d'État XVI, Treasury and Resources Department: Removal of Deemed Distribution Regime and The Income Tax (Zero 10) (Deemed Distributions) (Repeal) (Guernsey) Ordinance, 2012.

The Deputy Bailiff: I invite the Minister of the Treasury and Resources Department, Deputy

St Pier, to open the debate.

Deputy St Pier: Mr Deputy Bailiff, you and perhaps more experienced Members of the Assembly may be able to advise me how I, as a new Minister, should be feeling as I present my first States Report. Pride perhaps or, perhaps like that of a father with his first born child? So why, instead, do I feel like the slightly embarrassed grandfather, holding my first, sadly not very pretty, grandchild? (*Laughter*).

Sir, this child was conceived in the darkened corridors of Brussels ten years ago. The mother certainly did not and, perhaps, could not, have fully appreciated the long term consequences of her actions and the father is nowhere to be found, (*Laughter*) probably having left politics a long time ago – I am a little trepidatious about going any further with this analogy and I feel sure of an intervention from Deputy Bebb at some point. So, sir, I am left holding this baby as my Department lays this Report and legislation to remove the deemed distribution element of our Zero 10 Corporate Tax Regime.

As all Members will now be aware, in April of this year the EU Code of Conduct Group agreed with the European Commission's formal assessment, that there was, in principle, no difference between our Deemed Distribution Regime and the deemed distribution and attribution regimes of Jersey and the Isle of Man and these had previously been determined as harmful. Our argument that there is no structural or current taxation of business profits through the Deemed Distribution Regime was rejected.

The Code Group determined that Guernsey's deemed distribution was *deliberately* designed as a move to protect our tax base from the effects of our own regime and, therefore, could not be considered merely as an anti avoidance measure. Against that background, the Code Group determined that our current regime *is* harmful under the Code and that ruling has, as expected, been subsequently endorsed by Ecofin, the Council of Finance Ministers, on June 22nd. Whilst we do not agree with that judgement, we have to accept it. It is a political reality. Therefore, as of last Friday, our regime is formally non-compliant.

The formal assessment also made it clear that, in order to comply with the EU Code, our Deemed Distribution Regime needs to be removed. The proposals before you today are, therefore, solely about responding to the Code Group ruling and ensuring that we do have a compliant regime.

For the avoidance of doubt, it is worth re-emphasizing again, especially for the benefit of Guernsey's hard pressed taxpayers, who may not have followed every twist and turn of this tale, that this measure is driven by external forces. It is *not* driven by the demands – as is sometimes perceived to be the case – of our finance industry. In fact, ironically, some Guernsey resident beneficiaries will actually benefit by the tax deferral arising by removal of the deemed distribution provisions.

Guernsey is, of course, not a member of the EU. Our commitment to the Code of Conduct Group is voluntary but our compliance with the Code is exceedingly important and vital to our economic interests. Continued market access to capital markets in the EU and, by implication, the UK is vital for our finance sector and the wider economy. The UK government has clearly stated, at the highest level, that it expects us to honour this international commitment. We are acutely aware that that there are a raft of unilateral measures that the UK *could* impose to *encourage* our compliance if it was so minded and, given high profile disclosures in the UK in the last week or so, now is not the time to be refusing to co-operate on tax matters of concern to the UK.

Continued non-compliance would also run the risk of unilateral or, indeed, multilateral sanctions from across EU member states. The resultant uncertainty would be intolerable for our industry in the best of economic times, let alone in the extraordinary economic and geopolitical times which currently exist. Therefore, the Report and legislation before you proposes the repeal of our deemed distribution provisions with effect from 1st January 2013. I strongly believe that this is the best strategy to swiftly obtain compliance status.

This Report was prepared and published exceedingly early in the new States term with very good reason. Its purpose was to signal our intent and our commitment to resolve this issue swiftly and I am pleased to be able to report that this move has been recognised and was formally welcomed by the Code Group in its reports to Ecofin and it was also recognised by Lord McNally from HM Government in his recent visit to the Island.

To be clear, this is about removing those elements that have been determined as the cause of the harmful effect, at least in the Code Group's eyes, of our regime, so we are proposing to remove the five trigger events: being the sale of shares; company liquidation; ceasing to be resident; death; and the automatic attribution of investment income. We will retain all other elements, such as arrangements dealing with loans for participators, which I will address later.

950 We have also made a clear commitment not to introduce new measures which are intended to replicate the effects of the deemed distribution which we are now abolishing, but we will, of course, use our own longstanding general anti-avoidance rule under Section 67 of the Law, if necessary.

955 There are revenue consequences associated with this move and it would be irresponsible not to acknowledge them. Our best estimates are that there could be an immediate loss of £3 or £4 million per annum of revenue income. Some of this loss may merely be a cash flow effect, as the tax liability is deferred, and it will crystallize when actual distributions are made in due course, but some may, clearly, be permanent. It is impossible, at this stage, to determine what the split will be. However, there is the potential for behavioural change which could lead to further losses but, I say again, we will not hesitate to use our general anti-avoidance rule, if needed, to tackle any such changes in behaviour.

To ensure we do not fall foul of the Code again, it is essential that zero remains the general rate of taxation in our corporate tax model. However, I have made no secret of my belief that a cautious extension of the application of the ten percent rate is an appropriate step and one that already has accepted precedent in Jersey and which retains our international competitive position at its heart. Initial estimates suggest that the revenue effect of such a move could be net neutral or even positive so, if possible, it is my intent to include in my Department's first Budget, later this year, a conservative extension of the ten percent and it is also our intention to publish, alongside the Budget, a short conclusion to Guernsey's Corporate Tax Review.

970 Today's issue is about ensuring Guernsey's co-compliance status and securing that certainty for our zero tax platform which is, after all, at the heart of our economic model. The UK has repeatedly, on our behalf, made the point the zero part of the regime is not harmful and we know also that Zero 10, without deemed distributions, has been found to be co-compliant for both Jersey and the Isle of Man.

975 To continue my previous analogy, we have taken another scan of the mother and we can find no sign of any other pregnancies. So whilst the future is, as ever, an uncertain place, we must take this step to ensure that our industry is able to operate with a degree of greater certainty. I therefore commend these proposals, this report and this legislation to the Assembly.

980 I am aware that this legislation is quite difficult to follow. I have had the advantage of sight of similar Jersey legislation dealing with the same issue and I would comment that the explanatory note which Jersey provides of the legislation and of the Articles, considerably assist in reviewing and the understanding of the legislation and I would certainly encourage the draftsman and the Legislation Select Committee to strive for a similar standard in due course.

985 Sir, given my previously expressed views on the need for simultaneous electronic voting to record the details of all substantive propositions, to be consistent I do believe that a recorded vote should be taken on this issue and, as such, can I give you notice now that I will be seeking an *appel nominal*.

990 **The Deputy Bailiff:** Yes.

Deputy St Pier: Finally, sir, again with your consent, later today I would like to take a few minutes to say something by way of further explanation about some of the other regulations from my Department which are also laid before the Assembly today.

995 Thank you, sir.

The Deputy Bailiff: So we move into debate.

I have had two people attracting my attention. I am new to this, so bear with me if I do not spot you immediately. Three now... four.

1000 So, Deputy Laurie Queripel, to be followed by Deputy De Lisle.

Deputy Laurie Queripel: Thank you, sir.

Mr Deputy Bailiff, Assembly colleagues, it seems we have little choice but to agree to these recommendations but I do have a number of associated concerns and misgivings.

1005 I recall former T & R Minister, Charles Parkinson, remarking that one day soon we would have to have a grown-up debate or discussion about welfare provision and cost. However, the terms of that debate will need to be broadened to encompass overall revenue and expenditure, our relationship with the EU and, indeed, the other Crown Dependencies, plus a frank discussion with the corporate sector, for mature and realistic reasoning tells us that, invariably, when revenue is down or restricted, there are consequences and the effects are most keenly felt by (1), the most vulnerable within our society – and it is normally social policy and basic services that take the hit

– and (2), those already being squeezed are squeezed even harder.

1015 All of this has a negative, or harmful, effect so we have to swiftly find ways to increase revenue and/or do something more effective and equitable with existing funds. This, to me, is the irony of the term ‘harmful’, as used by the EU. What can be more harmful to a jurisdiction than to further restrict its financial ability to realise policies and initiatives that bring about greater social inclusion and equality? But we should not be surprised at this. It is, in part, unsustainable EU fiscal and economic policies that have led to the financial turmoil we are witnessing across Europe, the harsh austerity measures being imposed upon Greece, with Spain and Italy not too far behind and, recently, the acquiescence of Ireland in order to qualify for access to the bail-out fund.

1020 None of this is progressive. To undermine a jurisdiction’s political and economic sovereignty is not progressive. One of the consequences is further social inequality. Greece, for example, are expected to make €6 billion-worth of cuts and also privatise some services. I have already quoted a former Member of this Assembly and a current Member, Deputy Trott, then Chief Minister to the EU, according to a *Press* report on March 22nd, 2010, said:

1025 ‘I see it as the biggest threat of all.’

So, in the fullness of time, we will have to look again at our relationship with the EU and we do need those discussions with the other Crown Dependencies.

1030 This race to the bottom is unseemly, immature and, ultimately, regressive or harmful. We need constructive dialogue and we need to include the corporate sector in that dialogue. For all parties concerned, this would be a responsible and grown-up position to take, so I will probably reluctantly support this proposal, sir, but it is my plea, sooner rather than later, that we consider constructive dialogue and action.

1035 Thank you, sir.

The Deputy Bailiff: Thank you.

Deputy De Lisle next and then Deputy Soulsby.

1040 **Deputy De Lisle:** Thank you, Mr Deputy Bailiff.

With the introduction of the Zero 10 Corporate Tax Policy, nearly eighty percent of everything Government spends is taken from individuals through personal taxation, that having accounted for sixty percent before the introduction of Zero 10 in 2008. This has been recognised as a very dramatic change that has shifted the tax burden significantly from the corporate sector onto the individual.

1045 The introduction of Zero 10 has not only shifted the tax emphasis away from the company and onto the individual but has led to sharp falls in revenue income, with another £27 million being drawn from the Contingency this year to make up the deficit and left the overall sustainability of Zero 10 in the present form subject to debate and concern.

1050 Repealing Deemed Distribution will make the balance even more onerous on the individual in future through higher taxes and charges to individual Islanders. As the Island loses more revenue from the corporate sector, it could result in the loss of current revenue of around £3 to £4 million from distribution income, as the Minister has indicated, with additional loss to Social Security contribution income, some of it permanent.

1055 The policy letter does not include ways in which T & R are intending to redress the balance, not only of the expected loss in revenue from Deemed Distribution, but also on the unfair system of taxation, which has placed an additional burden of higher personal taxes and charges on the individual with the introduction of Zero 10.

1060 The Zero 10 system allows some corporations in Guernsey to pay no tax except for some specific banking activities that are taxed at ten percent. Business not locally owned are not contributing to the exchequer on Zero 10, while individuals are required to pay more and the tax burden on the ordinary Islander has escalated. The last Budgets have consistently raised indirect taxes without any consideration of all the other increases and charges being raised on the ordinary Islander.

1065 Can the Minister indicate how he intends to redress this situation? Does he intend to review corporate tax policy again, as he might have suggested in indicating that he is moving toward some changes in the forthcoming Budget? Is he intending to move closer to a flat ten percent corporate tax in order to make things fairer on the individual taxpayer? Surely, any retention of the zero tax regime will require a wider section of industry to be taxed at ten percent to reduce the deficit and lighten the burden on the individual, the ordinary taxpayer, and stop the drain on the Contingency Fund.

1070

Can I ask Deputy St. Pier, in his summing up, how he and his Department are planning to tax non-finance businesses which are not locally owned and also extend the ten percent tax rate in the finance sector.

1075 Sir, corporate tax has to be considered in a broader framework to encourage the total requirement of Islanders. It has to be fair to the public as a whole and not show bias. It has to form part and parcel of a comprehensive tax strategy for the Island. A balance has to be struck between the demands of big business for a competitive fiscal and economic environment and the social interests of the wider community.

1080 Thank you, sir.

The Deputy Bailiff: Deputy Soulsby next, followed by Deputy Lester Queripel and then Deputy David Jones.

1085 **Deputy Soulsby:** Sir, following on from the Minister's analogy I would just like to say I am glad that I am not the mother of this baby. I have had to look after it and found it ugly, disruptive and unruly.

1090 As someone who has had to get to grips with the Deemed Distribution Regime and nearly twenty statements of practice issues by the Tax Office, I would like to see the back of it. The amount of work required in dealing with it is out of proportion to the income generated. I will be supporting the Billet d'État precisely because of this and because it is unfair to local people.

1095 I hear what the Minister of Treasury and Resources says about extending the ten percent band but, whatever is ultimately brought before the Members as a replacement to make up the shortfall – and we will need to do something – make sure that it is simple to understand, more effective and easier to manage and more equitable: a baby that will grow into a mature and responsible adult.

The Deputy Bailiff: Thank you.

1100 **Deputy Lester Queripel:** Sir, I understand completely why these proposals are laid before us today because the choice we have is either to remove Deemed Distribution and become co-compliant or retain it and risk all sorts of derogations.

1105 In fact, I have a *Guernsey Press* cutting here dated 29th May with a drawing of our T & R Minister looking rather anxious and with slightly less hair than he has in real life – but I took the liberty of drawing some hair on him which I thought was rather fetching! (*Laughter*). I digress. In the *Press* article, our T & R Minister does, indeed, state that we have no choice other than to remove Deemed Distribution and take the £4 million pound hit that it will cost us.

1110 I have another *Press* cutting from June 9th, which is a photograph of Lord McNally. I thought best not to tamper with his hair, in case we had derogations brought against us! The headline states:

“UK Treasury might come after Islands again”

And that sets alarm bells ringing in my head, sir. I find myself asking the question, how many more demons are lurking round the corner.

1115 In fact, the final *Press* cutting I have here is from June 21st and, in this article, the Chief Executive of Guernsey Finance, Peter Niven, tells us that Guernsey needs to find out exactly where the tax line is drawn. I take great comfort from that because, once that is actually established, we will no longer have to live in fear.

1120 Finally, sir, I would like to conclude by focusing on any future demands that may be made of us. I have very real concerns that we seem to be forever bowing to several masters and I really do think it is time we stopped bowing and claimed a little bit of independence. We are not a country, we are an island and I would like to see us stand up occasionally and say to the rest of the world: ‘We hear what you are saying but we are an island and we have a human right to do things our way’. Whether or not we do say that remains to be seen, of course.

1125 Back to the present and, on this occasion, I will support these proposals but I do so with a heavy heart and some very real concerns about our future.

Thank you, sir.

1130 **The Deputy Bailiff:** Deputy David Jones, followed Deputy Gollop.

Deputy David Jones: Thank you, Mr Deputy Bailiff, Members of the States.

It is true, we are an island but we do trade with the rest of the world and we cannot ignore that

fact. We have to remain competitive, we have to remain in the game if we are going to keep all our services and generate the kind of money that I want to see for social housing and the Health Minister wants to see for Health and schools, etc.

If you look at Switzerland, for instance, Switzerland is a completely independent country but it has been forced to comply with the same sort of EU Directives that we are forced to comply with if it wants to trade on the international euro markets. That is where we are and I wish it was different; we are a pimple on the backside of the world, as far as Guernsey goes, and we will be bullied from time to time by people who are much bigger and much more powerful than we are. What we have to do is to decide where we fit in the world as an offshore centre.

Now, I don't like this any more than both Deputy Queripels but, to be pragmatic, if we are going to, as I say, stay in the game then we have to play by the rules. All the EU has done, really, is to say that if you want to play in our pond you have to play by our rules. 'If you don't want to play in our pond, well, take your boat away and go and do it somewhere else.' The problem with that is we do a lot of trade through the City of London, which is one of the biggest finance centres and also a member state of the European Union and that forces us very much into that pond. If we want to continue doing business, then we have to play by their rules.

So I will support this, if we are going to stay competitive. I understand what Deputy Laurie Queripel said about being a race to the bottom, but the fact of the matter is we are in a very competitive business at the moment and the world finances are in a sorry state. The Eurozone is as close to collapse as anybody has ever seen it, the fiscal debts of many of the other countries are huge, the UK alone is holding something like £2 trillion-worth of debt and, to answer another question, that is why they are looking to close as many tax loopholes as they possibly can. We will always be under attack because, even if we continue to be well regulated and do not do business that is prevalent on tax evasion, they simply do not like low tax jurisdictions.

The previous Chief Minister was always very robust with Treasury officials, certainly in my presence. When one particular day, one asked, well what we simply do not understand is how you can do this, how you cannot have many of the taxes that we have to enforce on our people: his reply to him was very simple – it is because we have no debt. We are not servicing millions and millions of pounds in interest payments and, therefore, we don't have to overtly tax our people to pay debts that we simply don't have. That was the simple answer. It was not an answer they particularly liked but it happens to be a fact.

So although we are forced to do things sometimes that we don't always want to do, you have to look on the brighter side of this, too. We are still in this game, we are still paying our way, we are still building new schools and new medical facilities, we have still got reasonably low taxes and charges. I have written to our new Treasury Minister along the lines of many of the points that have been raised this morning, about hitting the poorer in our community with indirect taxation without looking at the ability of people to pay. They have assured – and I hope he does today again – that they are going to look at more creative ways of trying to raise revenue and we move on.

But I will support this and I hope the States has the good sense to do so also.

The Deputy Bailiff: Thank you, Deputy Jones, for your abbreviated views on the European Union.

So it is Deputy Gollop, followed by the Chief Minister, Deputy Harwood.

Deputy Gollop: Sir, Deputy Lester Queripel, in almost poetic terms really, spoke about Guernsey being an island rather than a country – 'No man is an island' and that kind of idea. Of course, you can be both. It is debatable if Guernsey is a country because it has no real foreign or defence policy but, certainly, there are islands who are countries – Cyprus, or at least part of Cyprus, and Malta – and they, of course, are in the European Union club and we have to be aware of that.

There are also many fascinating places in Europe, Monaco on the coast, Gibraltar on the coast and, of course, Andorra, Liechtenstein and San Marino, being surrounded by mountains or hills, which are separate in many ways fiscally and in terms of what they can do, but are, nevertheless, part of the European mainland. Each one of those places has a differing relationship with larger neighbouring countries and the European Union as a whole. I would love to attend an all-day seminar with, maybe, the Treasury Minister and HM Comptroller, explaining how they all interact with each other and what we can learn from them, if anything.

But the reality is that we are a bit over a barrel with this. I think we played a good game, we tried to be on top of the situation from 2009 onwards and, as it turned out, we played slightly the wrong moves but I think we have weathered the recession better than our competitors and we have

to take this action today.

1195 It is difficult when one hears of the fallout of leading politicians in the United Kingdom accusing a certain comedian and others of legitimate tax avoidance because we ourselves have situations within the Bailiwick that make one wonder, but I know Treasury & Resources are tackling the anomaly with document duty, for example, whereby if you buy a house one way you pay and if you buy it another way, you don't.

1200 So when people in the UK or elsewhere tax plan using legal Channel Island vehicles, one cannot necessarily criticise them for that and, in that sense, I accept this legislation with a certain degree of heavy heart. What I would like for the future, really, is to have greater clarification, when it becomes available, of the so called 'changes of behaviour' that Deputy St. Pier referred to, whereby, in a worst case scenario, certain corporate entities or individuals could somehow reorganise their affairs in such a way that would either be detrimental to our tax revenues or detrimental to our Island economy.

I actually agree with one of the aspects of Deputy Soulsby's speech because I did hear from a number of sources that the Deemed Tax Distribution was not a good feature of the Guernsey tax structure and had discouraged entrepreneurial activity. So its burial is a mixed blessing, even if we do lose a degree of tax revenue and I will not repeat – Mr Deputy Bailiff will not like repetition – but I agree with a lot of what Deputy Domaille and Deputy Laurie Queripel said about how, in a way, our tax structure at the moment is geared whereby the middle society seem to cross subsidise where some more fortunate people, perhaps, do not have to pay what they would have done.

1210 But there is one other area that I think we need definite clarification from the Treasury Minister and that is how far he, his Board, the Chief Minister, the Policy Council, will really work behind the scenes as much as they can, bearing in mind political differences, and competitiveness with Jersey and the Isle of Man, to ensure that we do not, no part of the three, behave in such a way as to undermine the long term stability of themselves and the other two.

1215 The other aspect is Deputy Gavin St. Pier was a very able member of the Legislation Select Committee that we lost from that position when he became Treasury Minister. He made an interesting point and I know Deputy Robert Jones and the new Committee are working extra hard on seeing how legislation can be improved, streamlined and harmonised and I certainly will take a look at how Jersey do things. In the past, we used to hear "Oh, Jersey do things differently because that's the way it is and you can never marry the two", but if we are *really* changing in some cases, the very same legislation and replacing it with a similar product, the possibility of (a) joint working, to save time and money and (b) to improve co-operation, communication and information and clarity for the professional classes, has to be a good thing. We should all work together to make the legislation happen.

1220 **The Deputy Bailiff:** Chief Minister, then Deputy Perrot.

The Chief Minister (Deputy Harwood): Mr Deputy Bailiff, Members of the Assembly, can I first of all say that I choose a different analogy; I think we have gone through the birth of the child *ad nauseam* – I would like to say this present piece of legislation marks the end of a chapter. A somewhat uncomfortable chapter for many of us who are practitioners and I have wholehearted support for Deputy Soulsby. To understand the implications and the practicalities of Deemed Distribution were quite taxing – no pun intended!

1235 Can I just say I fully endorse what Deputy Jones has already said. We do operate in a global market and we therefore have to play to other people's rules if we want to continue operating in those markets and, in this context, we have to recognise the EU because the EU includes London, which is a huge trading partner for this Island.

1240 In the context of this EU Code of Governance, the expression 'harmful' in fact actually works for the benefit of Guernsey residents because the reason why they have found our deemed distribution positions to be non acceptable, non compliant, is because they are discriminatory and they are discriminatory *against* Guernsey residents, oddly enough. So I think, on that basis, on behalf of Guernsey residents, I think we should actually support this legislation.

1245 In response – I am not responding to Deputy Domaille – but he did mention dialogue and debate and I would like to take this opportunity to state that, as part of the preparation for the States Strategic Plan and the debate for that, which will be in the early part of next year, I would certainly like to start a debate and dialogue with States Members, actually to understand the balance that we have to achieve between personal taxation, corporate taxation, direct taxation and indirect taxation. I believe that would be one of the topics that we will have to cover in that Strategic Plan because I am not sure if it has ever properly been debated in the past.

1250 We have re-opened channel communications with Jersey and the Isle of Man. By removing

1255 this deemed distribution provision, it puts us then back on to the same level playing field as the Isle of Man and Jersey and we already have a scheduled trilateral meeting in October, and I know that the Treasury Minister is meeting with his opposite number in Jersey on a fairly regular basis in the meantime.

1260 I would urge all States Members to support this proposal.

The Deputy Bailiff: Deputy Perrot.

Deputy Perrot: Thank you, sir.

1265 Could I thank the Treasury Minister for the presentation the other day. I thought it was most helpful for us to have some warning about, well, perhaps an explanation, of what underlines this Billet, this report. That was very useful. Of course, we have to accept it, we have no alternative.

The real problem is that we will never, *ever*, stop the attempted predations of the European Union. It is an envious body, it is a corrupt body, it has got an *outrageous* democratic deficit. One is open mouthed to think how it exists, and the only thing one can say about it in the future is that, quite possibly, it is going to change, because one can see that, with all that is going on in Spain, in 1270 Greece, in Italy, even now in Cyprus, there is a distinct possibility of some sort of implosion so that there will be a changed Europe. It could well be that a rather wealthier Northern Europe will have an immense amount on its plate in looking after Southern Europe that perhaps it will not need to look at these jurisdictions quite so enviously as it has done in the past.

1275 But another of the problems at the moment is, of course, that the UK is very much a part of Europe. It rubber stamps so much European legislation, it is a *creature* of Europe at the moment.

Now it could be that if someone, if a government in the United Kingdom has sufficient guts to have a referendum, that that might change, but who knows? At the moment the UK is a creature of Europe. So it troubles me when I hear the Treasury Minister say that there is pressure at the 1280 highest level, evinced by the United Kingdom government, to make sure that we tow the line on legislation such as this, or on fiscal concepts such as ours.

And that leads me to the point that I keep banging on about, and I do think that it is time now that we did concentrate on reviewing our relationship with the United Kingdom. The United Kingdom – in some aspects, I should say. But the United Kingdom should not feel that all it needs 1285 is a bit of a nod and a wink and that is going to exert pressure on the small boys in the offshore jurisdictions. We may be small jurisdictions but we are mature jurisdictions and we can look after ourselves, actually. The real problem with envious institutions such as Europe and, to a lesser degree, I suspect, with Europe, is that they are jealous that we can look after ourselves.

So I would hope that – I am sorry about this – going forward... (*Laughter*) Thank you very much. That going forward we do give... I know that it is impossible to give a message to the European Union. It sets its mind against jurisdictions such as ourselves. In any event, it is not a democracy: why would it bother with a democracy? But I do hope that a message goes to the United Kingdom that, 'Okay, we're with you on this, but don't try to push us around. We do have a pleasant relationship with you but it may not continue to exist in quite the same form forever.' 1295

The Deputy Bailiff: Deputy Trott, followed by Deputy Bebb.

Deputy Trott: Can I join those who have commented on how nice it is to see you in the big chair, sir. It suits you. 1300

The Deputy Bailiff: Thank you.

Deputy Trott: Sir, I have often said that, at the end of this process, you will not be able to put a cigarette paper between the tax regimes of Jersey and Guernsey. I have often said that and I believe it as much today as ever. 1305

I am encouraged by the Treasury Minister's comments earlier and may I compliment him on an excellent introductory speech, that it is his intention in the Budget to look closely at capturing more in the ten percent regime. That was certainly the view of the previous Policy Council and, indeed, the previous Treasury Resources Department. So such a view came as no surprise to me. 1310

But there is an irony here, and the irony is that the more we capture in the ten percent band with regard to our banking industry – and I am, of course, speaking with particular reference to the institutions that have branches, UK branches, here – the less revenue that will accrue to the UK Treasury. So by modifying our tax regime in this manner we will be reducing the UK's tax take, and I make this point again because it is a point that is often misunderstood about who was the 1315 primary beneficiary of the introduction of the Zero 10 regime. In terms of tax revenues, it was

undoubtedly HM Treasury and it is important that the hypocrisy of national politics does not see that point obscured.

1320 Now, sir, Deputy Gollop has made the point that we fared better than our competitors economically, and I suggest he was referring particularly to the other two Crown Dependencies, and that is absolutely true. Much of that success has been down to this Assembly's timing. Our timing throughout the Zero 10 reform process has been impeccable.

1325 Deputy Laurie Queripel referred to comments I made whilst in a previous role back in 2010, referring to the EU as 'the greatest threat of all'. That is a view that I would argue is probably mainstream now amongst informed opinion globally. I think, within Europe themselves, they realise that they have got themselves in an *awful mess*, a mess that is, with every passing day, more difficult for them to resolve.

1330 Deputy De Lisle talked about the importance of social interests and I could not agree with him more but I would say this, the social interests of our community are best served by retaining a competitive and internationally compliant tax regime. I have little doubt, sir, that the House will endorse that view by a significant margin, if not unanimously, when we come to the vote.

I am always impressed by my friend Deputy Jones' political pragmatism and today was no exception, because he made very sensible comments regarding the pragmatism of small jurisdictions of politics and, in particular, the reality of engagement with the outside world.

1335 But I end, really, somewhat disagreeing with my equally good friend, Deputy Perrot, who said 'we can look after ourselves'. Actually, fiscally I would agree. In fact, fiscally I would argue we are a model of excellence, and many jurisdictions that look on us enviously do so without realising the *history* of our fiscal position. But there is no doubt that, diplomatically, we cannot look after ourselves, and the reason we cannot look after ourselves is because we do not have a seat at the table in many of the arenas, in many of the fora where we are required... or where we would need a seat.

1340 I make that point because there is resistance, in some areas of our community, to rail against our overseas engagement. I make this point, and I hope I make it well, that if ever there was a time that this community needed to engage, not only with our near European neighbours, but with our international partners further afield, it is now, and I implore the Policy Council not to lose sight of that.

1345 Thank you, sir.

The Deputy Bailiff: Deputy Bebb.

1350 **Deputy Bebb:** We have had an awful lot of people who have a heavy heart with regard to the death of deemed distribution. I have no such heavy heart. Indeed, I will dance on the grave of Deemed Distribution.

1355 I think that it is something that has not been beneficial towards Guernsey. We have heard from Deputy Soulsby about the difficulties the cumbersome, sort of bureaucratic means of trying to manage such a scheme. Therefore, I am quite pleased to see the end of this. I mean we should rejoice... Indeed, for someone who has no desire to see an institution, as Deputy Perrot said, which really lacks an awful lot of democracy, and then has not had its audit passed, in how many years? – I forget – but quite a few years... For them to have the *sauce* to come over here and question *our* financial responsibilities and our prudence with regard to our fiscal position is, indeed, something that is fairly galling.

1360 However, on this occasion, I have to say that if we see a reduction in these ridiculous taxes, then we might actually welcome more EU involvement in our Government, and that is something quite astounding.

1365 I am heartened to hear that the Chief Minister made reference to the review that we will need to have and a full and frank discussion that will need to be on this Island in relation to the means of taxation and the proportion that we have in different means of taxation, direct, indirect and all the rest of it.

1370 I am slightly *disheartened* to think that that was mentioned as one item: it cannot be one item. We really need a discussion about what the Government should be providing. I realise that this particular Billet has appeared with some time constraint, and therefore it was quite important to bring it immediately to us. But I think that a piecemeal approach to what this Government raises in taxation and what services it offers is *not* the best solution.

1375 The financial transformation programme is coming towards its end, but we need a full and frank discussion on the Island on what services should the Government provide and, therefore, how much taxation should we raise in order to pay for those services. It is something that we fail to realise, that taxation is directly related to the services that we provide. Instead of concentrating

on taxation, maybe we should be asking the fundamental question of what should we providing, and to what extent and at what cost?

1380

The Deputy Bailiff: Thank you.

Is there any further debate on this Report and the associated draft Ordinance?

No? Then I turn to you, Minister, Deputy St Pier, to respond to the debate.

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Deputy St Pier: Thank you, Mr Deputy Bailiff, and thank you to everyone for participating today.

I am not going to respond to every individual contribution by name because, clearly, there was a thematic approach that came through, although I am sorry that I obviously bored the Chief Minister with my analogy (*Laughter*) – and I would like to thank Deputy Gollop for his geographic tour of Europe as well.

1390

I think the general theme about how we need to be aware of the equity of the tax system is very much one which I am aware of. I know that the rest of the... I think I can speak out on behalf of the rest of the Treasury and Resources Board. It is an issue they are aware of – the Fiscal and Economic Policy Group, as well – and the Chief Minister has referred to the need for that kind of debate within the development of the States Strategic Plan. I think that very much does incorporate, as its starting point, Deputy Bebb's point in relation to what services should we, as a community, be providing.

1395

In relation to a number of points which Deputy De Lisle made, I think it is important to re-emphasise, as I did in my speech, that this change is not as a result of the demands of 'big business', to use the term he used, which sometimes has a derogatory undertone to it. Big business is supportive, through its representatives at the Guernsey International Business Association, as I have mentioned in my speech, to the cautious extension of Zero 10. They recognise that as part of the response.

1400

Deputy De Lisle also said that I had not addressed how we were proposing to seek to raise any revenue lost, and again, to re-emphasise that, today very much is not about that. It is about responding to the state of non-compliance that we are in. We do recognise that that is an issue. I did allude to the extension of Zero 10 as being part of that process, but I must re-emphasise that zero must remain our general rate of business taxation if we are to retain a state of Code compliance.

1405

Notwithstanding Deputy De Lisle's points about the apparent equity of that and the burden sharing between business and the individual, just re-emphasising Deputy David Jones's point, this is the heart of our economy. We play with it at our peril. If we end up destroying the golden goose, then there will be no question of debating the burden sharing between business and the individual, because there will be no business.

1410

'How many demons are there?' was one question. The answer is, I think, we do not know. As I said, we have scanned ahead in relation to the EU. We do genuinely believe that this addresses their current concerns, but I will come back to that point again.

1415

We are an island. Yes, we are, but again I think, as Deputy Jones eloquently made clear, no man *is* an island.

1420

I do appreciate the support from Members of this Assembly for these proposals and I do understand that, in fact, most Members will perhaps give their support – with the possible exception of Deputy Bebb – reluctantly.

This system is, picking up on Deputy Soulsby's point, highly complex, and in that sense the tax system will be a lot easier without it, and, of course, one of the attributes of a good tax system is its simplicity. But, of course, we must remember that we did not choose this. It was very much what we *had* to develop in order to remain competitive, which I think was Deputy Trott's very clear point.

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Deputy Lester Queripel is quite clearly, as we all know, a very methodical man, but this is not a methodical process. This is very clearly a political process and, as Deputy Perrot said, we do simply have to accept the current situation from an institution which is perhaps deeply undesirable. Do not forget that the EU is this institution that produced the EU Savings Directive on the back of a deal on Italian milk quotas. How bizarre can it get?

1430

So, yes, the goalposts quite clearly have moved and they may move again, but I hope they will not and I hope the end of this process is receiving formal confirmation of our compliance, which we have never had before. So far, all we have had is that we are non-compliant, so actually to receive formal compliance in the way Jersey and the Isle of Man have will be positive.

1435

In relation to Jersey and the Isle of Man and working with the other Crown Dependencies, again to pick up a point that has been made, we are very keen to retain very close dialogue with

them – this is not a race to the bottom – to the extent that we can find ways in which we can work within this current system to raise more revenue. It is in all our interests to do so. We all are in the same position on that, so there is no question of *arbitrage*.

Similarly, in relation to working with the UK and understanding their concerns – which, again, I think is Deputy Trott’s point, the need to engage – through the visit of Lord McNally from the Ministry of Justice and through his initial meeting with the Chief Minister, we are very keen to engage with Her Majesty’s government and, in particular for me in my role, with the Treasury Ministers and in particular David Gauke, who is the Minister primarily responsible for this area, and we are seeking to arrange a meeting as soon as is achievable.

I think it would be very unwise for us to seek to draw a line in the sand and say ‘Here, but no further,’ much as though many of us in this Assembly might find that a very tempting proposition.

Deputy Jones referred to us as ‘a pimple on the backside of Europe’. Another analogy I came up with is the common wagtail feeding on the back of a hippo. It is a symbiotic relationship. The hippo is a large, ugly beast. It is bad tempered and it is very aggressive and it does not appreciate the role that the common wagtail plays in picking insects off its back. The EU needs us for our capital flows. Ironically, it needs us now more than it has ever done, and the fact that it fails to perhaps understand that is somewhat irritating.

This is not an exact science. All we can do is make the best judgements and respond to events as they happen, very much as this Assembly did in 2010, and, again, Deputy Trott has referred to that, and we have also, again... very much as we have done with QROPS and with further proposals in my ministerial statement earlier today.

The whole question of equity of taxation and fair burden sharing, as we all know from the media, is a very live issue in jurisdictions bigger than ours, but it is now an issue for us as well. We do need to ensure that the tax burden is fairly shared and that those who are due to pay tax do pay that tax. So, as I have emphasised a number of times today, we will look at all measures to protect our domestic tax base where we are able to do so. We will use the general anti-avoidance rule where we can to ensure that we can retain a fair tax system.

Once again, I would encourage full support for this proposal, even if many Members are doing so with some reluctance.

Thank you, sir.

The Deputy Bailiff: Thank you.

Well, Members of the States, we have got two propositions, which you will find on page 1823 of the Billet.

There has been a request from the Minister for an *appel nominal*. What I propose is that we take that in respect of the policy and proposition 1 and then we move on separately to the Ordinance and see where we stand after that vote.

So, an *appel nominal* on proposition 1.

There was a recorded vote.

Carried – Pour 45, Contre 0, Abstained 0, Not Present 2

POUR	CONTRE	ABSTAINED	NOT PRESENT
Deputy St Pier	None	None	Deputy Collins
Deputy Stewart			Alderney Rep. Arditti
Deputy Gillson			
Deputy Le Pelley			
Deputy Ogier			
Deputy Trott			
Deputy Fallaize			
Deputy David Jones			
Deputy Laurie Queripel			
Deputy Lowe			
Deputy Le Lièvre			
Deputy Spruce			
Deputy Duquemin			
Deputy Green			
Deputy Dorey			
Deputy Paint			
Deputy Le Tocq			
Deputy James			
Deputy Adam			
Deputy Perrot			
Deputy Brouard			
Deputy Wilkie			

1505 Deputy De Lisle
Deputy Burford
Deputy Inglis
Deputy Soulsby
Deputy Sillars
1510 Deputy Luxon
Deputy O'Hara
Deputy Quin
Deputy Hadley
Alderney Rep. Kelly
1515 Deputy Harwood
Deputy Kuttelwascher
Deputy Brehaut
Deputy Domaille
Deputy Langlois
1520 Deputy Robert Jones
Deputy Le Clerc
Deputy Gollop
Deputy Sherbourne
Deputy Conder
1525 Deputy Storey
Deputy Bebb
Deputy Lester Queripel

The Deputy Bailiff: Hon. Members of the States, although we will wait for the official result, (Laughter) it sounded unanimous to me because I did not hear a 'Contre'!

1530 Is there a request for an *appel nominal* on the Ordinance at all?

Shall we move straight to the vote on the draft Ordinance, then? The Ordinance, as you know, is published as an appendix to the Report. It runs from pages 1818 to 1822. You are being asked to approve it.

1535 Therefore, those in favour; those against.

Members voted Pour.

The Deputy Bailiff: I declare proposition 2 carried.

1540 Going back to proposition 1, unsurprisingly, with two absences from the Chamber, there were 45 votes in favour, none against, no abstentions, so I declare that proposition carried, as well.

Billet d'État XV

1545

Ordinance and Statutory Instruments laid

The Deputy Bailiff: Shall we just mention the other items of legislation published in Billet XV, Greffier, the Ordinance and the Statutory Instruments?

1550

The Greffier: Ordinances laid before the States, Billet d'État XV: The Iran (Restrictive Measures) (Guernsey) Ordinance, 2012.

1555 Also, Statutory Instruments laid before the States, Billet d'État XV: The Merchant Shipping (Prevention of Pollution: Substances other than Oil) (Intervention) (Bailiwick of Guernsey) Order, 2012; The Social Insurance (Benefits) (Amendment) Regulations, 2012; The Income Tax (Loans to Participators) (Exemptions) (No. 3) (Amendment) Regulations, 2012; and The Income Tax (Keeping of Records, etc.) (Amendment) Regulations, 2012.

1560 **The Deputy Bailiff:** Thank you, Greffier. We note that they have been laid at this meeting.

1565 **States Review Committee**
Election of a member from the Policy Council
Deputy St Pier elected

Article VI.

The States are asked to elect:

- 1570 1. *A Member of the Policy Council as a member of the States Review Committee.*

The Greffier: Billet d'État XV, States Review Committee, election of a member of the Policy Council as a member of the Committee.

- 1575 **The Deputy Bailiff:** In relation to this Article, we have an amendment to be moved by the Chief Minister, Deputy Harwood.

I propose to take that amendment before we get onto any of the elections so that we know where we stand.

- 1580 So, Chief Minister.

The Chief Minister (Deputy Harwood): Mr Deputy Bailiff, Members of the Assembly, thank you.

- 1585 The purpose of this amendment, which is in the joint names of myself and Deputy Matt Fallaize, is, in effect, to defer the appointment of the two non-States members of the States Review Committee until the September meeting of this Assembly, and in order to ensure the Committee will be quorate in the interim period. This will allow the Committee to begin to prepare its programme and its *modus operandi*.

- 1590 States Members will have received an e-mail communication from me some time ago but, just to reiterate, the reason for the amendment is if you read the original Requête which prompted this decision, which was Volume III of 6th March, 2012, you will see the intention was that the independent non-States members should have a breadth of experience and understanding of government and legislatures generally beyond these shores. Although we sought expressions of interest from within the Bailiwick – and that was done by public advertisement – in the hope that we might find local residents who possessed this large experience and who would be willing to stand, I am afraid that this process, whilst producing a good response, did not, unfortunately, identify sufficient candidates of this nature. Furthermore a number of former States Members applied but the terms of the Requête specifically excluded them from serving as committee members.

- 1600 In consultation with Deputy Fallaize, who has identified, I believe, two excellent candidates who would fulfil the terms of the Requête and who could add considerable value to the review, both those candidates are resident off-Island and will therefore need to travel to Guernsey and, on occasions, require overnight accommodation. Such costs will need to be reimbursed and one possible candidate, who we regard as a highly respected and very experienced specialist in this field, may require a reasonable daily retainer fee.

- 1605 The assumption at the time of the Requête was that, because had we been able to find suitable persons locally and because they would not charge for their services, no travel or accommodation expenses would be incurred and the Committee did not require a budget. But, clearly, if we take the path that Deputy Fallaize and I suggest, this is no longer the case.

- 1610 Furthermore, both Deputy Fallaize and I are of the firm view that if we are to do this job properly there would be bound to be expenses in terms of hiring rooms for presentations or engagement with the public, placing advertisements in the press and funding administrative support.

- 1615 In all the circumstances, the amendment, if approved, will seek to defer the election of non-States members until such time as the Committee brings a report seeking an appropriate budget. It would be our intention to bring this report to the September meeting, at which time the two independent members would then be nominated for appointment.

I therefore ask that you support the amendment:

- 1620 *To delete Proposition 3 and insert before the full-stop at the end of Proposition 2:
“and to resolve, notwithstanding their Resolution of 9th March, 2012 on Article 21 of Billet d'État V of 2012, that:*

- 1625 *(a) two persons independent of the States shall be elected as members of that Committee at the September, 2012 meeting of the States of Deliberation; and
(b) pending the election of those two persons the Committee shall be properly constituted as a Special States Committee without those persons”.*

The Deputy Bailiff: Thank you, Chief Minister.

Deputy Fallaize do you formally second that amendment?

1630 **Deputy Fallaize:** Yes, I do sir.

The Deputy Bailiff: Is there any debate on the amendment.
Yes, Deputy Kuttelwascher.

1635 **Deputy Kuttelwascher:** Thank you, sir.

I just want to pass a comment, first, on good governance. Last night at eight o'clock I rang two Members to seek their views on this amendment and they had not seen it because they had not accessed the Deputies .gov website. Another Member I asked earlier in the day had not seen it, either, because he cannot get access to his Deputy's website. So, in the terms of good governance, this is a very short notice to present this amendment, which is rather unfortunate.

1640 The other issue I have got is with part (b) of the amendment because it obviously makes the presumption that, in September, this Assembly will agree to the appointment of two overseas consultants, and consultants at the moment is very much a hot topic, especially overseas consultants. I cannot see how anybody can guarantee how such a budget will be approved. It might be but, between now and then, this is going to become an issue.

I also have a problem with the Committee carrying on quorate without these two outside consultants because Deputy Harwood did send an e-mail a while ago saying, to do their job properly this would be part of the team: but how can they do their job properly between now and then if they have not got them? So there are some unanswered questions.

1650 I would also like to know who all these people who applied for the job of an outside consultant were and, maybe, why they were rejected. I also, at this stage, do not know who these two other people are from other shores, so there are a lot of questions. If any of those can be answered, it would be helpful.

Thank you, sir.

1655

The Deputy Bailiff: Deputy Gollop.

Deputy Gollop: Sir, I partly agree with Deputy Kuttelwascher that this has been a bit of a cloak and dagger affair with information coming out, grains of sand at a time but, nevertheless, when I look back at the mandate, that we all, by majority, voted for this States Review Committee. I am beginning, I mean I find the Requête kind of 'get it on the table', but I think the terms of reference, to be honest, are vague, they are a bit confusing. Is it really about looking how efficient we are at machinery of government, at corporate governance, which is something else, really? It is not clear from this.

1665 We know it does not include the issues Deputy St Pier mentions, about external relationships, but it could include, it seems to me, everything from reducing the size of the Chamber to different styles of elections, to Island-wide, to more of a parliamentary system, to more of an executive system – and I don't know.

1670 I am not too sure of the criteria on which the Policy Council have chosen candidates to sit on it, so I have got a lot of questions. But, with all these reservations, we have seen, on the one hand, the original, dare I say it, 'Harwood' committee, which consisted of people who *only* resided on the Island – well, there was one – predominantly resided on the Island, and we have seen committees consisting of former States Members, and we have also seen the issues surrounding the Wales Audit Office, where they were, by definition, an outside consultancy firm. All of these structures have their problems. I think, if you give the task to ex-States Members, or retired States Members, especially over a certain age, they will tend to say the best possible system is the one we had twenty years ago – and I don't know if that is really the answer we want.

1680 If we choose outside consultants, we do tend to get a huge learning curve and all sorts of assumptions and presumptions being made about party systems and forms of scrutiny and so on but I do, nevertheless, come down on the side of having *some* external knowledge of parliamentary systems. I think the recent controversies we have had, and will have, on States Member's pay came out of the fact that panels traditionally have been made up of Island-distinguished people, rather than people who are particularly aware of parliamentary salaries in other places. If this is really going to gain traction, following on from the Belinda Crowe Report and others, we do need specialist expertise that we will not find in Guernsey.

1690 I will also make another point that, actually, if I really thought about it, I probably could find a number of people in Guernsey or Jersey who have really great gifts on administrative, constitutional and political fields, but I still might be reluctant to put them on this panel because of the subjective bias that one cannot help when one has been part of a system and the personalities within it, so I do think there is merit in having external people.

Perhaps there is confusion as to whether they are committee members or consultants and where the boundary lies but I think we have to explore this further and so I will support the amendment.

1695 **The Deputy Bailiff:** I will take Deputy Lowe because she got to her feet.
Let's hear from Deputy Lowe but then Deputy Soulsby – but it was a close run thing.

Deputy Lowe: Thank you, sir.

1700 I have concerns with this amendment very similar to what Deputy Kuttelwascher mentioned before, because (a) it came at the eleventh hour, but section (b) is wrong. I mean I will support section (a) because that is sort of saying we will go ahead and we will bring a report back in September but there is nothing in the amendment that actually sits with the e-mail we had last week, saying there is going to be a cost to that.

1705 I am not sure if we should be having this type of expenditure when this has been said, without repeating it, about paying outside consultants to come and sit on a committee to tell Islanders, who feel quite passionate that this is *their* Government and we have got somebody coming from outside, advising us how to change it, when we should be asking the public – whom we serve – what type of Government they want, rather than hearing from outside how they think we should be operating.

1710 So I don't, actually... I listened to the Chief Minister who said that this amendment enabled them to be quorate: they will be quorate, anyway! You are talking about two out of five, seven people, so you will have enough members, anyway. You do not need an amendment to make it quorate, you need an amendment to say that you are not going to elect the two independent members until next term, but there is nothing in here to stop you being quorate.

1715 I see lots of nods and agreements with me, so I would suggest that Members support section (a) of this amendment and they reject section (b) until we have got that report in September and we know exactly how much we are talking about. Many people who run businesses in the past have assisted the States, and I will come on to that when we get to non-States members, really, but they have assisted the States and they see that as a privilege. They do not actually want to see a pound sign at the bottom. If you are trying to get people on board to assist, I am not sure it is appropriate, in this period of the States, where we are looking for cutbacks, to be saying that we should be paying somebody outside of the Island to come here.

1720 Thank you, sir.

1725 **The Deputy Bailiff:** Thank you.
Madam Comptroller, shall we just tidy up the quorum position for Members' benefits first?
So, if Members were to agree to (b) of the amendment proposed by the Chief Minister, that would produce the effect of saying that there are five voting members, pending the election of the non-States members.

1730 **The Comptroller:** Sir, yes.
I wonder whether there is a slight, perhaps, misunderstanding, because this Committee is slightly unusual in the way that it is prescribed in relation to its membership, because the wording in 18(3) is very much that the Committee is constituted as follows and then the members are very prescribed.

1735 I wonder whether that is the reason to put beyond any doubt, including (b), so that it would be clear that the Committee is properly constituted. The quorum I would suggest is perhaps a slight red herring. It absolutely is quorate: I agree with that but, to an extent, perhaps by having (b) it removes any doubt whatsoever that the Committee has not been properly constituted, going forward.

1740 **The Deputy Bailiff:** Thank you.

Deputy Fallaize: Sir, can I just add clarification to that.

1745 As the Comptroller has said, it is not a matter of quoracy, it is a matter of the constitution of the Committee. The States Review Committee can only produce a States Report once it has been properly constituted and it needs to produce this States Report in September. In order to do that, the amendment is asking the States to agree today that, even though the two non-States members would not be elected until September, the Committee would still be constituted in such a way that it could produce the Report that it needs to produce in September, at which point the States can then take a decision, once it has the arguments put before it, about whether to vote the Committee a budget.

The Deputy Bailiff: Is that clarification, Deputy Fallaize, or is that your speech?

1755 **Deputy Fallaize:** Both, sir. (*Laughter*)

The Deputy Bailiff: Deputy Soulsby.

1760 **Deputy Soulsby:** Sir, Deputy Fallaize has raised an issue that has concerned me for a while. The States seeks new people by putting an advertisement in the *Press* and then they get surprised that no-one responds.

This is not the only means. If you are working in business, you have to work harder than that to get the high calibre people you need. I am not convinced that we give local people enough chance to find out vacancies in the public sector. No vacancies are shown on the Government website. 1765 Would that not be the first place you would expect to see what the Government wants?

If the States Committee want more people, the States should be using social media now. I mean, I got two high calibre non-States members for the Public Accounts Committee by using Twitter. There are so many other means of being able to find people on this Island. What about professional bodies? In this particular instance, I would expect you to have gone to GIBA. There must be some high calibre lawyers on this Island who would have experience of jurisdictions off 1770 this Island.

I would like to think that, if this amendment is brought in, further work is done in actually trying to find people who live on Guernsey who could take up this position.

1775 **Members:** Hear hear.

The Deputy Bailiff: Does anyone else wish to speak on the amendment?
Deputy Trott.

1780 **Deputy Trott:** I would rise to commend Deputy Soulsby, who has been consistent to her views.

I recall with some clarity her speech when she was seeking to become chairman of the Public Accounts Committee and she reminded us, as she did at the South East hustings, of her abhorrence at the use of off-Island consultants.

1785 Interestingly, sir, I remember similar comments being made at the St. Sampson hustings by the man who is now our Treasury Minister and I wonder if he has either, sir, had an interesting episode on the journey to Damascus or whether he is prepared to accept the hypocrisy of the comments made at the time.

1790 **The Deputy Bailiff:** Does anyone else wish to speak?

Deputy Soulsby: It was just clarity, if I could, sir, from HM Comptroller and, indeed, Deputy Fallaize, for he was saying that you need this Report. Well, you need this amendment to enable a Report to come forward, but this Committee were not *in situ* when they were directed by the States. I think it went through Policy Council, so would it not be Policy Council that could be 1795 bringing a Report to say they need some funds to enable this Committee to go forward?

The Deputy Bailiff: I am not sure that was a point of clarification, more a question for the Chief Minister. 1800

Deputy Soulsby: Well, I think this amendment is being used for this Committee when, in actual fact, it could have come from Policy Council, rather than hinder this Committee to operate.

1805 **The Deputy Bailiff:** Does anyone else wish to speak on the amendment before I turn to the proposer of it to respond?

Deputy St Pier: Yes, sir.

1810 **The Deputy Bailiff:** Yes, Deputy St Pier.

Deputy St Pier: Obviously, I cannot fail but to respond to Deputy Trott's bait! Treasury and Resources Board is, naturally, concerned about the use of consultants, on-Island

1815 and off-Island consultants. The issue, clearly, always has to be to find the best person for the job, wherever that may be, but do rest assured – again, being consistent – Treasury and Resources will be, is looking at and, hopefully, will be taking, steps to bring some control to this whole issue.
Thank you, sir.

Deputy Trott: Sir, I am grateful for the response.

1820 **The Deputy Bailiff:** Anyone else before we wind up debate on the amendment? No?
Deputy Harwood, I do not need to turn to you as Chairman of the Committee. I will turn to you as the proposer of the amendment.

The Chief Minister: Thank you, sir.
1825 I am grateful for the clarification my seconder gave to Members. While I was using the word ‘quorate’, it was probably inadvisedly because, in fact, the point is clearly made by Deputy Fallaize that, without the amendment which is part (b), the new Committee will not be properly constituted and it is in that context that we would propose that sub-paragraph (b) of the amendment be adopted.

1830 Can I reassure States Members we are not talking about consultants; we are talking about members of the Committee. The intention would be to appoint non-States members and, at present, we consider the view is that the best people for those places will probably be people from off Island, but they will be members of the Committee and not consultants.

1835 States Members have referred to the importance of bringing people on who have external knowledge and experience of dealing with other jurisdictions. That certainly was a feature of the first review, where there were two non-Guernsey residents on that Committee and the experience, particularly of Sir Miles Walker, with the Isle of Man, was invaluable, and I would like to think that, hopefully, we would have that similar experience with this new Committee.

1840 If States Members wish to widen the terms of reference of the Committee, I am sure that Deputy Gollop or others may wish to bring further amendments to widen the terms of reference, if you wish to do so.

1845 But for the present purposes, the purpose of the amendment is to propose that we defer the appointment of non-States members and that we allow the Constitution Committee to proceed without those two non-States members so that the Committee itself can then put together a budget and report to bring back to the States in September.

The Deputy Bailiff: So, Members of the States, we move to vote on the amendment proposed by Deputy Harwood and seconded by Deputy Fallaize.

1850 All those in favour – *(Interjection)* Okay.
We will take the first part of it first, then, which is just a vote on paragraph (a) of that amendment. So, those in favour; and those against.

Some Members voted Pour, others voted Contre.

1855 **The Deputy Bailiff:** I declare that part carried.
Moving to paragraph (b), those in favour; and those against.

Some Members voted Pour, others voted Contre.

1860 **The Deputy Bailiff:** Once again, I declare that carried, so the amendment has been carried.

The Deputy Bailiff: I doubt there will be another vote on that, because we will just move to the elections of the three Members of the States, the first election being a member of the Policy Council to be a member of the States Review Committee: proposition (1) of Article VI.

1865 Chief Minister, I turn to you first, as Chairman of the Committee, to invite nomination.

The Chief Minister (Deputy Harwood): Sir, on this occasion, I would like to propose Deputy Gavin St Pier, as a member of the Policy Council, to be elected to the States Review Committee.

1870 **The Deputy Bailiff:** Is that nomination seconded?

Deputy Le Tocq: I second that nomination, sir.

1875 **The Deputy Bailiff:** Thank you very much, Deputy Le Tocq.
Are there any other nominations, because nominations from the floor of the States are permitted. (*Interjection*) The only persons who are eligible for *this* particular seat on the Committee are one of the other nine Ministers.

1880 There being only one candidate – that is Deputy St Pier, proposed by the Chairman of the Committee, Chief Minister Deputy Harwood, and seconded by Deputy Le Tocq – I simply put that to the vote.

Those in favour; and those against.

Members voted Pour.

1885 **The Deputy Bailiff:** With a unanimous vote, I declare Deputy St Pier elected as a member of the Committee.

1890 **States Review Committee**
Election of two sitting Members of the States

Article VI.

1895 *The States are asked to elect:*
2. two sitting Members of the States as members of that Committee.

The Deputy Bailiff: The second proposition is two sitting Members of the States as members of that Committee.

1900 So, once again, Chairman of the Committee, Deputy Harwood, I invite you to make nominations.

The Chief Minister (Deputy Harwood): Thank you, sir.
I propose to nominate Deputy Mark Dorey and Deputy Richard Conder as sitting States Members for membership of the Review Committee.

1905

The Deputy Bailiff: Are those nominations, or either of them, seconded?

Deputy Fallaize: I am seconding both, sir.

1910 **The Deputy Bailiff:** Thank you, Deputy Fallaize.
Are there any other nominations to sit on this Committee?

Deputy Laurie Queripel: Yes, sir. I would like to nominate Deputy Lester Queripel.

1915 **The Deputy Bailiff:** Is that seconded?

Deputy David Jones: Yes, I will second that nomination.

1920 **The Deputy Bailiff:** Thank you, Deputy Jones.
Any other nominations, or do we just have the three?
In that case, what I will do is I will turn to the proposer of Deputy Dorey and Deputy Conder, Deputy Harwood, to speak to his two nominations – and you get an aggregate of 10 minutes, but let's hope you will not need it – and then Deputy Laurie Queripel to speak to his nomination.

1925 **The Chief Minister:** Thank you, sir.
In proposing Deputy Dorey, both Deputy Fallaize and I believe that Deputy Dorey brings with him experience both before and after the watershed that was the 2004 changes. We believe that it is very important on the Committee to have a balance of those who have knowledge of the previous regime, as it were, as well as bringing new members onto the Committee.

1930 Deputy Mark Dorey will be well known to all States Members. He has served the States formerly as the Minister for the Social Security Department and is currently on the Treasury and Resources Committee, a person I think who has taken a great interest in politics in this Island for a number of years and whose contribution, I believe, will be invaluable to our deliberations.

In putting forward Deputy Richard Conder, I am very conscious of Deputy Conder's

1935 intellectual and academic background. As a newly-elected States Member, he has the benefit of having no preconceptions of previous States systems. He therefore will, I believe, bring to our deliberations a very incisive approach and a very intellectual approach. He is a person who has been first elected this year. He sits on a number of committees already, but I have consulted with him and I believe that he is passionately interested in this particular role and that he will be able to devote sufficient time and attention to be of great benefit and value to the Committee. I therefore propose and have very great pleasure to ask support for Deputy Mark Dorey and Deputy Richard Conder.

1945 **The Deputy Bailiff:** Thank you, Chief Minister.
Deputy Laurie Queripel to speak to his nomination.

Deputy Laurie Queripel: Thank you, sir.
Mr Deputy Bailiff, Assembly colleagues, I have known Deputy Lester Queripel for some time (*Laughter*) and I was quite well acquainted with his parents, (*Laughter*) so I think I can give a unique insight into his character, attributes and from whence they came.

1950 Being of service to the community is in Deputy Lester Queripel's blood. His father was a special constable and a shop steward. His grandfather, Frank Queripel, became a local pastor, first having served as a sergeant major in the Royal Irish Regiment during the First World War. So, sir, one can see, from that very brief family history, the depth and breadth of experience, knowledge and character that Deputy Lester Queripel has to draw on.

1955 But the greatest lesson he will have learnt from his forebears, in life and, indeed, in all his dealings, will have been the need to strike a balance. He will have learnt to be courteous but questioning, respectful but not overawed, enthusiastic but not rash, determined but not stubborn, to realise that there are many sides to a story, to never rush to judgement, to be open-minded but not indecisive, to consider all factors, to be analytical and to arrive at evidence-based conclusions.

1960 Deputy Lester Queripel is not lacking courage, durability or determination. His past life is proof of that. He is an achiever. He has a variety of qualifications to his name. He lived in London for seven years and, career-wise, was entrusted with a position of great responsibility. For the last 25 years, Deputy Lester Queripel and I have run a small business within the local construction industry. He is, as you might imagine, a good and patient listener – he would have to be, working with me! We faced a number of challenges over those 25 years and he faced them in a calm, considered and rational manner. We overcame those challenges, we survived, and to a certain extent thrived.

1965 All these things, sir, are indications of a balanced, capable and well rounded individual. Deputy Lester Queripel is a very creative and imaginative person with the ability to think outside of the box. I believe he can bring something quite unique and useful to the table.

1970 It is an understatement to say that he is keen on politics, but not in the anorak sense. He is keen to see processes and procedures in place that are effective. He wants to see responsible, accountable government. He wants to see a system in place that provides true and best service to our community. He has immersed himself in all aspects of local politics. In the last few years, he has attended a number of workshops, public meetings and presentations. He has done a great deal of research and has asked many searching questions. All this has added to his database of information and knowledge.

1975 If elected to this Review Committee, sir, Deputy Lester Queripel would not let himself down, he would not let this Assembly down and, even more importantly, he would not let this Island or the Bailiwick down. He would provide valuable, reliable service to this Committee. To date, his many qualities and abilities have not been put to best use within this Assembly. Today, we can rectify that.

1980 Thank you, sir.

1985 **The Deputy Bailiff:** Thank you.
Members of the States, you have got your personalised voting slips in front of you, and I would ask you to use those in casting your votes in this election.

1990 There are three candidates –

Deputy Bebb: Sorry, could I just ask for clarification? We have the personalised voting slips. Will these votes be recorded and made public? I am unaware that there has been an amendment, and therefore should they be used or should we be using other slips?

1995 **The Deputy Bailiff:** On the basis that I was directing you to use them, they should be used.

The Deputy Bailiff: Thank you.

2010 So, once again, if I can just remind you, there are three candidates: Deputy Dorey, proposed by the Chairman of the Committee, Deputy Harwood, seconded by Deputy Fallaize; Deputy Conder, also proposed by the Chairman of the Committee, Deputy Harwood, and seconded, again, by Deputy Fallaize; and the third candidate is Deputy Lester Queripel, proposed by Deputy Laurie Queripel and seconded by Deputy David Jones.

A ballot took place.

It was agreed.

Billet d'État XVIII

2030 Election of non-voting member
Mr Jeffrey Vidamour elected

The States are asked:

The Greffier: That is the Culture and Leisure Department, election of non-voting member.

2045 **Deputy O'Hara:** Thank you sir.

The Deputy Bailiff: Thank you.

Deputy Quin: I will second.

2055 Now, there is no scope for any other nominations to be put, as I understand occurred when the non-States members for the Public Accounts Committee were being proposed.

There was some confusion as to whether or not the Rules allowed the Minister to explain something about Mr Vidamour. I am going to give the Minister some latitude if he wants to just highlight anything about Mr Vidamour that he wishes before we move to the vote – and I will do the same in relation to the other two nominations.

2060

Deputy O'Hara: Thank you, sir.

I am not prepared for this but I know of Mr Vidamour well enough to be able to give him, I think, an excellent reference.

2065

He has been involved with Culture and Leisure in the last term and, of course, he has been very much involved in all aspects of sport and transport, which is very useful to Culture and Leisure generally.

We found him in the last term to be an excellent member and it is as simple as that. We would like him to carry on with the same kind of excellent service. We find him very reliable and his knowledge is extensive.

2070

Thank you, sir.

The Deputy Bailiff: Deputy Lowe, you were trying to attract my attention?

2075

Deputy Lowe: Yes, sir, I just wanted to pass on what was actually said at The Vale Douzaine the other evening and also to explain my own reasons as to why I will be voting against all of the non-States members.

2080

It is nothing against the people individually: they are all very creditable. It is just that I do not actually believe in non-States members. People have been elected to get on with the job. So I am not a supporter of non-States members and, indeed, many of the new Members will be unaware that SACC actually brought a Report last year to actually have non-States members removed from the Department, for the very reasons that many of us thought we are elected to do the job. Non-States members are elected for four years – it is not somebody coming in to give their experience or expertise on a certain matter, as and when necessary. Once that non-States member is elected, they are there for four years and cannot be removed, only by this Chamber by resolution.

2085

It was raised at The Vale Douzaine and I was really pleased to hear Deputy Soulsby before, because it was raised because of the concern that these have *not* been advertised. There are people who would have, perhaps, like to have been considered and, as was said by one of the Douzeniers, they felt this was 'jobs for the boys' because it was a closed shop, because people were unaware these positions could be filled by members of the public.

2090

So I would like to pass on my –

The Deputy Bailiff: Deputy Lowe, I am going to stop you there.

2095

Deputy Lowe: Okay.

The Deputy Bailiff: – because this is an election, it is not a debate –

Deputy Lowe: Yes, fine.

2100

The Deputy Bailiff: – on the role of non-States members on Departments or Committees. I gave you some latitude to start with –

Deputy Lowe: Okay.

2105

The Deputy Bailiff: – but if you are going to continue debating the topic, that should be for another day on a proper proposition.

Deputy Lowe: I fully appreciate that, sir, but I wanted to have just a little say.

2110

The Deputy Bailiff: I am not going to invite any more comments on this particular... *(Interjection)* I thought we might at least elect Mr Vidamour first, Deputy Jones – so we will move to the vote because, as I have explained, it is Rule 4(2) of the Constitution and Operation of States Departments and Committees, the yellow pages in your gold book, that make it clear that you cannot have nominations from the floor of the States.

2115

So there is a single candidate – it is a straightforward yes/no vote – this is Jeffrey Vidamour, proposed by Deputy O'Hara and seconded by Deputy Quin.

All those in favour: any against.

2120 *Members voted Pour.*

The Deputy Bailiff: I declare him duly elected.

2125 **HOUSING DEPARTMENT**

**Election of non-voting member
Mr Dudley Robert Jehan elected**

2130 *Article II.*

The States are asked:

2135 *1. To elect as a non-voting member of the Housing Department, Mr Dudley Robert Jehan, who has been nominated in that behalf by that Department, to serve until May 2016 in accordance with Rule 4(2) of the Constitution and Operation of States Departments and Committees.*

The Deputy Bailiff: Deputy David Jones, Minister of the Housing Department to – sorry, we will call the Article first. I am even rushing ahead of myself! *(Laughter)*

2140 **The Greffier:** Housing Department: election of a non-voting member.

The Deputy Bailiff: Thank you, Greffier. I won't forget you next time, I promise! *(Laughter)*
Deputy David Jones.

2145 **Deputy David Jones:** Yes, sir, thank you.

This is seconded by Deputy Mike Hadley. I would like to put forward the name of Mr Dudley Robert Jehan.

Would you like me to say a few words about Mr Jehan?
I am happy to do so.

2150 **The Deputy Bailiff:** Only if you want to.

Deputy David Jones: I am happy to propose Mr Jehan for the non-States member's seat on Housing.

2155 Deputy Jehan is, for those of you who have just joined the States, the Chairman of the Norman Piette Group.

The Deputy Bailiff: *Mr Jehan.*

2160 **Deputy David Jones:** Sorry?

The Deputy Bailiff: Mr – he has not been elected.

2165 **Deputy David Jones:** Okay. Mr Dudley Jehan is Chairman of the Norman Piette Group – it is made up of eight on-Island companies. He is also Chairman of Guernsey Post, he is a previous long serving member of the Housing Board and his impartial advice and quiet forensic manner has been a real asset to Housing on many occasions. He has a huge ability to think outside the box and has often encouraged Board members in the past to look at issues from angles that may not always be immediately obvious.

2170 Dudley Jehan is a solutions man. He has a real ability to offer solutions to complex problems for the Board to consider and I have never failed to be impressed with his vitality, his passion for housing issues and his recognition of the plight of the low paid and those who seek decent social rental housing.

I ask you to support the nomination of Mr Dudley Robert Jehan.

2175 **The Deputy Bailiff:** Thank you, Deputy Jones.

Deputy Hadley: I second.

2180 **The Deputy Bailiff:** Once again, there cannot be any other nominations, so I ask you whether you approve of the election of Dudley Jehan, proposed by Deputy Jones and seconded by Deputy Hadley.

All those in favour; is there anyone against?

2185 *Members voted Pour.*

The Deputy Bailiff: Once again, I declare him duly elected.

2190 **HOME DEPARTMENT**

**Election of non-voting member
Mr Andrew Lucas Ozanne elected**

2195 *Article III.*

The States are asked:

2200 *1. To elect as a non-voting member of the Culture and Leisure Department, Mr Andrew Lucas Ozanne, who has been nominated in that behalf by that Department, to serve until May 2016 in accordance with Rule 4(2) of the Constitution and Operation of States Departments and Committees.*

The Deputy Bailiff: Thank you.

Deputy Le Tocq, Minister of the Home Department.

2205 **Deputy Le Tocq:** Sir it gives me great pleasure to nominate Mr Andrew Lucas Ozanne for the position of non-voting member on the Home Department and just to say that I am sure Mr Ozanne is well known to members of this House.

2210 He has served in the Home Department in the past and my Department very much felt that, in terms of the fact that there are three new members of the Department, Mr Ozanne has served in a wide variety of ways and been very generous with his time but for continuity and all those reasons we wish to continue to have him serve in that Department.

Thank you, sir.

2215 **The Deputy Bailiff:** Thank you very much.
Is that nomination seconded?

Deputy Quin: Yes, sir, I will second it.

2220 **The Deputy Bailiff:** Thank you Deputy Quin.

So, Members of the States, you are asked if you want to elect as a non-States member on the Home Department, Andrew Lucas Ozanne, proposed by Deputy Le Tocq and seconded by Deputy Quin.

All those in favour; those against.

2225 *Members voted Pour.*

The Deputy Bailiff: Once again, I declare him duly elected.

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Billet d'État XV

2235 **HOME DEPARTMENT**

Police Complaints Commission

Resignation of Deputy St Pier noted

2240 *Article VII.*
The States are asked to decide:
Whether, after consideration of the Report dated 26th April, 2012, of the Home Department,
they are of the opinion to note the resignation of Mr Gavin St Pier as an ordinary member of
2245 *the Police Complaints Commission..*

The Deputy Bailiff: Can we move to Article VII on Billet d'État XV, Greffier, next?

The Greffier: The Police Complaints Commission: resignation of ordinary member.

2250 **The Deputy Bailiff:** Deputy Le Tocq, Minister of the Home Department, to open this debate.

Deputy Le Tocq: Sir, I haven't, really, anything to add, except that Deputy St Pier has now taken on weightier responsibilities, and just to thank him for his service on the Police Complaints Commission.

2255 **The Deputy Bailiff:** Yes, Deputy Gollop.

Deputy Gollop: Yes, I had a few things to say on this. It was quite a novelty. Firstly, it came as a surprise to me to see before us the names of, actually, if you look carefully, the former
2260 Minister Deputy – I mean ex deputy Mahy – and the team that he had.

It appeared that, under the Rules, they had to submit the Report as soon as Deputy St Pier resigned, which really came about when he was elected but I find it odd that they did that before his term of office came to an end on 1st May because they could have taken the opportunity of nominating a successor,, but they have left that to the next Board, so we are going have two policy
2265 letters, rather than one.

The other comment was, I know the Police Complaints Commission does a good job but we do not, probably, as Members and the wider public, know particularly much about what they do and the issues they face and how everything is going. So that would be useful, maybe, but my point is why are we having the resignation this month and the appointment of a successor, presuming there
2270 is one, at a later point?

The Deputy Bailiff: Does anyone else wish to speak in this debate?
No? Well, Minister, if you want to reply to what Deputy Gollop has just asked.

2275 **Deputy Le Tocq:** Thank you, Mr Deputy Bailiff.

I think it is certainly something that would need to be looked at, perhaps, in terms of the operation of the Police Complaints Commission but it was inappropriate that, once elected, Deputy St Pier should continue on that committee because the work is ongoing. So it would have been completely wrong for him to be a member of that committee, having been elected as a States
2280 Member: there was a certain degree of urgency.

At the same time, there is not a degree of urgency to replace him and I think it was completely appropriate for the past Home Department Board not to propose a replacement at that time. It has, of course, meant an extra page and some cost in terms of ink, but I am sure that can be resolved in the future.

2285 Thank you, sir.

The Deputy Bailiff: Well, Members of the States, after that short debate you will find a single proposition on page 1804 in the Billet d'État, asking you whether you note, and nothing more, the resignation of Mr St Pier as an ordinary member.

2290 So, all those in favour; all those against.

Members voted Pour.

2295 **The Deputy Bailiff:** I declare that duly carried and noted.

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